

**EVALUATION OF THE EM3 LEP
“FUTURE WORKSPACE PILOT”
AND THE LEP’S ONGOING ROLE**

**Prepared by Propernomics on behalf of the
Enterprise M3 Local Enterprise Partnership**

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1.0 Action Points for EM3 LEP

- 1.1 This chapter summarises our recommendations for what EM3 LEP should do next. It is followed by an Executive Summary and the main report, plus appendices.

Nurture

- 1.2 Provide ongoing support to the pilot projects and similar centres in the LEP area by using them as venues for LEP meetings, workshops and events.
- 1.3 Include these centres, their business news and successes in LEP marketing material to give them additional profile.
- 1.4 Examine how the LEP's Revive and Renew policies and its other business support activities can be applied to the business community within these centres.

Inspire

- 1.5 Use the Future Workspace Pilots as case studies to encourage others to replicate them.
- 1.6 Consult workspace operators, property owners (private and public sector) and investors regarding their aspirations for this form of property and the possibilities for additional centres within the LEP area.
- 1.7 When working with local authorities gauge and respond to the different views and perspectives of the Estates Department, Economic Development and Forward/Strategic Planning.

Monitor

- 1.8 Monitor the progress of the pilot projects. One has flagged the need to find and fund *suitable locations and investors*; the others are pre-occupied with building up *occupancy*, potentially followed by *on-site expansion* or the selection of *new sites*.
- 1.9 Monitor the consequences of the pilot projects in the wake of the public health crisis. Key objectives included supporting town centre footfall and expenditure by stimulating local office demand. At this stage the numerical differences are small and public health is

improving; nonetheless it would be instructive to survey occupiers/users regarding their ongoing patronage of local town centres and priorities for office space.

- 1.10 Projects funded by the LEP should continue to be scrutinised with checks and balances and financial due diligence to ensure contractual terms are appropriate and robust. The LEP should decide under what circumstances it would need to take valuation advice on projects (e.g. where funds are put at risk or profit shares need to be quantified).

Prioritise

- 1.11 The market for “co-working” space is growing. This creates an opportunity to help secondary locations/buildings enter the market. It is also attracting more operators so the case for grants is weakening compared to loans (but judge bids on their own merits).
- 1.12 Prioritise projects with an “economic development” or regeneration benefit.
- 1.13 Stronger bids will be those that: offer a progressive step-change; have critical mass and room for expansion (enabling further success); have the support of landlords and local authorities (preferably with evidence of their shared risk or concessions); relate well to local regeneration objectives; provide support for business growth, productivity or innovation.

Catalyse

- 1.14 The pilot projects show that EM3 LEP has an important role as an enabler and catalyst for action. Apart from providing funding, the LEP can also use its convening power to “nudge” investment by others.
- 1.15 Keep promoting a positive vision for “improvement” of the LEP area through land and property initiatives. Investment in the built environment has positive consequences for business growth and productivity; furthermore, it can be a spur for investment by others.
- 1.16 Use the pilot projects as stepping stones to further success in each location and follow up ideas discussed at the workshop including additional co-working projects, innovation centres and workspace to counterbalance new homes or to support the rural economy.
- 1.17 Facilitate further networking between businesses, investors and other stakeholders in the local economy to match partners, funding and projects (property related or otherwise).

2.0 Executive Summary

- 2.1 Propernomics has been instructed by the EM3 LEP to help evaluate its “Future Workspace Pilot”. Three projects have been evaluated, one in Andover, another in Camberley and a proposal for a small network of co-working centres located in high street shops.
- 2.2 In addition, we have reported on how the Pilot fits with: EM3 LEP policy objectives; the wider property market context and trends; evolution of the managed workspace market; data on commuting flows and the return of workers to their offices; plus market feedback arising from a project workshop held in January 2020.

Fit with Policy Objectives

- 2.3 The policy context for the pilot projects is driven primarily by EM3 LEP’s economic development agenda and its response to the highly disruptive Covid-19 pandemic, summarised in the “Revive and Renew” action plan.
- 2.4 The pilot projects are not sufficient to execute this action plan alone but they can make a contribution to the Revive and Renew policy objectives by helping reinvigorate town centre activity through better use and greater animation of neglected or little-used buildings.
- 2.5 Revive and Renew identified that the increase in homeworking due to the pandemic could have lasting effects with a reduction in long distance commuting, potentially bolstering office demand in local towns and town centre footfall for retailers. This coincides with established trends that have undermined traditional forms of retailing, alongside lacklustre demand for anything but the best quality offices. The pilot projects responded accordingly.
- 2.6 As we emerge from the pandemic EM3 LEP should discuss workspace requirements with its stakeholders in key sectors, including major employers, to monitor how changes in public health are affecting recruitment and working practices.
- 2.7 If the pilot projects are to be consistent with the Revive and Renew action plan, then extra, follow-on work under the following themes that are being pursued under the plan should include:

- Job creation and skills – act as training venues and be a shop window for the LEP’s upskilling programmes, in collaboration with partners.
 - Digital infrastructure – provide not just the infrastructure but also support its use to raise productivity, extend market reach and stimulate innovation. (Arguably it is not in the LEP’s gift to determine how the digital infrastructure is used but further monitoring work might usefully reveal how occupiers of the pilot projects are using it.)
 - Low Carbon - help companies to diversify into low carbon and clean growth markets. (Similarly, the pilot projects do not have a direct role in making this happen.)
 - Innovation, entrepreneurship, high-tech, scale-up businesses and international trade – use the pilot projects as venues to promote and support these activities. The LEP should also consider whether particular sectors could benefit from workspace projects focused specifically on innovation.
 - New transport and smart mobility – the pilot projects may have a role in reducing long commutes, although the numerical difference will be small once the pandemic eases.
 - Town centres and housing reimaged – the pilot projects have brought underused town centre offices back into use and should be monitored to see how they might catalyse further change in each place. Research should be done to explore locations where this can be mirrored elsewhere (supporting but not duplicating market-led solutions).
 - Convening people and organisations in shared projects – the pilot projects could be further supported and animated if used as venues for meetings and collaborations. Other workspaces around the LEP area could be supported in the same way. The LEP should also use its convening power to facilitate the delivery of workspace by others (that could be encouraged to express interest).
- 2.8 Importantly, in terms of legacy policies, this work is consistent with the LEP’s earlier “Strategy for Growth” to the extent that two of the pilot projects (Andover and Camberley) are located within former “Step-up Towns” where the need for extra investment and support had been identified.

Property Market Context and Trends

- 2.9 The pilot projects came into being within the context of a global pandemic and government enforced home based working, with the closure or partial closure of shops and leisure facilities. These constraints will now ease as public health returns. Hence the importance of looking at not only the effects of the pandemic, but also the underlying property market trends already in play.
- 2.10 Importantly, irrespective of the pandemic, there has been a structural change in retail property demand due to an increase in internet shopping. Similarly, the advancement of IT and communications technology has shifted office working practices to more flexible operating models.
- 2.11 The EM3 LEP “Commercial Property Market Study” (2013 and 2016) flagged areas with an oversupply of offices, combined with a need for better quality space. The pandemic has reinforced interest in healthy workplaces, work/life balance and the natural environment. This creates an opportunity for the LEP, local authorities and property owners to encourage and bring forward good quality workspaces in the manner of the pilot projects. However, it is important to distinguish between “demand” and “need” in the sense that the market is likely to respond unaided in the stronger locations with good demand, but will hesitate in more secondary locations in need of economic development to build confidence in demand. The pilot projects in Andover and Camberley appear to have struck that balance.
- 2.12 Meanwhile, market indicators show that demand for industrial property has outstripped offices and shops since at least 2014. This suggests that the pilot projects have rightly been focused on refurbishment of town centre offices as a means of helping town centres more broadly.
- 2.13 Having a greater supply of industrial workspace is also important to the economy but, assuming land is made available (a separate issue), it appears that the market is sufficiently robust to enable its development. However, a factor in its success is the strength of demand for large warehouses for the logistics market; there may continue to be gaps in supply of small business units and workshops.

Evolution of the Managed Workspace Market

- 2.14 Alongside standard leasing practices, there has been a long running and steady drift towards property being offered “as a service” and tenants being regarded as “customers”, especially in the serviced office market. This has attracted more participants to create or use shared co-working spaces, aided by technology which has made remote working more fluid and efficient.
- 2.15 This means that the market is not entirely dependent on subsidy; the LEP needs to be discriminating about the support it provides and should focus on projects where there is a wider “economic development” benefit. Examples include Managed Workspace that is focused on business start-ups, innovation and growth or, as is this case with the pilot projects, stimulating the refurbishment of office space to help revive town centres.
- 2.16 Another trend is the emergence of “membership” models for co-working offices. This requires landlords and workspace operators to be altogether more proactive about the management of property; some centres provide networking opportunities, training and mentoring services to their members.
- 2.17 Two of the pilot projects have demonstrated that fresh interest can be generated in buildings that have fallen into disuse. We cannot categorically say that they would not have proceeded without EM3 LEP’s support but in both cases the project managers say that the assistance of the LEP was a catalyst. This is consistent with other Enterprise Centres and small business units in the area that have relied on public support or cross-subsidy from housing development. Nonetheless, further market research could include a study of emerging workspace operators to understand their property selection criteria.
- 2.18 There may be some synergy between the LEP’s Future Workspace initiative and Hampshire County Council’s “satellite offices” campaign. The pilot projects should be used as case studies to stimulate further dialogue with Hampshire and Surrey County Councils and other local authorities in the area regarding their property holdings, economic development priorities and new opportunities.

- 2.19 The LEP needs to develop its funding criteria in response to the pilot projects. The award of grants should face a higher hurdle than loans because the market for flexible forms of workspace appears to be gaining strength and any subsidy should be prioritised to weaker locations where there is market failure and a strong economic development case has been made.
- 2.20 Market feedback revealed confidence on the part of operators of co-working space and a local authority landlord was comfortable with the idea of a profit share with the LEP in return for its support to catalyse the project. We comment further below on funding models and criteria.

Commuting Flows and the Return to the Office

- 2.21 We have examined commuting flows, data on how Covid-19 has affected the “return to the office” and research into companies’ perceptions of how “hybrid working” will affect productivity and working practices following the pandemic.
- 2.22 The boroughs and districts in the EM3 LEP area have significant commuting flows. To some extent this is a positive reflection of the labour market opportunities in and around the South East, including London. Nonetheless, the concept of achieving greater “self-containment” through the provision of more and/or better paid local jobs for residents offers environmental and economic development benefits.
- 2.23 The pilot projects can only make a small percentage difference to the number of commuters but any diversion of workers’ expenditure to local shops would be helpful to the town centre in each case. Furthermore, the ability of companies to operate in the town centres creates the opportunity for local recruitment and business growth.
- 2.24 There has been a significant shift towards home-based office work with opinion divided on the extent to which this will last. A study of turnstile data from 150 office buildings confirms the dramatic fall in office use in 2021 as well as a steady return to the office during the year as lockdown restrictions eased. However, analysis of office use on different days of the week reveals that employees, employers or both are exercising choice over when and where they work. There is now a tension between “productivity” and “preferences”, creating a period of flux in the market and an opportunity to cater

for the change. Two of the pilot projects (Andover and Camberley) have taken that opportunity. We recommend that their progress is monitored and used to inform decisions about any future towns/projects to support.

- 2.25 Research into the future of “hybrid models of remote work” offers the prospect of about a quarter of the workforce working remotely from home without loss of productivity 3 to 5 days per week. However, this applies principally to knowledge workers in particular occupations. For some organisations homeworking stifles creativity and innovation and it remains important to employers (and many employees) to bring people together. The pilot projects illustrate how the co-working model can bridge this gap.
- 2.26 The same research endorsed the notion of bringing staff together for “small moments of engagement” (for training or collaborative tasks) irrespective of where people work most of the time. This supports the Camberley pilot project in particular as it includes numerous bookable meeting rooms and multi-purpose space equipped for hospitality or conferences.
- 2.27 The options being explored by larger firms, including serviced offices, tend to allow space to be kept under their own control. It is the form of procurement and length of commitment that varies, although shared office spaces are not ruled out as part of their solution.
- 2.28 A report from Birmingham emphasises the role of business districts as meeting places and for culture, supported by high quality spaces and proximity to transport hubs. This suggests that the pilot projects should be stepping stones towards further improvement and animation of the area’s town centres.

Evaluation of the Pilot Projects

- 2.29 The Future Workspace Pilot projects put forward for this evaluation are:
- Chantry House, Chantry Centre, Andover (4th and 5th floors, operated by IncuHive)
 - 34 Park Street, Camberley (operated by Login Business Lounge)
 - Simple Working Centres (potentially in Surrey towns but final locations not yet agreed)

Chantry House

- 2.30 Chantry House is a dated (1970s) office building located within the Chantry Shopping Centre, Andover. The pilot project was the refurbishment of two floors, now operated by IncuHive as a co-working and business support facility.
- 2.31 An element of match funding was provided by the owner (Test Valley Borough Council) in return for support from the LEP, including a profit share arrangement. We recommend that the financial milestones are monitored to check progress and to inform any similar arrangements in future (taking valuation advice if appropriate).
- 2.32 The owners/operators believe “hybrid working is here to stay.” There are 20 people working on site, 3 start-ups and another 2 are growing with 3 new jobs; 5 out of 11 offices had been let at the time of the evaluation. About 7,600 sq ft of floorspace has been refurbished and 24 desk spaces provided with more to be added. The construction work (including some energy saving measures) equated to one job lasting 3.25 years. IncuHive has created another job. The council is pleased with progress plus the business support and extra “vibrancy” being created, including business for the local shops (a small but positive contribution).
- 2.33 The bidding process was said to be a “good experience” and “straightforward”. The grant with profit share was said to be a reasonable share of risk and reward. Members of the council took comfort from the interest and support of EM3 LEP which was said to be a helpful catalyst for the project.
- 2.34 Positive feedback was also received regarding the “vision and enthusiasm” of the operator.
- 2.35 There were some difficulties on-site with the installation of new broadband services. The council wondered if this could have been a great deal easier with better coordination.
- 2.36 Looking ahead, the council would be grateful for any ongoing support the LEP can give to publicise the new centre.

34 Park Street, Camberley

- 2.37 This pilot project is now trading as Login Lounge - “a next generation co-working space”. It is also located within its respective town centre with the aim of generating spill over benefits for the local shops.
- 2.38 The building had largely been disused and required extensive fitting-out. Occupation has been growing steadily, boosted by Project Five (related IT company) acting as an anchor tenant. We were told that phase 1 comprises about 10,000 sq ft (now open and in-use). There is additional space available on the upper floors to fit-out if required, so there are potential economies of scale if demand continues to grow.
- 2.39 This pilot project has used a large quantity of recycled building materials to save cost and to add to the individualistic interior design.
- 2.40 The operator perceives demand has been generated by a general shift towards hybrid working driven by market preferences as well as dissatisfaction with mandated homeworking and the chore of commuting.
- 2.41 The construction work involved 15 people working on-site for 6 months (7.5 person years of employment) and the electrical contractor was a start-up. Login Lounge has created 6.5 FTE jobs so far. We saw circa 25 to 30 people using the workspace in December and heard that Login Lounge had previously hosted a conference for about 100 attendees.
- 2.42 Memberships of the centre are being offered with a variety of options for individuals or teams. Market feedback shows people are making trade-offs between virus-avoidance, the cost of HQ office space, the inconvenience of commuting, the ease or otherwise of working at home, the desire to socialise with colleagues, plus business productivity.
- 2.43 Customers are said to be mainly local people. Hence some may already have been using Camberley town centre for shopping and services but anecdotally this has increased because they have stopped commuting elsewhere. For a definitive answer this should be tested with a survey once the Login Lounge is more fully occupied.
- 2.44 Similarly, Login Lounge suggested demand for a network of similar centres. This should be explored further to test the market’s appetite to replicate the model.

- 2.45 The support of EM3 LEP was said to be an important confidence boost (not least because it showed belief in the town centre), even if the contribution from the LEP (a loan) was a minority of the sum required. This suggests that the sum provided was helpful and effective as a catalyst. However, the bidder said that the speed of payment should have been quicker.
- 2.46 Concessionary terms from the landlord were most important to the operator. This suggests that other property owners may be receptive to proposals of this kind that enable their buildings to be put into productive use. EM3 LEP should lobby the property sector and local authorities accordingly.
- 2.47 The support and encouragement of the local authority was also important to Login Lounge.
- 2.48 Login Lounge concluded that the scale of its operation gave it essential critical mass that could not be achieved with a standard unit shop compared to say a department store.
- 2.49 EM3 LEP should continue to help by holding meetings and events on-site to showcase the project. This would generate interest in Login Lounge and other potential projects for the region.

Simple Working Centres

- 2.50 The Simple Working proposal was for the conversion of empty shops to offices for “hybrid working”. The pandemic was seen as a driver for the project but a business partner saw it as a risk and has not funded the project. Simple Working still sees an opportunity to help companies “manage the gap between the HQ and working from home” but the market is quite niche and varies by the age and family circumstances of employees.
- 2.51 Feedback for EM3 LEP on the bidding process included praise for “working in this arena” but criticism for the complexity of the loan agreement proposed. Perhaps the process could be simplified.
- 2.52 It was also recommended that EM3 LEP should do more to broker introductions between private investors and projects in order to support the local economy.

2.53 In addition, it was strongly felt that the LEP should be proactive with its convening power and funding to facilitate structural change where the market hesitates and to bring about “enhancement and long term vision.”

Future funding models and criteria

2.54 Our evaluation of the pilot projects highlights the importance of the following considerations for future funding arrangements:

- Public sector bidders may be more comfortable with the procurement process and due diligence required. Private sector bidders sought a faster and more “user-friendly” process. There can be no escaping the necessary checks and balances but the process should be efficient for all parties.
- The projects are not without risk so it is prudent that the LEP’s contributions were only a part of the whole and other parties should contribute strongly. Nonetheless, the LEP should not be (and has not been) shy of addressing market failure for economic development reasons.
- The market for managed workspace continues to evolve from early stage Enterprise Centres to serviced offices and co-working centres. There is no shortage of market interest and wannabe operators, especially in prime locations where it is unlikely that grants should be offered. However the pilot projects illustrate that there is still a need to support workspace projects in secondary towns and dated buildings (irrespective of the pandemic).
- We envisage that pressures on the public purse mean that funding by way of loans will generally be more palatable to government than the gifting of grants.
- The LEP should also use its convening powers to assist other forms of managed workspace (funding may not be required in all cases), including innovation centres and workspace to counterbalance new housing.
- Funding rules and regulations are outside the scope of this report. Ordinarily we would expect financial property decisions to be supported by valuation advice or development

viability appraisals. However, the LEP may have thresholds which determine whether or not this is required.

- An important objective of the pilot projects was to stimulate footfall for town centres and to help reduce commuting. Feedback has been positive in this regard, however, by definition the percentage difference can only be small. Nonetheless project leaders have said that their customers are shopping locally and individual shops are likely to have attracted additional business. Bids would be stronger if they can show such a link or that they are responding to a wider strategy for town centre regeneration.
- Bids would also be strengthened if landlords are contributing concessionary terms such as rent-free periods, or can offer expansion space in the event of success.
- Similarly, bids will be stronger if they have local authority support or are demonstrably aligned with economic development strategies.
- As shown by the third pilot project, it is prudent to have checks and balances in place so that funding is not provided or is withdrawn if insufficient progress is made.

2.55 If a funding proposal requires a high level of scrutiny or entails financial risk then the LEP should seriously consider commissioning a financial development appraisal by a valuer. We also advocate ongoing monitoring of the pilot projects to track their success and further work should be done to shortlist potential locations for additional managed workspace.

Market and Stakeholder Feedback

2.56 The evaluation process included a webinar style workshop to discuss the Future Workspace Pilots. Presentations included a talk from Login Lounge regarding their progress and plans, plus a precis of the research conducted by Propernomics. Participants from the private and public sector then asked questions, discussed market conditions and gave feedback on matters arising.

2.57 The exceptional market conditions during the pandemic were noted. Nonetheless there was a sense of optimism regarding recovery of demand as the pandemic recedes.

However, businesses expect landlords to offer flexible and competitive terms and space of improved quality.

- 2.58 The market is in a period of adjustment from enforced homeworking to more hybrid models, including working near home not just from home. Although the pilot projects are focused on town centres, managed workspace is also good for rural areas.
- 2.59 It is a segmented market and co-working centres are a niche product. Larger firms are likely to revert to their head offices but supplemented by flexible ways of working to suit their productivity, mindful also of the need to recruit and retain staff.
- 2.60 An important role for EM3 LEP is working with public and private sector partners to “join up the links” to catalyse further economic development, innovation and urban regeneration.
- 2.61 The pilot projects should be monitored as barometers of demand for similar workspace. There are new workspace providers/operators coming into the market but they need to remain commercially aware. Login Lounge was very dependent on concessions made by its landlord.
- 2.62 The LEP should share its experience with local authorities that may have property suitable for workspace projects.

3.0 Introduction and Methodology

- 3.1 Propernomics specialises in property market research and economic development consultancy for public sector and private sector clients, including production of expert evidence to inform policies and development proposals.
- 3.2 Propernomics has been instructed by the Enterprise M3 Local Enterprise Partnership (EM3 LEP) to help evaluate the progress of its “Future Workspace Pilot” which was established to help the local economy adapt to the Covid-19 pandemic through the creation of Managed Workspace within town centres.
- 3.3 Three pilot projects have been selected by EM3 LEP for evaluation in this report, namely:
- IncuHive, Chantry House, Andover
 - Login Business Lounge, Camberley
 - Simple Working Centres, Farnham – final location(s) to be agreed
- 3.4 Our report brings a property market perspective to the evaluation and examines what might be learned if contemplating similar projects in future. However it is not an audit of the contractual or financial arrangements between the parties. These are the subject of separate legal advice, accounting and performance monitoring arrangements. This report includes property market data but is not a valuation.
- 3.5 The methodology and criteria for the evaluation were agreed with EM3 LEP in progress meetings as part of our work. Important elements include defining the “baseline” position with each project so that, for example, any existing jobs are not double counted. We have described the aims of each project and have interrogated the project managers on the number of construction jobs and operational jobs that have been created. We have also sought feedback on the LEP’s bidding process and the types of support that have been most helpful, including suggestions for future priorities.
- 3.6 Each chapter of our report includes recommendations which are carried forward to our Executive Summary.

4.0 Fit with Policy Objectives

- 4.1 EM3 LEP describes itself as “a business led partnership, bringing together private, public and not-for-profit sector organisations to determine local economic priorities and undertake activities which drive economic growth and productivity through innovation, job creation, improved infrastructure and increased workforce skills within our area”.
- 4.2 The LEP has long championed economic development and has established a variety of projects and programmes to direct government support for the region into infrastructure, education and other priorities.
- 4.3 The EM3 LEP Board has a clear vision for the appropriate role of the LEP primarily as strategic leader and influencer, collaboration enabler, evidence gatherer and potential funder. EM3 LEP services such as the Growth Hub and Careers & Enterprise Company help deliver business support and careers intelligence for young people.
- 4.4 In response to the Covid-19 pandemic EM3 LEP published “Revive and Renew” – an “evidence and intelligence-based economic recovery and renewal action plan for the Enterprise M3 area of Surrey & Hampshire”.

Revive and Renew

- 4.5 In recognition of the disruption caused to the Enterprise M3 region’s economy and its “unprecedented pace”, the report noted that “around a quarter of the resident workforce has either lost their job or been furloughed”. This generated a call for action, although the report also noted that the EM3 LEP economy is relatively resilient and “other regions have seen worse results”.
- 4.6 Nonetheless, the report explains that “the number of unemployment benefit claimants rose by 131%. The area is likely to face levels of people out of work not seen in recent decades, and many employers do not foresee a fast return to growth.” Particular concern was expressed for “those made redundant from middle skilled occupations, and youngsters entering the jobs market for the first time”.
- 4.7 Hard hit sectors included companies reliant on customer contact such as those involved with “hospitality, arts and recreation & leisure, tourism, wholesale and retail”. However,

major employers in aviation, aerospace, advanced manufacturing and parts of the digital sector “have all reported job cuts or a downturn in income”.

- 4.8 Although the Future Workspace Pilot projects do not directly address all of these sectors, they have the potential to reinvigorate town centre activity by making better use of neglected or little-used buildings. It is also recommended that the topic of workspace is added to the agenda when the LEP is discussing priorities with its stakeholders in key sectors.
- 4.9 Furthermore, Revive and Renew identified that although the office based economy had to some extent avoided job losses and income falls by defensively switching to more home based working, this could herald a shift in working habits: “This group, typically managers and other professionals, includes large numbers previously travelling to work outside of the area. In future many of these may opt longer term to abandon full-time commuting in favour of working close to home.”
- 4.10 The widespread and ubiquitous nature of the pandemic and its effects help explain the LEP’s statement that: “Successful recovery and renewal require an integrated approach to delivery. Desired ambitions will be achieved where partners coordinate and collaborate, and individual interventions are seen as cogs in a bigger machine.” The same might be said of efforts to restore the “retail health” of town centres, for which multiple measures and collaboration is required.
- 4.11 The Revive and Renew report advocates the following seven connected priorities. We have added comments on the associated actions which are especially relevant to the Future Workspace Pilot projects and help to set the agenda for their evaluation:
1. Job Creation and Skills for Employment – actions potentially relevant include:
 - a) Communicating and promoting upskilling programmes – pilot projects could potentially be used as training venues. The strategy also notes the role of the LEP Skills Advisory Panel in disseminating information to stakeholders.
 - b) Reference is also made to the LEP’s five partner universities and a network of FE Colleges that can help promote education, employability and business

engagement. Again, the pilot projects might be a “shop window” for this activity and help to foster connections.

2. Digitisation and an ultra-fast digital infrastructure for business resilience, innovation, and growth

- a) The LEP has projects to enhance broadband infrastructure, as well as its use for “digitalisation of the economy especially as a contribution to business resilience, clean growth and innovation”. Hence, for this evaluation it is helpful to know if the pilot projects have played their part in providing good broadband connectivity.
- b) The strategy also states that the LEP “Growth Hub business support offer should be redrawn to include support for business digitisation”. This also begs the question whether the pilot projects are helping companies to develop in this way – not just altering their place of work but also raising their productivity or extending their market reach.

3. Growth in the low carbon economy

- a) This objective prioritises “decarbonisation of transport, and buildings (homes, commercial and industrial)” and signals support for “the Tri-LEP Energy Strategy”. Hence it would be helpful to know that the pilot projects, which entail refurbishment of buildings, have to some extent improved their environmental performance.
- b) Furthermore, like the provision of broadband, there is the question of how businesses are acting as a result; e.g. whether the pilot projects have helped companies to diversify into “low carbon / clean growth expanding markets”.
- c) The strategy also seeks to support “development of marketable low carbon innovations to future proof and sustain vulnerable sectors/industries e.g. in aviation”. Hence it is relevant to ask if the pilot projects are helping to catalyse or facilitate innovation of any kind, compared to simply re-housing existing activities (albeit this itself may serve a purpose).
- d) As with training, the pilot projects could act as venues or signposts for promoting the LEP’s “Run Clean Growth Forum” which is intended to “raise awareness of

appropriate funding opportunities for businesses, HEIs etc. in the Clean Growth, Green recovery spheres”.

- e) The LEP’s strategy also advances the idea that “every funding decision” should be “a clean growth decision”. Hence the need to evaluate the pilot projects in this way.
4. Supporting business-led innovation, entrepreneurship, high-tech, scale-up businesses and international trade.
- a) The Revive and Renew strategy states that the “LEP, Growth Hub and partners should facilitate the necessary conditions for attracting scale ups, high innovation companies and entrepreneurs to the area i.e. “Grow new, attract more & keep what you’ve got.””
 - b) This goes to the heart of the Future Workspace pilots and continues with the statement that Enterprise M3 LEP is “to explore with partners potential for more business accelerators as part of post-Covid19 renewal of town centres and high streets”.
 - c) “Any such facility should ensure clients reflect gender and other types of diversity.”
 - d) The size and type of business using the pilot projects is also of interest and whether they are, or in some way linked to, inward investment or international trade.
5. New Transport & Smart Mobility – Covid19-safe, sustainable, delivering good connectivity
- a) The LEP works collaboratively with a number of transport action groups on goals such as low carbon mobility, improved transport infrastructure and more lately, “safe travel in the Covid19 era”.
 - b) This is especially relevant to the pilot projects in the context of the following objective: “Reduce the need to travel and long commutes with an integrated approach to recovery and renewal. As examples: digitalisation and “Gigabit EM3: Town & Rural”; the renewal of town centres with more local “casual” office spaces to blend home and office working present alternatives to commuting.” The

tendency to commute is likely to resume as public health returns but there is an opportunity for the EM3 LEP and its partners to encourage “modal shift” through provision of new workspaces.

6. Town centres and Housing Supply – reimagined and fit for the future

- a) Under this heading we particularly note this objective which is directly related to the Future Workspace Pilot: “LEP and partners to respond to potential growth in the market for co-working space outside of city centres.” It will be important for the LEP to continue observing the market so that its actions are complementary rather than overlapping with what the market will deliver anyway.

7. Convening people and organisations in shared projects

- a) This heading emphasises the collaborative nature of the LEP’s work and its ability to catalyse change through its actions and influence as well as through funding. Again, it reminds us that the pilot projects could be harnessed as venues for convening people, endorsing business successes and encouraging further growth. (Interestingly, such activity need not be confined to the pilot projects.)

4.12 Also relevant to the policy context of the pilot projects is the LEP’s earlier “Strategy for Growth”.

Strategy for Growth

4.13 The EM3 LEP “Strategy for Growth” (2014) distinguished between “Growth Towns” where intervention could catalyse the most economic potential and the lower performing “Step-up Towns” where extra investment and the greater animation of town centres would be required. The Step-up Towns (Camberley, Aldershot, Andover, Whitehill & Bordon and Staines-upon-Thames) were described as “areas of latent economic potential, which currently experience barriers to growth that impacts upon the overall performance of the Enterprise M3 area.”

4.14 The pilot projects include properties in Camberley and Andover, with others yet to be identified. If the LEP is to support the delivery of workspace it makes sense to focus on those places, like the “Step-up Towns”, that most need assistance.

Chapter recommendations

- 4.15 As we emerge from the pandemic EM3 LEP should discuss workspace requirements with its stakeholders in key sectors, including major employers, to monitor how changes in public health are affecting recruitment and working practices.
- 4.16 Use the pilot projects and similar centres as training venues and be a shop window for the LEP's upskilling programmes, in collaboration with partners.
- 4.17 Ongoing monitoring should check progress against LEP policy objectives, including use of digital infrastructure, low carbon and innovation for example.
- 4.18 The LEP should examine whether particular sectors could benefit from workspace projects focused specifically on innovation.
- 4.19 Interrogate how each pilot project could catalyse further change locally and research locations where this can be mirrored elsewhere (supporting but not duplicating market-led solutions).
- 4.20 The LEP should also use its convening power to facilitate the delivery of workspace by others (that could be encouraged to express interest).

5.0 Property Market Context and Trends

- 5.1 This chapter examines the overarching market context with quarterly data on the performance of commercial property (across the office, retail and industrial sectors). In the chapter following this one we comment on the evolution of Managed Workspace as a subset of the market.
- 5.2 The overriding feature of the market context for this evaluation report was the global Covid-19 pandemic. The “lockdown” of society due to concerns over public health had far reaching effects upon every day working practices, including the operation of sectors relevant to this report, particularly affecting high street retail, hospitality and office-based workers.
- 5.3 However, there were changes occurring in the economy anyway, irrespective of the pandemic, which are relevant to the Future Workspace Pilot project. For example, we know that town centre retailing was already being challenged by internet shopping; and there was already a shift towards more flexible forms of working and leasing for offices.
- 5.4 The EM3 LEP “Commercial Property Market Study” 2013 highlighted the choice of office premises around the LEP area, signalling in some districts a risk of oversupply or concerns over the low quality of the space available. There had been some improvement in the office market by the time of the updated report in 2016. Nonetheless it was noted that there were “very different challenges being experienced in different market areas”. For example, in Basingstoke, Andover and the Blackwater Valley there was evidence of an “oversupply of poor quality space not meeting occupier requirements”; in Guildford and Winchester an “undersupply of office space and sites in town centre locations” and in the Upper M3 and Woking area, “high rents” and a “buoyant market increasing new supply of office space”.
- 5.5 More recently, property listings company CoStar reported a strong trend in favour of better quality office space. This is confirmed in their analysis of the Berkshire and North Hampshire office market (October 2021) which states:
- 5.6 “With the return to office well underway and occupiers now making decisions on future occupational strategies, a clear preference for high-quality stock has emerged... Preference for quality is supporting rents in this higher-rated stock, while rents in

secondary inventory have sustained losses. Such trends are likely to continue, with many occupiers vacating ageing stock built in the decade before the financial crisis for newly built or refurbished space.” Due to the pandemic, this preference is supported by the need for employers to create workplaces that are perceived by staff to be attractive and healthy places to work.

- 5.7 The following chart highlights the disparity in rental growth between offices of different grades. The uppermost line on the RHS shows stronger year-on-year growth for the best space.

Berkshire & North Hampshire Office Rent Growth By Quality



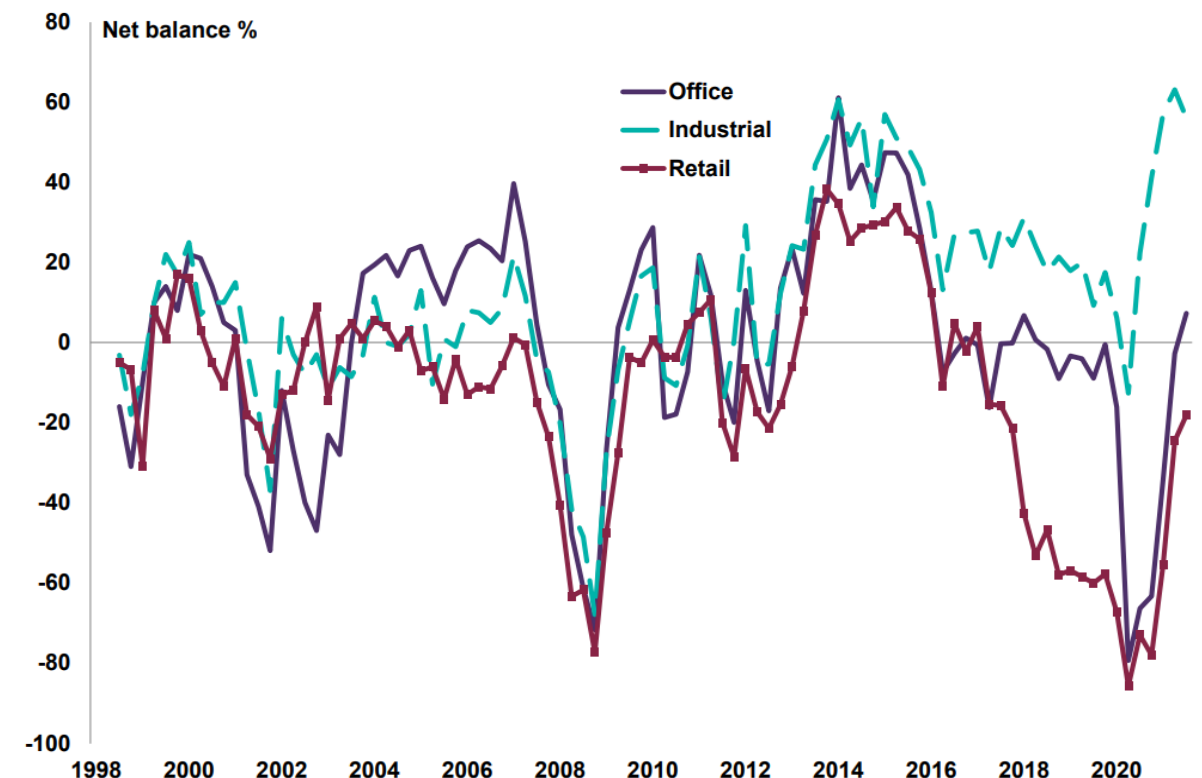
Source: CoStar

- 5.8 CoStar also reports that investment in offices has been “relatively subdued, with only a handful of notable deals taking place. The deals that have completed have been motivated by value-add and development opportunities, with the largest deal of the quarter a conversion to residential use.”
- 5.9 Data from the Royal Institution of Chartered Surveyors (RICS) shows that there has been increasing divergence between the performance of the three main categories of floorspace - offices, retail shops and industrial/warehouse property. Indicators for occupier demand, availability, rent expectations, inducements (such as rent free periods), investment

enquiries and capital value expectations all point towards the out-performance of industrial units compared to offices and retail property.

5.10 For example, the following chart from a survey of commercial property agents and valuers shows the extent to which the net balance of opinion (from 400 respondents) is positive about occupier demand. The dashed line shows that industrial property has outperformed offices and shops for demand expectations since at least 2014.

Occupier Demand



Source: Q3 2021: UK Commercial Property Market Survey, RICS

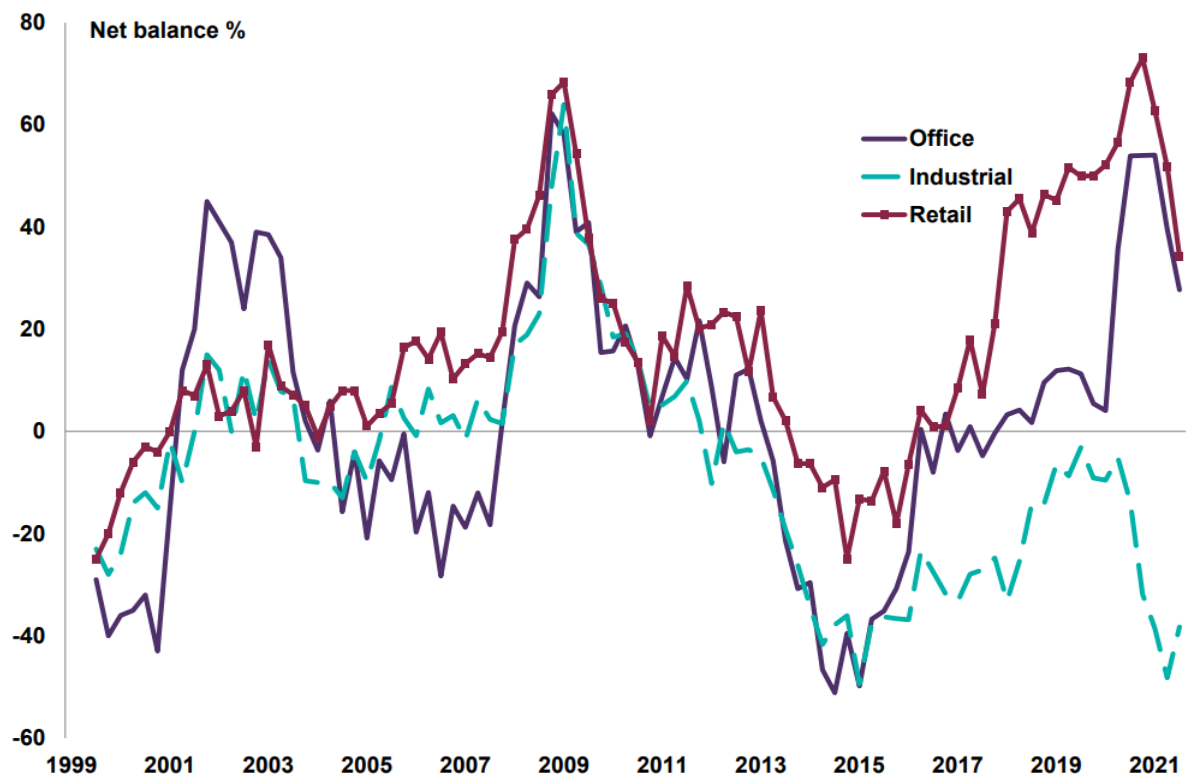
5.11 This difference has become especially pronounced in 2020/21 which we attribute to:

- A reduction in the use of office space and an increase in home based working during the Covid-19 pandemic, combined with improved and more widespread video-conferencing technology for online meetings.

- Severe limitations upon the operation of shops and hospitality venues during the pandemic, combined with an acceleration of established trends in favour of online shopping.
- The need for more industrial/warehouse space for the storage and fulfilment of retail orders placed online, as well as extra capacity being required as UK/European supply chains adapt to the consequences of Brexit, combined with a tight supply of industrial accommodation.

5.12 The consequence of these trends can also be seen in research regarding market perceptions of the “availability” of commercial property floorspace.

Availability



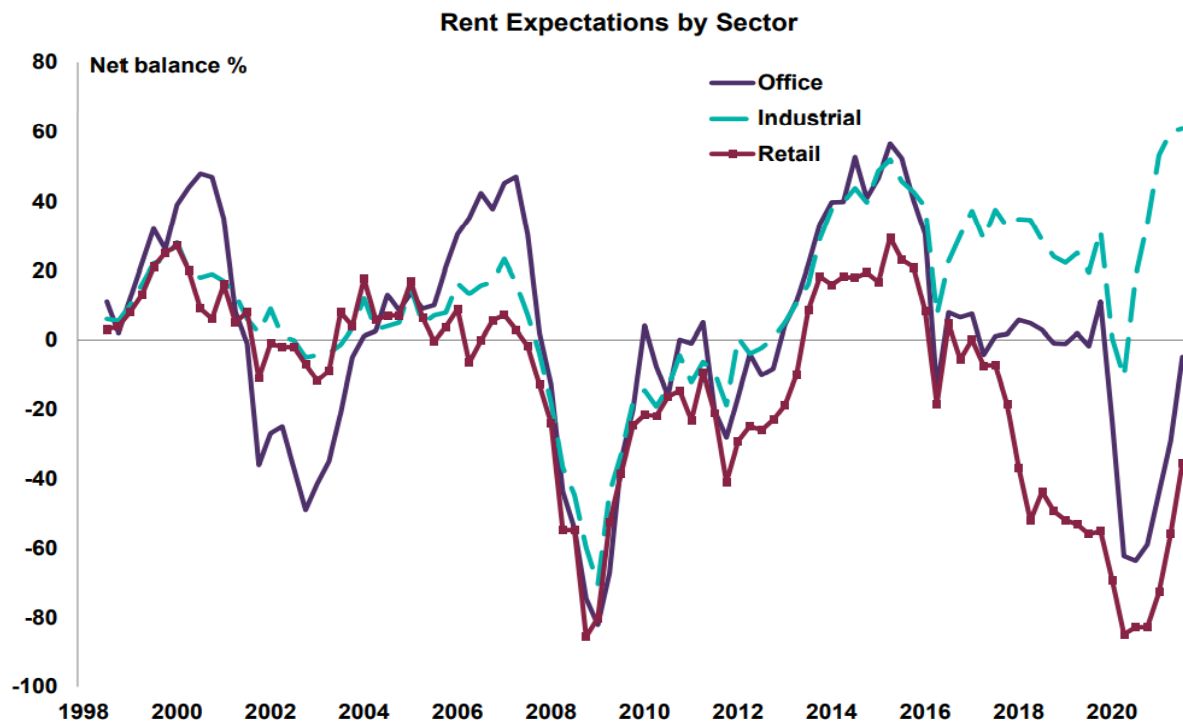
Source: Q3 2021: UK Commercial Property Market Survey, RICS

5.13 The net balance of opinion on availability clearly suggests a relatively strong choice of shops and offices compared to industrial space. Market sentiment for 2021 shows that

availability is moderating across all three categories but remains especially tight in the case of industrial property.

- 5.14 As one might expect, these differences in demand and supply are leading to divergent expectations of rental growth.

Rent Expectations

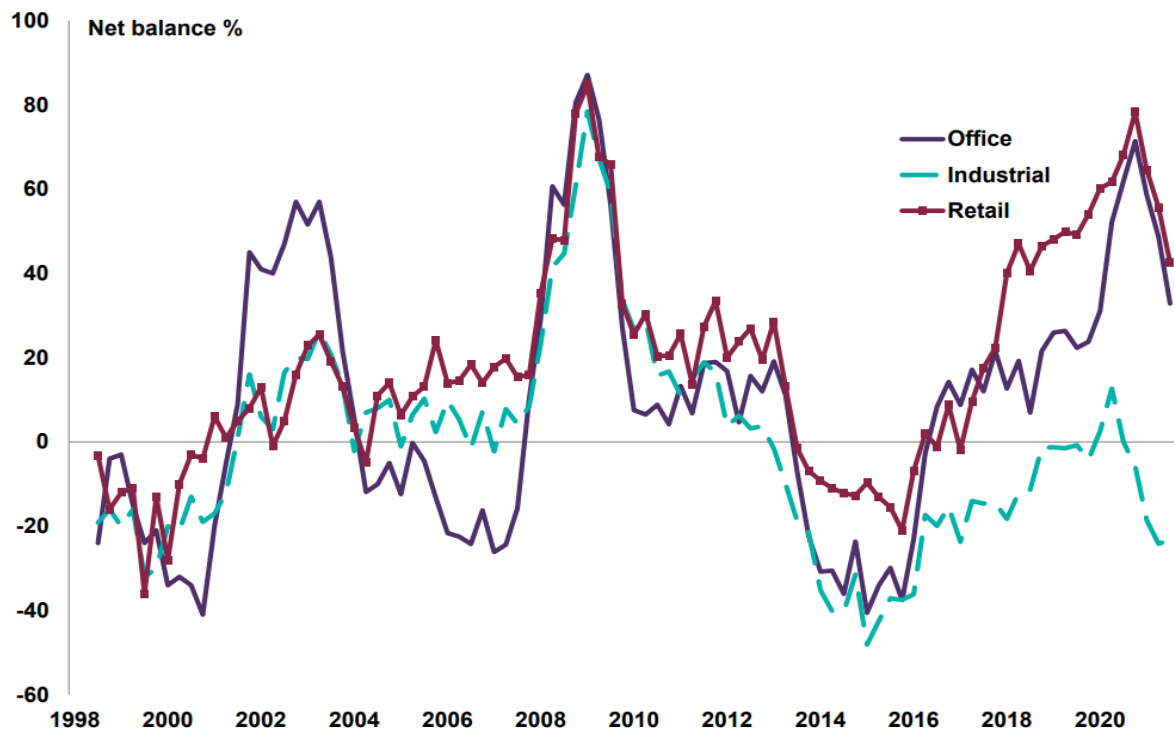


Source: Q2 2021: UK Commercial Property Market Survey, RICS

- 5.15 Rent expectations for industrial property have been close to or stronger than the other categories since 2008 and noticeably stronger since 2016. Market sentiment improved across the board in 2021 but especially so in the case of industrial property, for which positive expectations of rental growth are more widespread, whereas for shops and offices negative expectations are easing.
- 5.16 Consistent with these charts, the net balance of opinion regarding inducements or concessions offered by landlords (such as rent free periods) to encourage lettings is that they are more prevalent for shops and offices than for industrial property (which has stood apart in this regard since 2015). As we comment elsewhere, concessions to the operators

of the pilot projects have proven important as a means of justifying the refurbishment costs involved.

Inducements



Source: Q3 2021: UK Commercial Property Market Survey, RICS

5.17 Similarly, market sentiment is increasingly positive for industrial property when it comes to investment enquiries and capital value expectations. This is to be expected given the relationship between strong demand, tight supply and rising rents.

5.18 Naturally there are variations between individual properties and locations but the overarching context demonstrates strong performance by industrial property; offices and retail property have lagged behind. Market confidence had been improving during 2021 but softened again by the end of the year with the emergence of a new Covid variant. It is hoped that public health will continue to improve in 2022.

Chapter recommendations

5.19 As the effects of the pandemic recede, EM3 LEP should reframe the purpose of the pilot projects in terms of the underlying property market trends in play.

- 5.20 Work with local authorities and property owners to encourage and bring forward good quality workspaces in the manner of the pilot projects, especially where there is an economic development need and the market is hesitating to invest despite nascent demand.

6.0 Evolution of the Managed Workspace Market

- 6.1 In parallel with the contextual trends identified in the previous chapter, “Managed Workspace” has become increasingly prevalent in the market as landlords have shifted towards “property as a service” and have come to regard tenants as “customers”.
- 6.2 The once common “institutional lease” lasting up to 25 years (often with 5 yearly rent reviews or break clauses), is now accompanied by much more flexible offerings from enlightened landlords. Even mainstream investors and property companies that once relied upon tenants having an established track record (with “blue chip” covenants) have come to recognise that start-ups and other companies renting space on monthly terms can generate good cashflow (not unlike a hotel operating model).
- 6.3 Inevitably the length of a lease and its provisions vary according to the nature of the building, the balance of power between landlords and tenants and the commitment that each is prepared to make. Hence the institutional lease continues to be a feature of the market. However, in the case of Managed Workspace, the occupiers expect flexible, “easy-in/easy-out” terms with rents that are fully inclusive of building repairs, building insurance and business rates. In turn, there are opportunities for landlords to improve their income by taking a more active property management role. This approach has been widely applied to serviced offices and Enterprise Centres, many with extra charges for refreshments, meeting rooms and other communal facilities. In some cases, these “extras” are built-in to create an “inclusive package” for customers.
- 6.4 Another example of Managed Workspace is the innovation centre or business incubator model. Business support, mentoring services or specialist equipment are provided to facilitate research and development and to encourage business growth. There are examples of academic institutions running such centres, some within Science Parks, increasingly linked to entrepreneurship or business engagement programmes for graduates.
- 6.5 It should be noted that Managed Workspace also includes light industrial units (e.g. many Enterprise Centres include workshops let on flexible, “easy in, east out” terms). An important difference compared to offices is that workshops facilitate practical tasks

and storage in a way that most home based offices cannot; homeworking is generally no substitute for industrial/warehouse premises.

- 6.6 Pioneers in the serviced office market, like Regus (part of IWG), and in the Enterprise Centre market, like Basepoint, now have more competition. However the market has grown due to tenants' appetite for greater flexibility, making room for more operators. The market has also expanded with the roll-out of modern communications technology which has created greater fluidity in the way, where and when people work.
- 6.7 This fluidity helps explain how the “co-working” segment of the serviced office market has emerged. Typically serviced offices were lockable spaces (within a larger office building) that were dedicated to particular companies; the space was for their exclusive use; office equipment and papers could be securely locked away after work. By contrast, co-working space is effectively a shared open-plan office; the office furniture and facilities are for communal use and the IT equipment is likely to be a personal laptop computer; hence sensitive documents can be removed every day or stored securely “in the cloud”. Naturally many occupiers still prefer to have their own space but may also use serviced offices for extra flexibility or for specific projects.
- 6.8 Some serviced offices and co-working centres operate membership models, offering customers a variety of subscription or pay-as-you-go options. One example that operates more like a “club” is the Old Bond Store, Southampton. Although it includes some workstations they are not allocated to particular users. According to one member, whose main office is elsewhere, the club is an important source of contacts – a like-minded network of decision makers who share inspiration and advice; the building is a “business development tool” not just a place to work.
- 6.9 The Old Bond Store promotes itself as a “workspace consumed as a service, on demand”, part of a “quiet property revolution”, where “ambitious business people consider, work, collaborate and grow their businesses. Our members share a passion for doing great things and an openness for doing so in new, interesting ways. Our strictly limited membership benefits from space to think, people to bounce ideas off, a place to plan their success.”

- 6.10 To some extent a club ethos is to be seen in the IncuHive model – described by them as offering “business incubation and co-working centres with a creative twist, providing mentoring, investment, office space, networking and a whole host more”. This model is more management intensive for landlords (or the operators to whom they sublet) than conventional property investments, but does enable demand to coalesce in fringe locations and the more edgy, creative places. IncuHive’s portfolio now includes some rural locations which would not ordinarily attract mainstream funding; the same might be said about their new centre at Chantry House in Andover. This was a long term vacant building that was becoming problematic and in need of refurbishment – since achieved by Test Valley Borough Council with funding from EM3 LEP as one of the pilot projects.
- 6.11 There are many other examples of Managed Workspace and co-working centres not unlike the pilot projects. This suggests that the market is capable of bring forward supply in response to demand and begs the question whether public sector support is required at all. The answer is that the market cannot or does not always invest in projects for which there is demand or a wider societal need – hence the need for a public sector subsidy or stimulus.

Role in regeneration

- 6.12 Managed Workspace can play an important part in bringing new life to buildings or as an aid to urban regeneration. Amongst many others, examples in southern England include Basepoint Centres in Winchester, Andover and Gosport (the latter two including light industrial units); serviced offices provided by the Wilky Group in Farnborough, Guildford, Fetcham and Fareham (the latter two making good use of and sustaining heritage buildings; similarly Worthing House on the edge of Basingstoke).
- 6.13 An example from a major mixed-use regeneration project in London is “The Studios” in Islington. The wider area masterplan included a new football stadium for Arsenal FC, about 60 small business units, a school, residential accommodation and premises for London Metropolitan University. Although this is a “fringe location” on the edge of

Central London, it has good public transport access and the business units let successfully in tandem with the steady regeneration of the area.

- 6.14 In the words of one tenant, the business community has developed into “a creative hub”. This was helped by the landlord’s “plug and play” approach with simply specified space left as “fully customisable raw shells” to meet demand as it arose.
- 6.15 One measure of success for the borough was that some of the original tenants outgrew their space and expanded into several units. This was helped by the flexibility to include some retail space and other uses such as a gym – providing extra amenities for the immediate area and adding to the appeal of the workspace. Although the business space has proven to be successful, it is likely that the residential component of the overall project provided a helpful element of cross-subsidy. The EM3 LEP area includes many residential developments; it would be prudent to discuss with stakeholders whether there is a role for the LEP in encouraging the delivery of more business space in tandem with housing.
- 6.16 Another pioneering example linked to regeneration is Portsmouth Enterprise Centre which was developed at a time when the local economy was suffering badly from the loss of employment by the navy, yet there were skilled people ready and willing to work. Purpose-built workshops with communal meeting rooms, business support services and a café were quickly taken-up. As we recall, the project relied on the help of the city council to facilitate mortgage finance. There may be similar opportunities for EM3 LEP to align its support for workspace with priority sectors.
- 6.17 Some years later the former Southeast Regional Development Agency (SEEDA) invested in an innovation centre (Portsmouth Technopole) to provide office space on a similar basis; the ongoing regeneration of the city has also been stimulated by the conversion of heritage buildings for creative businesses including artists and IT specialists. We believe that SEEDA also helped to fund some of the Basepoint Centres, possibly by funding development and/or commissioning management contracts.

- 6.18 We recommend further research into the property selection criteria of Managed Workspace operators so that EM3 LEP is aware of locations in its area to which they would be attracted or where funding would be catalytic.
- 6.19 We understand that the inward investment team of Hampshire County Council currently has a campaign to promote more “satellite offices” around the region¹ urging people to:
- Work Smarter – Boost productivity and get your team back together
 - Live Happier – Inspire mental wellbeing with a better work-life balance
 - Commute Closer – Shorten the journey by working locally from a regional hub
- 6.20 There may be some synergy between this campaign and the LEP’s Future Workspace initiative.

Chapter recommendations

- 6.21 EM3 LEP should focus on projects where there is a wider “economic development” benefit. Examples include Managed Workspace that is focused on business start-ups, innovation and growth or, as is this case with the pilot projects, stimulating the refurbishment of office space to help revive town centres.
- 6.22 Further market research should include a study of emerging workspace operators to understand their property selection criteria.
- 6.23 The pilot projects should be used as case studies to stimulate further dialogue and new opportunities.
- 6.24 The award of grants should face a higher hurdle because the market for flexible forms of workspace appears to be gaining strength and any subsidy should be prioritised to weaker locations where there is market failure and a strong economic development case has been made.

¹ <https://businesshampshire.co.uk/land-property/satellite-offices/>

- 6.25 If a funding proposal requires a higher level of scrutiny or entails financial risk then the LEP should seriously consider commissioning a financial development appraisal by a valuer.
- 6.26 The award of loans has the advantage to the public purse that funds can be redeployed once paid back. A profit share or other conditional arrangement may be attractive to both parties.

7.0 Commuting Flows and the Return to the Office

- 7.1 In this chapter we look at the established travel to work flows (in-commuting and out-commuting) as well as more recent data on the extent to which staff are returning to the office and their preferences in the wake of the pandemic.

Commuting flows

- 7.2 We have reviewed census “travel to work” data for Surrey Heath, Test Valley, Guildford and Winchester to identify the main origins and destinations of commuters, as well as the net flow. A negative net change indicates that the outflow of workers is greater than the inflow.
- 7.3 For example, in Surrey Heath there was an inflow of 23,295 commuters and an outflow of 24,340, creating a net change (outflow) of -1,045 at the time of the census.² Unsurprisingly, the top inflows are from nearby boroughs and districts; however, the destinations also include London.

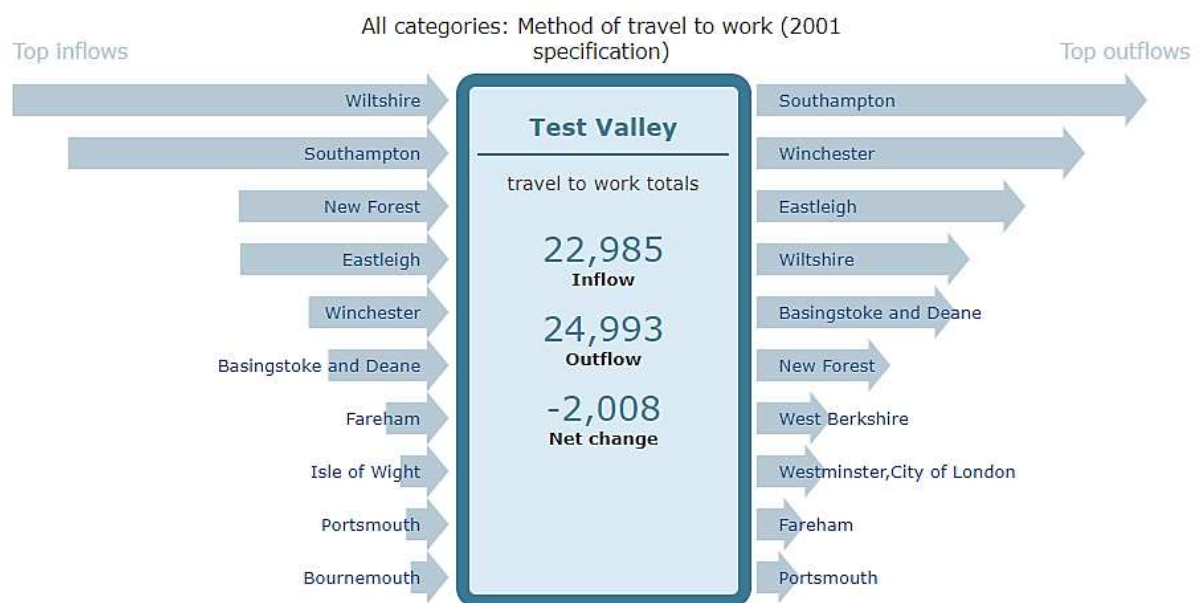


- 7.4 Although the inflows and outflows are quite closely matched, the numbers disguise the fact that over 47,000 people are travelling one way or the other. Not all residents commute out

² Source: ONS 2011 census (consistent with the 2001 specification), pending release of 2021 data.

of the borough; as at 2020/21 the number of residents aged 16 to 64 that were economically active and in employment was 48,300.

- 7.5 The pilot project at Camberley can only make a minimal difference to this overall picture of commuting but the spending habits of the people that use the facility in place of commuting could make a difference to local shops and to the quality of life of the people involved; this in turn may enable local companies to recruit and retain staff that might otherwise be tempted to commute to better paying labour markets such as London.
- 7.6 The next chart shows the results for Test Valley. The flows are broadly similar in scale but the net change is an outflow of about - 2,000. Again we can see that the top inflows are from nearby districts (including the south coast and Wiltshire in this case) and the destinations include London.



- 7.7 As at 2020/21 the number of residents aged 16 to 64 that were economically active and in employment was 63,600.
- 7.8 Appendix 1 includes further detail according to the method of travel (by car or van and travel by train). For comparison, we have also included the results for Guildford and Winchester which have significant inflows, especially by car in the case of Winchester.

The post-pandemic return to work

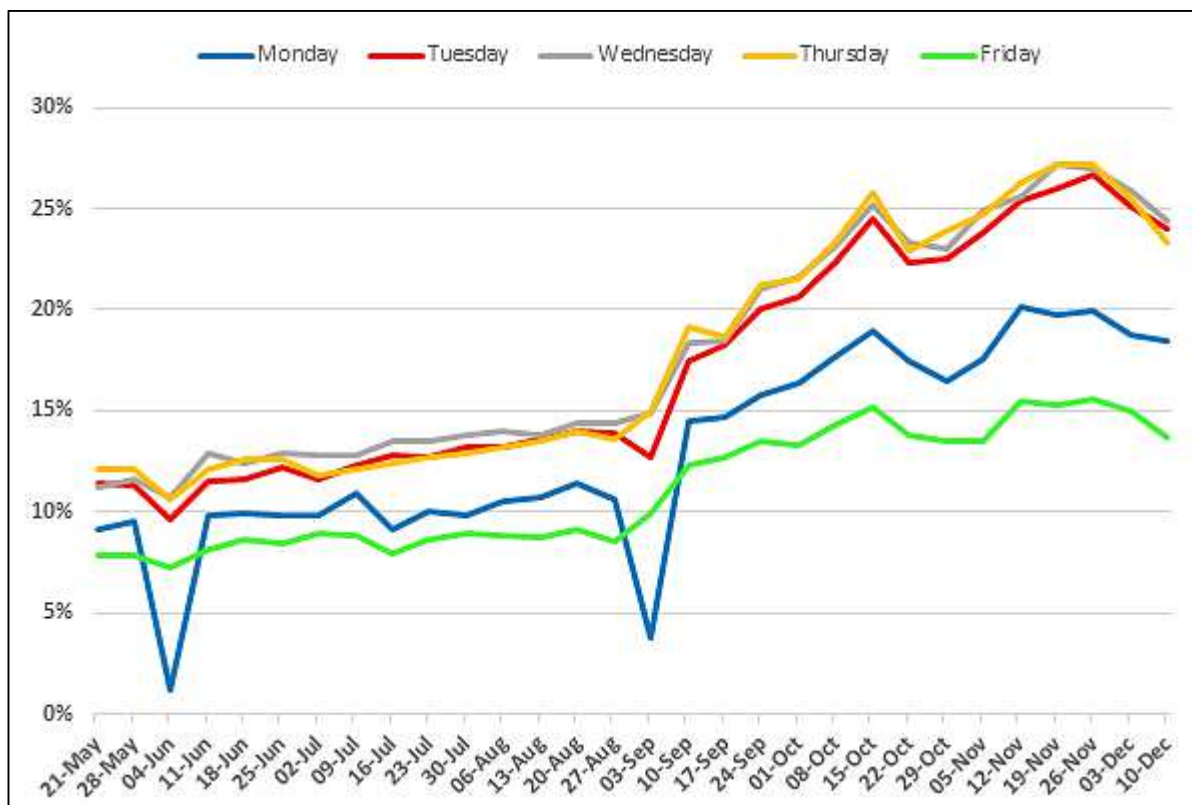
- 7.9 Market commentators are currently divided on how the Covid-19 pandemic will affect working practices, especially as new, online video-conferencing tools have enabled more widespread home-based working. On the one hand this could reduce the need for office space, but on the other hand will increase the desire for more spacious (healthier) offices, counterbalanced by demand for more flexible leasing options or satellite offices. Agents also report that businesses are anxious to bring their staff together at intervals if they work remotely from their main office; having a place to embed a team culture and shared values is important.
- 7.10 Although there is some evidence of pent-up demand amongst employers and staff for a return to the workplace, the outcome is hard to predict due to the pandemic. Nonetheless, data available from Remit Consulting “tracks the return of workers to major offices in ten UK cities as the social-distancing restrictions imposed due to Covid-19 lockdown are lifted”. Their ongoing study analyses data from over 150 office buildings in cities across the UK, including Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, London, Manchester and Newcastle.
- 7.11 The data is from buildings with security turnstiles so it is likely that the research sample is skewed toward larger properties, although some may be multi-let and could include serviced offices. In October 2021 it was reported that the percentage of office-based staff working from their office desks exceeded 20% for the first time since the UK’s lockdown restrictions were lifted, up from 18.7% the previous week.³
- 7.12 A press release notes differences by location. “London seems to be leading the way, with the average for the whole of the capital closely matching the national figure. The West End was last week’s best performing submarket, with a weekly average of 25%. However, on Tuesday (5th Oct) the daily figure reached 30.5%. London’s other submarkets also saw improvements, with Midtown notably improving, with a weekly average of 15.2%.”

³ The study assesses the number of people entering offices as a % of the capacity of each property.

- 7.13 “In Scotland, both Edinburgh and Glasgow saw the volume of staff in the office reach new highs of 17.5% and 9.4% respectively. The ‘Work from Home’ guidance remains in place in Scotland.”
- 7.14 The steady return to the office was welcomed by Melanie Leech, Chief Executive of the British Property Federation, who commented: “This is good news both for those who have been keen to regain the benefits of coming together physically to collaborate, generate ideas and learn from each other and for the town centre businesses who rely on office workers for their trade.”
- 7.15 Interestingly, the research also looked at the number of external visitors entering office buildings for meetings, as well as the uptake of car parking. “These figures also fluctuate from week-to-week but are significantly higher than between May and August, when Covid-19 restrictions began to be eased in the UK. At the same time, car park utilisation rates, which are covered by the research, have also increased and last week, they rose from 34.5% to 35.3%.”
- 7.16 By December 2021 the new variant of the virus had stalled the return to the office (coined “RTO” by the property industry) and excited further comment in the property press about the rise of “hybrid working”. However, by the end of January 2022 the data then showed a pick-up in office occupancy to “a national average of 16.9%, a rise of three percentage points compared with the week before”.
- 7.17 According to CoStar, Lorna Landells of Remit Consulting, authors of the study, said there had been “incremental rather than spectacular increases to the volume of staff working in the office”, adding that “many businesses were experimenting with hybrid working models involving a mix of remote and office-based working and allowing staff to be in the office once, twice or three times per week.”
- 7.18 By the end of January 2022, data for London found that “the average office occupancy rates reached 22.4% in Docklands and 21.7% in the West End, the first time either figure has exceeded 20% since early December and before the Plan B Restrictions were imposed. The City (15%) the Midtown (11.9%) markets remained quieter. Overall, the average office occupancy in London reached 17.1%... The national

average figure remains well below the 23.3% recorded in November the highest national average recorded during the pandemic.”

7.19 The following graph confirms that Mondays and Fridays remain the quietest days of the week in terms of staff visiting the office:



Source: Remit, ReTurn Research 2021/22

7.20 Research by McKinsey has looked at “What’s next for remote work: An analysis of 2,000 tasks, 800 jobs, and nine countries”⁴. Their headline finding is: “Hybrid models of remote work are likely to persist in the wake of the pandemic, mostly for a highly educated, well-paid minority of the workforce.”

7.21 They describe homeworking as a “workplace experiment that had struggled to gain traction before COVID-19 hit”. However it has now become clearer that “hybrid models of remote work for some employees are here to stay”. Cultural and technological

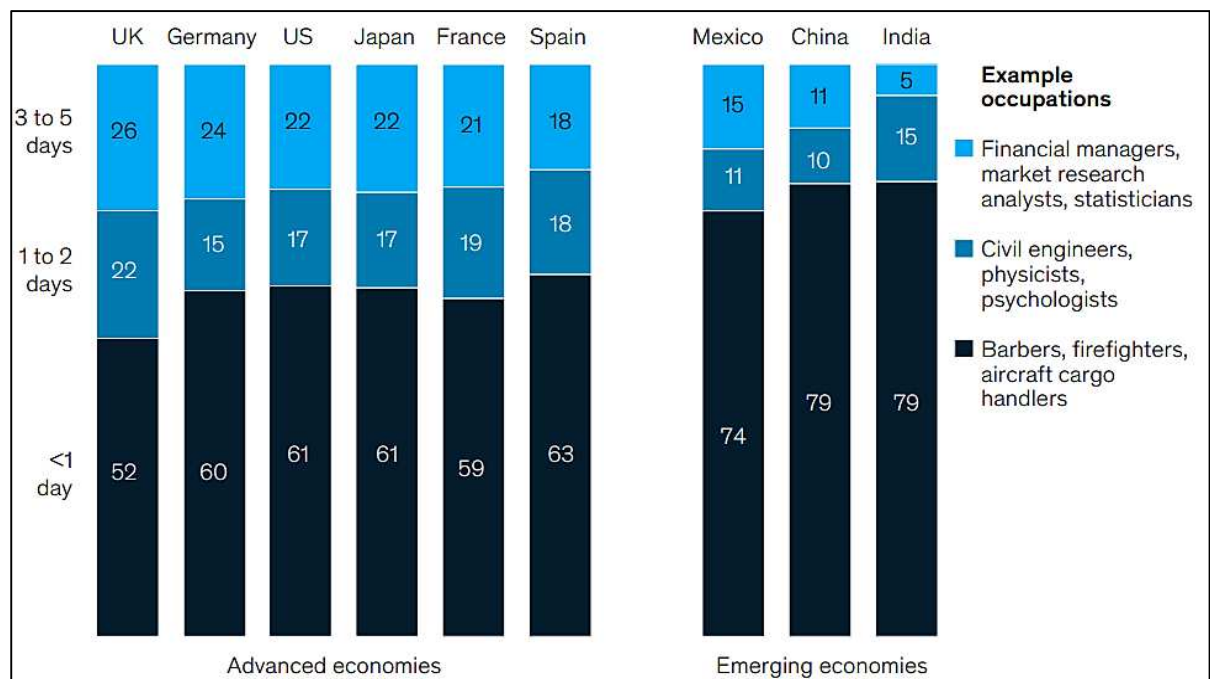
⁴ Source: McKinsey Global Institute, November 2020

barriers have been broken “setting in motion a structural shift in where work takes place, at least for some people.”

7.22 The research examined the particular tasks and jobs best suited to homeworking and found that “the potential for remote work is highly concentrated among highly skilled, highly educated workers in a handful of industries, occupations, and geographies”.

7.23 The top LHS of the following chart shows that 26% of the UK workforce can work remotely without loss of productivity 3 to 5 days per week.

Percentage of staff working remotely without productivity loss (days/week)



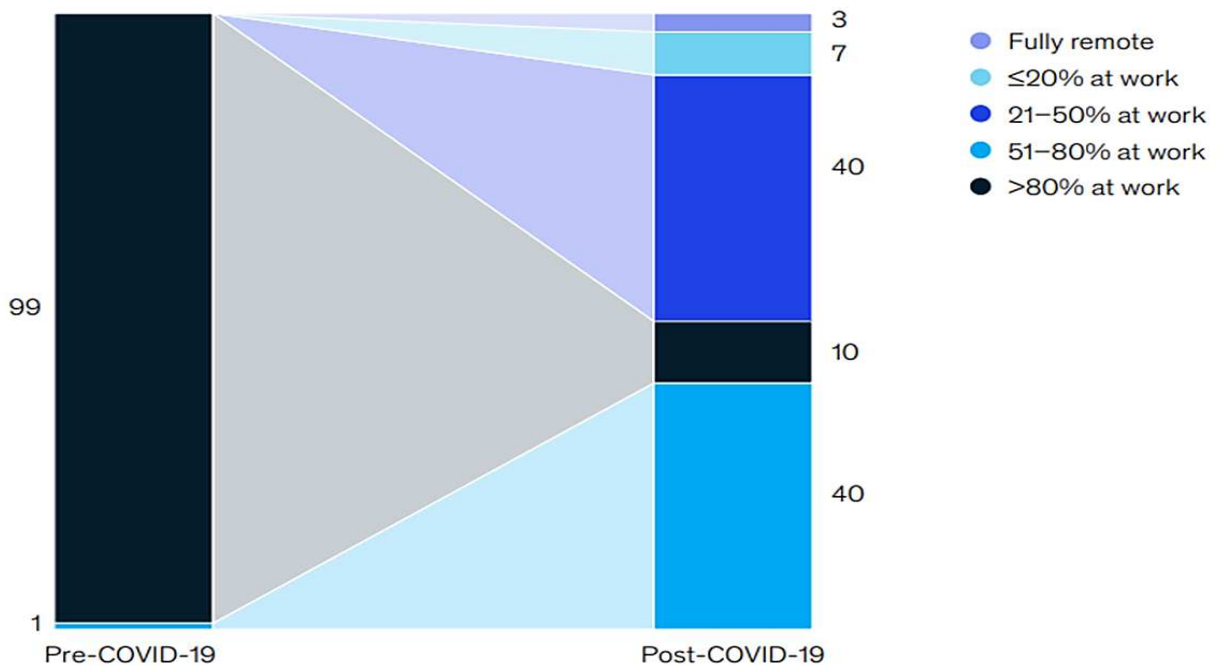
Source: McKinsey Global Institute, November 2020

7.24 This tends to involve desk based roles rather than those requiring specialist or site based equipment or providing personal services. Nonetheless, the research signals a significant shift in the number of people involved and how this could create a change in travel and spending patterns: “More than 20 percent of the workforce could work remotely three to five days a week as effectively as they could if working from an office. If remote work took hold at that level, that would mean three to four times as

many people working from home than before the pandemic and would have a profound impact on urban economies, transportation, and consumer spending, among other things.”

- 7.25 However, the balance of the workforce (80%) is less able to adapt in this way either due to the nature of their work, the need to collaborate in person or the suitability of their home. For some organisations homeworking stifles creativity and innovation and it remains important to employers (and many employees) to bring people together.
- 7.26 Sectors better suited to homeworking include finance, insurance, management, professional, IT and communications. More practical and people-orientated tasks have lower potential for remote working (but may be suited to hybrid/co-working).
- 7.27 Compared to less advanced economies, the research found that business and financial services in the UK (a large share of the economy) has high potential for remote work and its workforce “could theoretically work remotely one-third of the time without a loss of productivity, or almost half the time but with diminished productivity”.
- 7.28 The following chart is from McKinsey’s survey of 100 executives’ perceptions of hybrid working. Prior to the pandemic (LHS column) 99% of respondents expected more than 80% of work (represented by the black block) to be done on-site. However, as the pandemic eases, executives expect a hybrid model (in which employees work both remotely and in the office) will become far more common.

Changing expectations of time to be spent at work signal more hybrid working



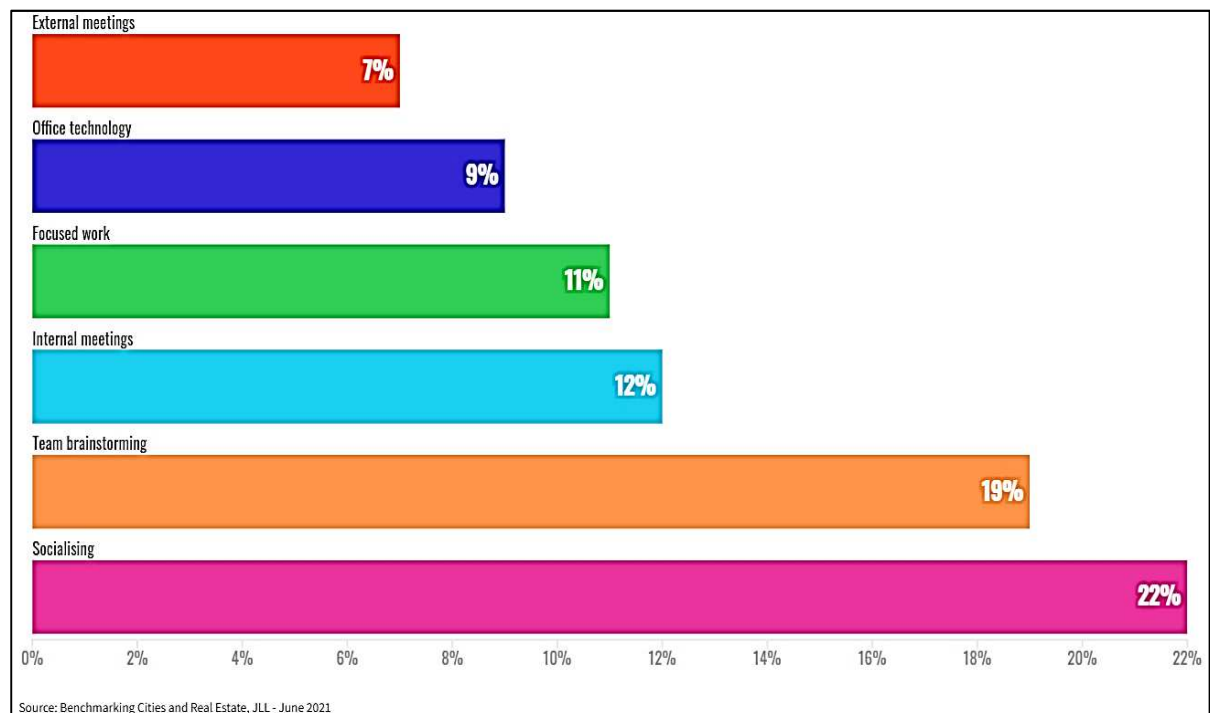
Source: McKinsey Global Institute, May 2021

- 7.29 The majority of executives (80%) expect that (for all roles that aren't essential to perform on-site) employees will be on-site between 21 and 80 percent of the time, or one to four days per week.
- 7.30 A notable finding is that organisations with the biggest productivity increases during the pandemic have supported and encouraged “small moments of engagement” among their employees - moments in which coaching, mentorship, idea sharing, and co-working take place. McKinsey reports: “These organizations are preparing for hybrid working by training managers for remote leadership, by reimagining processes, and by rethinking how to help employees thrive in their roles.”
- 7.31 Naturally one hopes that the return of public health will restore a sense of “normality”. However, the research suggests that companies will strive for a “new normal” because there are productivity gains to be achieved by fine tuning working practices. This is likely to include more hybrid ways of working but, with staff becoming more dislocated from head office, the research challenges managers to adjust their management styles, including greater use of soft skills, encouragement and feedback. Hence an

increasingly important function of the office is to bring people together to nurture business productivity and teamwork irrespective of where they work most of the time.

7.32 The “return to the office” is also influenced by employees’ preferences. According to research by JLL (“Benchmarking Cities and Real Estate”, 2021), attributes of the office most missed by staff include socialising and team brainstorming. Next in the list is internal meetings, followed by focused work, office technology and external meetings. The following chart summarises these findings:

What do employees miss about the office?



Source: JLL, “Benchmarking Cities and Real Estate”, 2021

7.33 Firms are testing their options for different forms of office space. In a report focused on the Thames Valley and South East, LSH postulate four types of office (Serviced, Managed, Fitted and Conventional). They advise: “Fitted and managed space are two rapidly emerging forms of workspace solution that represent a hybrid between serviced offices and the dominant form of landlord offer, conventional leased space.”

7.34 Each option is analysed to show how they vary by speed of procurement, staffing levels, degree of market choice, lease terms, basis of payment, plus inclusion of meeting rooms and other services. It is evident that the office market is increasingly segmented and landlords are pricing in different levels of flexibility and fit-out. The results are summarised in the following table from the report.

Indicative guide to modes of occupancy

	Serviced	Managed	Fitted	Conventional
The product	Ready fitted space with limited amenity and customisation, controlled of the provider.	Bespoke design and fit-out curated by the occupier. Delivered by managed provider, controlled by the occupier	Ready fitted space with limited amenity and customisation, controlled by the occupier	Bespoke design and fit-out curated, self-delivered and controlled by the occupier
Speed to occupy	1 to 3 months	3 to 6 months	1 to 3 months	6 to 12 months
Typical on-site staffing levels	1 to 50	50+	10 to 100	10+
Current choice	Variable provision and availability by market	All centres potentially	Limited and variable by market, but expanding rapidly	All centres
Typical lease terms	1 to 24 months	3 to 5 years	2 to 5 years	3+ years
Payment and liability	Paid monthly in advance and based on no. of desks. No liabilities	Paid quarterly in advance and based on sq ft taken, Fit-out and dilapidations costs amortised over term and all occupational costs covered	Paid quarterly in advance and based on sq ft. Typically includes all occupational costs and dilapidations up to a break/ expiry date	Paid quarterly in advance and based on sq ft. Occupier liable to dilapidations costs and uses up-front capex to fund fit-out
Meeting rooms and services	Shared but bookable with added costs	Included in space	Included in space	Included in space

Source: Lambert Smith Hampton, "Changing Space – Thames Valley & SE Office Market Report" 2021

7.35 Changes within the office market can also be considered from a city centre perspective; according to "The Future Business District"⁵ report from Birmingham: "Their role as meeting places, including for cultural activities, is likely to become more important, while their prior roles as office hubs and shopping centres may be somewhat diluted."

⁵ Source: Colmore Business Improvement District (Green, Riley, Smith, Brittain, Read et al Oct 2021)

- 7.36 Importantly the report echoes other research in signalling polarisation of the market towards high quality space: “Birmingham could also gain from a trend towards increasing demand for super prime offices – notably new accommodation offering high levels of flexibility and close proximity to major transport hubs.”
- 7.37 The same study highlighted that following the pandemic we may see the greater division of large offices between firms as they rationalise their space requirements: “In the longer-term, a hybrid model of different styles of working – encompassing flexible working patterns involving part home and part office-based working was expected. One feature of such an arrangement might be multi-firm shared office spaces.”
- 7.38 Some respondents appeared less convinced that “new workplaces” would emerge in suburbs, small towns and villages compared to a scenario where homeworking would be complemented by steady revival of offices in larger, more animated town and city centres.

Chapter recommendations

- 7.39 Monitor the pilot projects against their objectives, including footfall and expenditure retained for local shops (but note that the percentage difference to the number of commuters is likely to be small).
- 7.40 Data on the number of people returning to the office has shown a faltering but upward trend. We recommend that their progress is monitored and used to inform decisions about any future towns/projects to support.
- 7.41 When the LEP consults employers it should ask about the effects of the pandemic and their emerging approach to “hybrid” working, productivity and demand for town centre offices.
- 7.42 The pilot projects should be used as stepping stones towards further improvement and animation of the area’s town centres.

8.0 Evaluation of Pilot Projects

8.1 The Future Workspace Pilot projects put forward for this evaluation are:

- Chantry House, Chantry Centre, Andover (4th and 5th floors, operated by IncuHive)
- 34 Park Street, Camberley (operated by Login Business Lounge)
- Simple Working Centres (potentially in Surrey towns but final locations not yet agreed)

8.2 The criteria for evaluating each project were discussed and agreed with EM3 LEP as part of our work. The evaluation took the form of a data gathering phase and interviews based upon 24 themes and questions (see Appendix 2). These focused on the objectives, outcomes and learning points of each project and acted as an agenda for discussion with the pilot project operators.

8.3 We now comment on each of the pilot projects.

4th and 5th Floor, Chantry House, Andover

Start date: 23/12/2020

End date: 28/05/2021

Amount financed: £235,470

Basis: Grant with profit share

Total cost: £381,216

Project Lead: Test Valley BC

8.4 Chantry House is a dated (1970s) office building located within the Chantry Shopping Centre, Andover. The building had reportedly been “largely vacant for eight years” and was at risk of becoming obsolete. The owner, Test Valley Borough Council (TVBC), was keen to breathe new life into the building, especially as it forms part of the shopping centre, and the council has ambitions to regenerate central Andover.

8.5 The operator of the pilot project, based within the 4th and 5th storeys of the building, is the IncuHive Group which specialises in providing offices and co-working space for start-up companies. They also provide support through business talks, mentoring and networking. TVBC hopes the project will “provide an ideal facility for workers in the Andover area to

have high-quality office facilities close to their homes, with opportunities to work collaboratively with other team members”. Other outcomes sought include “sustainability benefits from reduced commuting and travel, and the creation of modern efficient offices”.

- 8.6 We understand that an element of match funding was provided by TVBC (relating to rent and rates payments), although we have not audited the details. Furthermore, there is a profit share arrangement between TVBC and the LEP which we assume is geared to the profit rent achieved by IncuHive over and above a base rent. It appears prudent that the parties should align their interests around the success of the project in this way. It is outside the scope of our report to audit the contractual details or financial milestones of the project but we would recommend that these details are monitored so that any similar arrangements in future are optimised (taking valuation advice if appropriate).
- 8.7 For many years the long leasehold interest in the Chantry Centre (including Chantry House) was held by Aviva. However, as we understand it, they chose to sell their interest back to the freeholder (TVBC) rather than invest in the building themselves. Possibly this reluctance to invest was a product of the ground lease acting as a disincentive, or simply a concern that the centre was approaching redundancy at a time when the retail sector was struggling with structural change. In any event, it now falls to the council to deal directly with the occupiers of the Chantry Centre, including Chantry House, to determine its future.
- 8.8 We understand from discussions with TVBC that previous occupiers of Chantry House had included a Job Centre (about 5 years ago). Steps are now being taken by the council to generate interest in the vacant space, with some success. Apparently the first floor has been brought back into use by the Citizens Advice Bureau and Idea Reality (product design). The second floor is partly used as a new management suite and the remainder has been let. There is also interest in the third floor for a health related use. With the help of EM3 LEP, the fourth and fifth floors have been refurbished and let to IncuHive for onward letting to its business club members using a “serviced office/shared co-working space” model.
- 8.9 TVBC relayed that their chosen operator of the workspace (IncuHive) believes that “hybrid working is here to stay so will see more people continue to work a few days in the office and then a few days from home (or a shared space)”. Their research has highlighted that

many people “struggle to cope with work from home due to the isolation and loneliness” it entails. Hence they are “confident this will create ongoing demand”.

8.10 We are told that IncuHive now has “20 people working on site on a daily basis”. Furthermore, they have “supported three new start-up businesses and helped two existing businesses grow”. This has led to the creation of 3 new jobs and the letting of 5 out of the 11 offices within the demised space.

8.11 The amount of floorspace brought back into use is estimated to be 7,600 sq ft (706 sq m), split as follows:

Type of use	Area (sq ft)	Area (sq m)
Office space	3,222	299
Dedicated desk and hot-desk space	1,828	170
Studio space	1,500	139
Artist space	1,050	98
Total (sq ft)	7,600	706

8.12 There were 24 desk spaces at the time of the evaluation with plans to add more when demand increases. The council added that it did not expect full occupation to be immediate; rather they see it as a “progression” or “trajectory” and they are pleased that the building is being used and extra “vibrancy is being created”.

8.13 The refurbishment work, commissioned by the council using an external contractor, required 8 tradespeople over a 3 month contract. In addition, we understand that IncuHive created 2 construction jobs for 6 months and at the time of writing had “one more 3 month construction job to finish the studio”. This construction work equates to 39 months work or the equivalent of a job lasting 3.25 years.

8.14 In addition, IncuHive has created one additional, ongoing “operational” job.

8.15 The companies operating from the pilot project included “a medium sized local engineering firm using an office as a satellite location in the centre of town; a start-up recruitment firm;

an employment support company operating a DWP contract; and a start-up hospitality consultant. In addition, there are a number of desk renters who work for other companies but cannot work from home”.

- 8.16 In terms of user profile there was a mix of self-employed and employed people working from the pilot project at the time of the evaluation. All were said to be from Andover or the surrounding area (the furthest member of staff coming from Southampton).
- 8.17 We asked what the end users value about the project. Feedback on this included that they “hugely value the low cost, central location and collaborative nature of the site. As the community grows the collaboration will increase.” In addition, they “all love the free business support. We have a full time dedicated business support mentor who services all the members.”
- 8.18 Patronage of the town centre by users of the building appears to be strong, as one might expect from its very close proximity to the shops: “All the members are using the town centre and buying coffees and lunch in the Chantry centre, with many using local shops on their way home to do essential shopping.” TVBC commented that “it might be a small contribution but it is positive nonetheless” and is “in alignment with the town centre vision”.
- 8.19 We also asked about travel and where people were working beforehand. We understand that “most of the members were working from home or in other towns” but we do not have sufficient detail to audit the change in commuting distances or methods. There is relatively good car parking in Andover, which is helpful for the town centre, but it is also possible that the IncuHive customers from Andover include people that walk to work.
- 8.20 The evaluation work asked about any energy/carbon saving measures arising as a consequence of the pilot project. TVBC advised that LED lighting has been installed throughout. In addition, more efficient boilers and a new heating system have helped to reduce energy costs.
- 8.21 We also asked TVBC if their investment has triggered investment by others (apart from the LEP). They deferred to IncuHive who “believe that they will inevitably see investment into the companies that are growing over the next year”. IncuHive have also invested in fitting-out their space and establishing Andover as another branch operation in their portfolio of centres.

- 8.22 The evaluation also sought feedback on the bidding process for LEP support and what might make bidding easier for future applicants. We were told that “informal assistance from LEP officers was helpful in framing the bid”; it was “a good experience”; the process was a “reasonable” one; and the application form was “straightforward to complete”.
- 8.23 TVBC was content with the funding arrangement (a grant with profit share) and thought it was reasonable “that risk and reward is shared between TVBC and the LEP”. We understand that the council members, faced with the expenditure decisions, drew comfort from the fact that the LEP was able to assist and “would not have invested as much without the help of the LEP”.
- 8.24 Further feedback from the project officer included: “Given demands on capital, it’s unlikely that TVBC would have been able to proceed with this project without LEP assistance. Given the LEP’s economic role, if public money were to be used for the project, it was appropriate for that body to support the project. LEP involvement meant that the Council could agree to support the project by paying for rates/utilities/broadband supply.”
- 8.25 No suggestions were made as to what the LEP might have done better. TVBC appear content with the arrangement and also gave credit to IncuHive for their “vision and enthusiasm” which “has allowed the project to be delivered and flourish”. There were however some difficulties dealing with utility companies and coordinating trenching arrangements for the installation of new broadband services to the building.
- 8.26 With the TVBC having acquired the freehold interest in the Chantry Centre (including Chantry House) we wondered if the council would have funded the project alone and how that might fit with potential redevelopment plans for the longer term. Hence we asked TVBC what would have happened without the LEP’s help and whether the grant truly triggered action that would not otherwise have occurred. The project officer was very clear with us that the pilot project grant was an important trigger for the refurbishment work to occur: “Yes, definitely - the financial assistance allowed Members to agree to support the project, which would not have come forward otherwise.”
- 8.27 As for any final thoughts on how else the LEP might help, TVBC commented that publicity for project “would certainly be welcome”, as well as any measures that it make it easier to work with utility companies and broadband providers.

8.28 Finally we discussed the fact that there are other forms of Managed Workspace in Andover, including Basepoint at East Portway Business Park and the council's Enterprise Centre (managed by Kier Ventures Ltd) at Walworth Business Park. Neither of these is in the town centre and both are perceived to be complementary rather than overlapping with the pilot project.

Reflection on funding arrangements and criteria

8.29 The lead partner is a local authority, well accustomed to public sector procurement processes and accounting for its use of public money. Feedback suggested that they were comfortable with the bidding process and the legal arrangements with EM3 LEP. We assume that their "public sector covenant" also gave the LEP confidence that a grant could be justified and that any profit share due under the arrangement would be properly audited and paid.

8.30 Importantly, the support of the LEP was accompanied by further investment by the local authority and by the operator of the workspace. We were told that the project depended on the LEP's contribution but cannot be sure that the project would not have proceeded without it.

8.31 The project is located amongst shops and so it is entirely plausible (as claimed but not quantified) that they have benefited from extra turnover generated by greater use of the offices in Chantry House. It is also significant that the project is part of the local authority's vision for revitalisation of the town centre.

8.32 We now examine the next pilot project overleaf:

34 Park Street, Camberley

Start date: 01/04/2021

End date: 30/06/2021

Amount financed: £200,000

Basis: Mix of grant (£50k) and loan (£150k)

Total cost: £1,100,000

Project Lead: ProjectFive Ltd (operating as Login Lounge)

- 8.33 This pilot project is described by the applicant, Login Lounge Ltd, as “a next generation co-working space” with high speed broadband, café, bar and conference/social facilities for members. Further information about the centre can be seen on their website⁶ and a variety of social media channels.
- 8.34 The building is located within Camberley town centre close to the Atrium shopping centre and a variety of shops, restaurants and bars fronting Park Street. The shopping centre complex includes a cinema and a multi-storey car park within a short walking distance.
- 8.35 We understand from Login Lounge that the building had largely been disused before they took occupation. The upper floors in particular had failed to attract interest, perhaps because retail activity tends to be focused on the ground floor. Hence the baseline position at the start of the project was no space in use and no people employed.
- 8.36 As at the beginning of December 2021, Phase 1 of the refurbishment was described as 95% complete (with some minor fitting-out tasks outstanding) and the Login Lounge was open. The company told us that “5 jobs have been created within the centre and customers are starting to sign up”. There is additional space available for refurbishment on the second floor if required. Looking ahead, the company has stated: “Our goals are to achieve the operational occupancy needed, and work on funding options for Phase 2.”
- 8.37 We asked about the effect of the pandemic on demand and whether it had been a spur for flexible working that might now recede as public health returns. The company drew a distinction between homeworking that was mandated by the government to minimise the spread of the Covid-19 virus (“pandemic working was very different”) and a general shift

⁶(<https://loginbusinesslounge.co.uk/>)

towards hybrid working driven by market preferences. Dissatisfaction with homeworking is a driver for some people, combined with a preference to reduce or avoid commuting if an alternative is available.

- 8.38 Login Lounge explained that their business model was based on the “easing of homeworking (from a pandemic point of view) coupled with businesses (and individuals) wanting to move to hybrid working”. They added: “It’s early days, but the business model seems to be holding up” and “we’ve only been open for a week, but, the level of enquiries is high”.
- 8.39 We were informed that as part of Phase 1, about 10,000 sq ft of accommodation is open and in-use. Key Performance Indicators (KPIs) are being used to track memberships, occupancy (based on hours on-site measured via check-in) and revenue from food and beverage sales. The company will monitor progress with its different income streams and the extent to which it needs to charge for complimentary drinks and snacks.
- 8.40 In terms of construction labour, the company reported “an average of 15 people working on-site during the project (from the Main Contractor, the Electrical Contractor and the HVAC Contractor). The Electrical Contractor was a brand new start-up and we were their first customer. Labourers were recruited specifically for this project. The fit-out lasted for 6 months.”
- 8.41 It could be argued that employment needs to be sustained longer than 6 months to count as a Full Time Equivalent job. Nonetheless, if it was for 6 continuous months for 15 people, this construction activity represents 7.5 person years of employment. Furthermore, it helped to catalyse the creation of a new business (the electrical contracting firm) which we gather has recruited an apprentice and is winning new work elsewhere.
- 8.42 In addition, Login Lounge has created operational jobs of its own – reportedly 5 full time and 3 part time (equating to say 6.5 FTE jobs) with potentially 2 more part time posts to fill.
- 8.43 In terms of customer profile, we were told that companies using Login Lounge include two sizeable firms (in the bracket of 50 to 100 staff), plus three smaller ones (employing 10 to 15 staff). The first of the larger firms is Project Five - an IT company related to Login Lounge and acting as an anchor tenant. Motivations for members to use the space include “to reconnect employees who are working from home” and because firms “have given up

their office space and have adopted a hybrid working model". When we visited the site in early December we saw up to say 25 or 30 people working in the building. Login Lounge explained they had recently hosted a conference for about 100 attendees; hence the number of people on-site will vary markedly depending on any special events as well as the build-up of memberships.

- 8.44 Apparently most of the members recruited so far are employed (rather than self-employed). They include people "choosing Login rather than WFH" (working from home) and some are "part-time commuters". Initial feedback has suggested that people value "the social and mental wellbeing benefits of working amongst other people".
- 8.45 Members can join free of charge in order to access the ground floor to buy coffee, breakfast or lunch. This helps develop interest and members can opt to purchase a "price plan" giving fuller access to the centre by the day; or from 09:00 to 14:30; or 07:30 to 20:00; or for 50 hours per month. In addition, companies can purchase a package that allows access for staff spread across 250, 500, 1,000, 2,500 or 5,000 hours.
- 8.46 Evidently companies and employees are making trade-offs between virus-avoidance, the cost of HQ office space, the inconvenience of commuting, the ease or otherwise of working at home, the desire to socialise with colleagues, plus the business productivity of each option. This resonates with the views of Simple Working (promoters of the third pilot project) who perceive there to be a segmented market.
- 8.47 Login Lounge reports "positive reviews" for their food and beverage offering as well as the "general vibe of the place". Certainly from our visit these are important factors that help distinguish the operation from others.
- 8.48 One of the important benefits of the pilot project sought by EM3 LEP was greater patronage of town centres. This does seem to be evident as a consequence of Login Lounge who commented that their customers are using Camberley town centre for shopping and services (e.g. "Hair, Beauty, Opticians") plus for social/leisure reasons (e.g. "Restaurants and Cinema"). What is not clear is the extent to which these people would have used the local shops anyway. However, when asked where people were working beforehand, Login Lounge said: "London, Reading, Maidenhead. All members have been local to Camberley, and have saved their travel time/costs/pollution by being here". This

suggests that even if the users of Login Lounge tend to live locally, some were commuting to places of work some distance away and their expenditure in Camberley town centre has increased as a result of the project. It would be instructive to test this with a survey once the Login Lounge is more fully occupied.

- 8.49 In terms of catchment, the company feels that there is scope for more centres within a few miles of populated locations (“there’s no point travelling 20 miles to a co-working centre; people want one 2 miles away”). Others may take a different view, especially if they were using the centre to catch up with colleagues who are local and work there more frequently as a result. Further research might help establish the optimum catchment population. Login Lounge postulated that a network of regional hubs, with smaller hubs in smaller towns or residential areas (collaborating together), might be appropriate.
- 8.50 We also asked about any evidence of energy/carbon saving measures that have been implemented as a consequence of the project. Login Lounge advised that there has been “lots of re-use of materials in the build - all glass, carpet tiles, wood and lighting has been reclaimed and re-used on-site”. This is reflected in the interior design of the building which strives to be quirky but not gimmicky. The recycling or up-cycling of materials is estimated by the company to have saved about £100k (not audited), besides which, it is perceived to be “the right thing to do” environmentally and for the brand.
- 8.51 Another outcome to test is whether each project has triggered investment by others. Clearly there has been additional supply chain activity generated as a result of the building work. Although this will phase out as the work is completed, we would expect there to be more permanent effects from the ongoing activities and purchasing requirements of the users of the building. Login Lounge has observed that the occupancy of nearby premises has improved, although cause and effect is hard to discern: “It might be a coincidence, but the Atrium scheme has now achieved 100% occupancy (4 new restaurants and a new high-end clothing store)”.
- 8.52 Feedback on the bidding process includes positive and negative points. Firstly, Login Lounge places great importance on EM3 LEP’s Future Workspace Pilot as a confidence boosting catalyst that helped establish Login Lounge.

- 8.53 Suggested areas for improvement include reducing the time taken for payment of funding. Apparently there were delays in the payment of agreed sums which created cashflow problems and knock-on delays in the payment of suppliers and builders. Evidently the LEP sought proof of the expenses incurred whilst Login Lounge hoped for funds that would be deployed sooner or at least more promptly. “Obtaining the actual money was really difficult. It took way too long, needed escalating to the CEO of EM3, and resulted in suppliers waiting a long time for payment for work already done. Other finance was paid up front, and we were able to pay suppliers in a more timely manner.”
- 8.54 In relation to grants versus loans, Login Lounge commented: “The grant element from EM3 was less than 5%, so had minimal impact. The loan element was just under 15%. Loans had to be obtained through commercial lenders for the remainder of the funding requirement. It would have been easier to source a single loan, and would have enabled the project to get off the ground much quicker.” Nonetheless, the company is “in favour of loans from public sources for regeneration projects”. Login Lounge also reiterated their gratitude for the positive support and encouragement from EM3 LEP, noting in particular the confidence they took from the fact that improvement of the town centre was a shared goal.
- 8.55 In the case of Login Lounge, it is clear that the role of the landlord was most important. “The landlord was key in recognising the value of the project. We agreed 5 years rent-free with them, followed by a price-per-square-foot that was approx. 10% of market rates. Without doubt, the landlord was the biggest single element to making this project possible.” Further feedback on the same topic was that “we need progressive thinkers” and “it absolutely depended on a soft deal... The landlord preferred to see the space occupied.”
- 8.56 Login Lounge has been very encouraged by the positive feedback that it has received from local stakeholders, including Surrey Heath Borough Council and the County Council. The company has said: “It’s early days, but the level of interest that Login has attracted has been off-the-scale. There are lots of VIP visitors coming to see the place, hold events here, and show-off the facility and the feel it has, and the value to the Town Centre.”
- 8.57 Commenting on competitors, Login Lounge feels that other operators may have approached the same opportunity less confidently and with insufficient scale. “By opening something much smaller, they are limiting the impact in the town centre - operators should

consider looking at the larger vacant units in town centres and going big. A co-working space should be the 'jewel in the crown' rather than a hesitant attempt at creating some space (e.g. The Cube in Camberley)."

- 8.58 This leads to the conclusion that Login Lounge benefits from its critical mass and this would be harder to achieve with a "standard" unit shop. The company said that a property on the scale of a department store would be "more of an aspirational place" and would have more "vibe".
- 8.59 The LEP's funding towards the cost of creating the Login Lounge was a small part of the overall expense, which prompts the question whether it made any difference. The company commented as follows: "Financially, the impact was low. But, the confidence to progress with the project came from knowing that the LEP was recognising this as a key initiative to redefining the Future High Street (remember, this was during lock-down, so confidence to invest in anything was low in the business community). Without that support, it might not have taken off." This feedback suggests that the LEP's intervention was catalytic in making something happen at a time when business confidence was low and the project was fragile.
- 8.60 Suggestions were sought on how else the LEP might help. Login Lounge said: "Holding events here is key. Bring along others - show the place off. The more people who see it, the more they will have the appetite to replicate something similar in their towns." If this were to occur then the project would create additional leverage at low cost.
- 8.61 There is also scope for enlargement of the facility should it be required, either to accommodate demand or to create greater separation between different types of use such as the bar, events space or quiet working areas. We understand that Login Lounge has access to another 8,500 sq ft on the second floor and possibly another 8,000 sq ft alongside that. It is unusual to have this degree of flexibility and it remains to be seen if the Camberley market can support so much co-working space.
- 8.62 We started this section of the report with the comment from Login Lounge that they are creating a "next generation" co-working centre. We discussed this further to tease out what it really means. It partly reflect the ethos of the director that the centre should be "purpose

driven” – i.e. supportive of the town centre and the prosperity of the local community whilst being conscious of its impact on “the triple bottom line” of people, planet and profit.

8.63 Going one step further, the director of Login Lounge has an ambition for its parent company, Project Five, “to be heavily involved in defining the meaning of work”. Hence the project is an opportunity for them to test more collaborative and collegiate ways of working with contacts and clients within shared space; “it’s good to show progression”.

8.64 Their suggestions of things that the LEP should do better include: “Identify suitable sites. Lobby councils and landlords to understand the value. Agree to lend a larger percentage of the required capital. Pay the cash out quicker!” We now comment on these suggestions:

- Identify suitable sites. Both the projects in Andover and Camberley have demonstrated that under-utilised offices in town centres can be refurbished and re-energised with the help of a willing landlord and a proactive co-working space operator. It would be instructive to research the potential supply of similar sites in the EM3 LEP area.
- Lobby councils to understand the value. We envisage that other local authorities would be pleased to learn about the experience of Test Valley Borough Council and Surrey Heath Borough Council with the pilot projects and may have potential sites that they could bring forward from their own landholdings or by working with private owners.
- Lobby landlords to understand the value. Login Lounge has clearly relied upon concessionary terms from an enlightened landlord that could see a benefit in having their building used, even if at a nominal rent initially. The market is likely to be warm to this suggestion if they have confidence in the workspace operator. This will be a commercial decision and the LEP’s help could be pivotal.
- Lend a larger percentage and pay it promptly. As we understand it, EM3 LEP is obliged to work within a framework and protocols set by central government and administered by Hampshire County Council. We think it unlikely that the LEP would want to expose itself to greater risk and certainly not without formal valuation advice. We agree that prompt payment should be a goal but only in accordance with due process and if the necessary requirements have been met.

Reflection on funding arrangements and criteria

- 8.65 The lead partner is the private sector operator of the workspace that has been created. We are informed that the funding was split between a grant of £50,000 and a loan of £150,000. The majority of the required investment came from other sources and we understand that the landlord offered highly concessionary terms as an incentive to bring the building into use.
- 8.66 We were told that the local authority has been very encouraging (e.g. facilitating relocation of street furniture, supporting events at the centre and providing endorsement), all of which we regard as important, although we have not quantified their support. The operator has also brought strong leadership and energy to the project. It is helpful that there is expansion space available within the same building should it be required.
- 8.67 This variety of inputs and features helps set a standard for judging any future bids for LEP support. Nonetheless, the project is not without risk and its success now depends upon the market's response and the operator's ability to build sufficient revenue to meet its obligations, including the cessation of the landlord's incentives.
- 8.68 We were told that the LEP's contribution and shared vision for the town centre was highly encouraging. It may well have been an important catalyst but we cannot be sure that the project would not have proceeded without it. The operator is keen to continue collaborating with the LEP with events that bring business and profile to the centre; further discussions might also include ways to replicate the Login Lounge elsewhere.
- 8.69 Like Chantry House, the project is located amongst shops and so it is entirely plausible (as claimed but not quantified) that they have benefited from extra turnover generated by greater use of the offices created.
- 8.70 We now examine the next pilot project overleaf:

Simple Working Centres**Start date and end date: To be agreed****Amount financed: potentially £300,000****Basis: Loan (terms to be agreed)****Total cost: £1,000,000****Project Lead: Simple Working Ltd**

- 8.71 The Simple Working proposal was for the conversion of empty shops to offices that would then be let on flexible terms to companies as satellite offices for “hybrid working”. The concept was that more people would divide their working week between three locations – the office, the home and elsewhere. It was felt that regional town centres could benefit from this perceived trend by repositioning their surplus retail space as offices. Furthermore, the offices would be of a high standard and would mimic “city functionality”.
- 8.72 EM3 LEP offered to provide Simple Working Ltd with a loan of £300,000 in the expectation that this would catalyse expenditure of £1,000,000 by the company. Simple Working had considered raising money via the Enterprise Investment Scheme (EIS) but found that this was not available for projects involving the leasing of property. The company was also reliant on funding from a business partner that has since fallen away. Consequently the project has not moved forward. Nonetheless we were asked to interview the project leader to gauge the reasons for this and to see what further feedback could be gleaned.
- 8.73 Apparently the investment partner was initially attracted to the idea, which has some synergy with their existing business. However, whereas Simple Working saw the pandemic as a driver for this opportunity, the partner saw it as a source of “uncertainty” and this became a reason not to proceed.
- 8.74 The passage of time has also led to the more recent perception that “people are going back to the office”, contrary to the view that companies would reduce their footprint in cities as a result of the pandemic.
- 8.75 Nonetheless, Simple Working remains of the view that companies are still trying to formulate their response to the current circumstances. “There’s a definite shift back to

needing people in the office, but still not knowing how to manage the gap between the HQ and working from home”.

- 8.76 They reported anecdotal feedback from a company in the insurance sector that surveyed its staff and found that people were happy to work from home but, if choosing a day to be in the office, demand would not be spread evenly throughout the week (with a spike in demand for Thursdays in this case). This has left the insurance company uncertain about how to respond and whether, for example, to mandate attendance in the office on particular days or not. Hence there remains uncertainty about their operating model.
- 8.77 Simple Working also spoke about the difficulty that companies face in deciding how much support they need to give to facilitate home working. Some have rather left it to staff to sort out their own broadband, furniture and computer screens for example (taking what they coined as a “lazy flexibility” approach). The suggestion was that “working from home was well conceived but practical problems arose”. Furthermore, there appears to be a gap within organisations between the HR function addressing home working arrangements and the Facilities Management team not being used to managing resources across multiple locations.
- 8.78 Clearly these issues vary from company to company and have a different bearing on individuals according to their circumstances. Simple Working suggested that the market should be segmented by the age of staff in the following way:
- Aged 20 to 30 – often living in shared flats/houses (perhaps still with their parents); keen to be in the office for work and social connections.
 - Aged 30 to 40 – young families in 2 or 3 bed flats/houses with children; don’t mind not being in the office but need somewhere to work other than home.
 - Aged mid 40s plus – more established in their careers, probably with older children and more space at home so working there is less problematic.
- 8.79 This leads Simple Working to believe that their market is more niche than universal and the problem of having to work from home due to the pandemic is more of a question of choice. It also depends on company requirements and how the office is run. The company cited

the experience of one company that had lots of young members of staff going to the office but had no managers there to manage them.

- 8.80 We also discussed possible variations by type of town and the extent to which local people commute to London. Simple Working perceives that “lots of commuters seem to be getting back on trains”. They speculate that car borne commuters are “less inclined to drive to work if they don’t have to”. Much must depend on the ease of the commute compared to the alternative.
- 8.81 Company policies for “business expenses” also come into play. Simply Working anticipates greatest demand for hybrid working centres if the facilities are fully funded by the employer, supported by benefits to the business such as high quality broadband, proper arrangements for IT security, confidentiality of documents and the ability to hold private conversations or meetings when required. Provision of food, drinks and “business club” type benefits to staff may be a grey area for accounting.
- 8.82 This emphasises the importance of tailoring the workspace and any optional services to the customer so they derive maximum business benefit. There is significant segmentation of the market between type of company or department with, for example, lawyers needing to work in a different way to say sales teams or website designers.
- 8.83 We were told that Simple Working’s joint venture partner had been contemplating this market opportunity independently and on the face of it appeared to be a good match. However, they became nervous of “investing capital in something unproven” and the project was “too uncertain” for them at the time. Simple Working remains interested in finding another backer to help “prove the model”.
- 8.84 Simple Working also provided feedback on the bidding process and the operation of the LEP. It was felt to be “positive for the LEP to be working in this arena”. However they were not sure what would happen if they found a site in a different LEP area. We are doubtful that one LEP could fund projects in another LEP’s area, although introductions could be made.
- 8.85 Simple Working claimed to have prior experience and knowledge of loan agreements that may be preferable to the format used by the LEP because “the paperwork was not terribly good”. This was a reference to legal documentation which they felt (initially at least)

presented them with a “catch- 22” of needing the money to start a project whilst having a project they could not start without drawing down the money. They wondered if the LEP should have more delegated authority to make its own arrangements. We did not interrogate this point any further as the legal arrangements, which are doubtless necessary for proper use of the public purse, are outside the scope of this report. Nonetheless, we took the point that the LEP should act as an interface that simplifies the process as much as possible for bidders.

- 8.86 Simple Working explained that their initial approach to EM3 LEP came about because they were interested in the “networks and contacts” that the LEP might have, especially private investors and funders that would be interested in supporting companies at the start-up stage. Possibly taking the “Funding Circle” model as an example, it was suggested that LEPs could bring together like-minded people in a professional and powerful way to invest in the local economy. Clearly EM3 LEP already engages with business but there was a clear suggestion that more should be done to help start-ups to harness the knowledge, contacts and resources of successful people in Hampshire and Surrey.
- 8.87 We also discussed whether EM3 LEP should be funding workspace initiatives that might be brought forward by the private sector instead. The feedback was affirmative when required to facilitate “structural change”. Furthermore:
- 8.88 “It’s necessary to support communities that are struggling or high streets that are getting hollowed out. You could say it’s not a public sector problem but it absolutely is. The private sector will find the path of least resistance but the public sector has to work hard where the market hesitates and should own responsibility for towns in their patch – enhancement and long term vision is their remit.”
- 8.89 Simple Working offered its appreciation to EM3 LEP for its support and commented that it has “clearly thought about the need and opportunity and is ahead of the game, seemingly better at business support than others”.

Reflection on funding arrangements and criteria

- 8.90 We understand that a loan of £300,000 has been offered by EM3 LEP towards building work of £1m (subject to the final selection of properties, project details and a legal agreement).

- 8.91 It is prudent to have checks and balances in place. We understand that insufficient progress had been made and we understand that no funding has been provided at this stage.

Chapter recommendations

- 8.92 We recommend that the financial milestones for each project are monitored to check progress and to inform any similar arrangements in future (taking valuation advice if appropriate to the risks involved).
- 8.93 EM3 LEP should include the pilot projects in its marketing and promotional work to give them extra publicity and support.
- 8.94 The criteria for evaluation of any future funding bids for similar projects should reflect potential strengths such as their ability to expand or trigger further improvements to their location in the event of success.
- 8.95 Customers are starting to occupy two of the projects and they are said to be using their respective town centres. Progress should be monitored to test the scale of this effect over time.
- 8.96 Feedback suggested that the processing and payment of loans by the LEP should have been quicker. We cannot comment on the reasons for this but recommend that the process should be efficient and prompt.
- 8.97 Concessionary terms from landlords were important to the operators. Other property owners may be receptive to proposals of this kind that enable their buildings to be put into productive use. EM3 LEP should lobby the property sector and local authorities accordingly.
- 8.98 The support and encouragement of the local authority was also important and should be encouraged by the LEP.
- 8.99 EM3 LEP should continue to help by holding meetings and events on-site to showcase the pilot projects. This would generate additional interest and the LEP should check how this could support its other policy objectives and programmes.

8.100 One bidder had anticipated that the LEP would do more to facilitate introductions between investors and potential projects for the benefit of the local economy. The LEP should consider staging more networking events and other initiatives with this objective.

Future funding models and criteria

8.101 In respect of future funding arrangements we also recommend:

- Public sector bidders may be more comfortable with the procurement process and due diligence required. Private sector bidders sought a faster and more “user-friendly” process. There can be no escaping the necessary checks and balances but the process should be efficient for all parties.
- The projects are not without risk so it is prudent that the LEP’s contributions were only a part of the whole and other parties should contribute strongly. Nonetheless, the LEP should not be (and has not been) shy of addressing market failure for economic development reasons.
- The market for managed workspace continues to evolve from early stage Enterprise Centres to serviced offices and co-working centres. There is no shortage of market interest and wannabe operators, especially in prime locations where it is unlikely that grants should be offered. However the pilot projects illustrate that there is still a need to support workspace projects in secondary towns and dated buildings (irrespective of the pandemic).
- We envisage that pressures on the public purse mean that funding by way of loans will generally be more palatable to government than the gifting of grants.
- The LEP should also use its convening powers to assist other forms of managed workspace (funding may not be required in all cases), including innovation centres and workspace to counterbalance new housing.
- Funding rules and regulations are outside the scope of this report. Ordinarily we would expect financial property decisions to be supported by valuation advice or development viability appraisals. However, the LEP may have thresholds which determine whether or not this is required.

- An important objective of the pilot projects was to stimulate footfall for town centres and to help reduce commuting. Feedback has been positive in this regard, however, by definition the percentage difference can only be small. Nonetheless project leaders have said that their customers are shopping locally and individual shops are likely to have attracted additional business. Bids would be stronger if they can show such a link or that they are responding to a wider strategy for town centre regeneration.
- Bids would also be strengthened if landlords are contributing concessionary terms such as rent-free periods, or can offer expansion space in the event of success.
- Similarly, bids will be stronger if they have local authority support or are demonstrably aligned with economic development strategies.
- As shown by the third pilot project, it is prudent to have checks and balances in place so that funding is not provided or is withdrawn if insufficient progress is made.

8.102 Finally, we advocate ongoing monitoring of the pilot projects to track their success and further work should be done to shortlist potential locations for additional managed workspace.

9.0 **Market and Stakeholder Feedback**

- 9.1 This chapter summarises feedback we received when preparing and attending a workshop with stakeholders in January 2022 regarding the Future Workspace Pilot.
- 9.2 The event opened with an introduction from EM3 LEP regarding the policy context and objectives of the pilot projects. This was followed by a case study from Login Lounge regarding their co-working centre at Camberley. This explained the steps they had taken to refurbish their building and the market response so far. The case study also referenced the role of the LEP, the local authority and the landlord (consistent with our earlier comments in this report).
- 9.3 Simon Ward of Propernomics then presented a “Review of the Co-working Property Market in the EM3 LEP area”. The LEP then invited questions for the speakers who joined the audience in facilitated break-out sessions to discuss the presentations and market feedback.
- 9.4 A company that has a small portfolio of serviced offices commented that market conditions have been tough during the pandemic with a lull in demand - “occupancy was down but is recovering – but it’s price sensitive”. Encouragingly, they have been able to attract “more company formations lately”.
- 9.5 As an adjunct to discussions about homeworking, the comment was made that “lots of people like to work *near* home, not just *from* home”, which supports the concept of the Future Workspace Pilot.
- 9.6 Echoing our earlier comments on the property market context the quality of office space is an important consideration for companies – “offices need to be good quality and feel healthy”. A property owner with a dated office building had little choice but to invest in refurbishment – “we had no interest when the building was unmodernised, investment was critical”.
- 9.7 The EM3 LEP area includes rural districts which are not confined to land-based industries alone – “having flexible workspace is good for rural areas too”.

- 9.8 Flexibility of tenure is essential in the managed workspace market – “we have to offer whatever people want – whether it’s an hour, day, week or month”.
- 9.9 It is a segmented market with small firms and corporates evaluating their options differently according to their headcount. The latter are especially concerned about balancing staff recruitment, retention and productivity. The Covid-19 pandemic has generated speculation in the press and social media about the “death of the office” and wholesale reform of corporate real estate strategies. Clearly homeworking and distributed offices have played an important part in companies’ “disaster recovery” strategies but, looking ahead, a property adviser suggested a more measured response – “I’m sceptical about corporates using a ‘hub and spoke’ model” (i.e. HQ plus regional offices), “it’s more about managing ‘core space’ with extra flexibility” (i.e. HQ plus “flexspace” and/or homeworking options).
- 9.10 Feedback highlighted the need for further town centre regeneration in the area and signalled that EM3 LEP should – “help the public sector see the opportunity for regeneration and join up the links” to make it happen. Furthermore, “the public sector is a long term steward and can take a patient view” orientated to its economic development and social “purpose”.
- 9.11 An investor added the caveat that some workspace projects appear “ideological not commercial - check they fit with demand”. It would also be prudent to monitor the ongoing success of the pilot projects as barometers of demand.
- 9.12 A property adviser specialising in the promotion of co-working space highlighted that there are many new workspace providers/operators coming into the market and they need to be well advised. It was noted that Login Lounge was very dependent on concessions made by its landlord to make their project viable.
- 9.13 Feedback also came from a university interested in creating workspace focused on innovation. It was suggested that EM3 LEP should play an important part in helping to “de-risk” investment in innovation centres and move-on space. This would merit further discussion with the university to better understand where the balance lies between risk and reward. It seems unlikely that the LEP would want to engage in commercial risk (and certainly not without valuation advice and evidence of the economic development benefits)

but it may be able to “prime the pump” and rally support in a similar way to the pilot projects.

- 9.14 Further comments included the importance of EM3 LEP working with partners to “scale up innovation” across the region. This demands much more than the template provided by the pilot projects but is certainly a challenge worthy of the LEP.
- 9.15 It was also suggested that EM3 LEP should do more “to bring innovation centres together” (to encourage collaboration) as part of its convening role.
- 9.16 Discussion also included the role of public sector property and whether local authority Estates Departments could be encouraged to bring forward managed workspace more proactively, notwithstanding the need in some cases to navigate intermediate leasehold interests. EM3 LEP should convene further discussions on this topic, informed by the pilot projects.
- 9.17 The programme for the workshop event is reproduced at Appendix 3.

Chapter recommendations

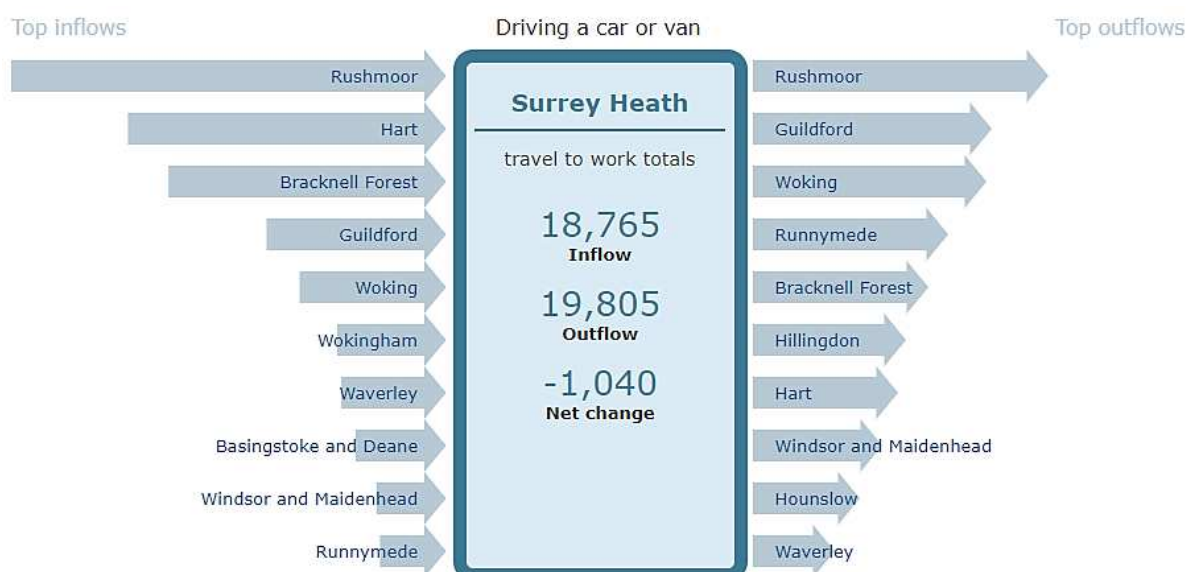
- 9.18 The market is in a period of adjustment from enforced homeworking to more hybrid models, including working near home not just from home. Hence EM3 LEP should discuss with stakeholders how and where else they can exploit this opportunity for the good of the regional economy.
- 9.19 Workshop attendees also flagged the opportunity to develop and support innovation centres, plus workspace in rural areas. The LEP should pursue these discussions to see what value or impetus they can add over and above market forces.
- 9.20 The pilot projects should be monitored as barometers of demand for similar co-working centres. The LEP should share its experience with local authorities that may have property suitable for workspace projects.

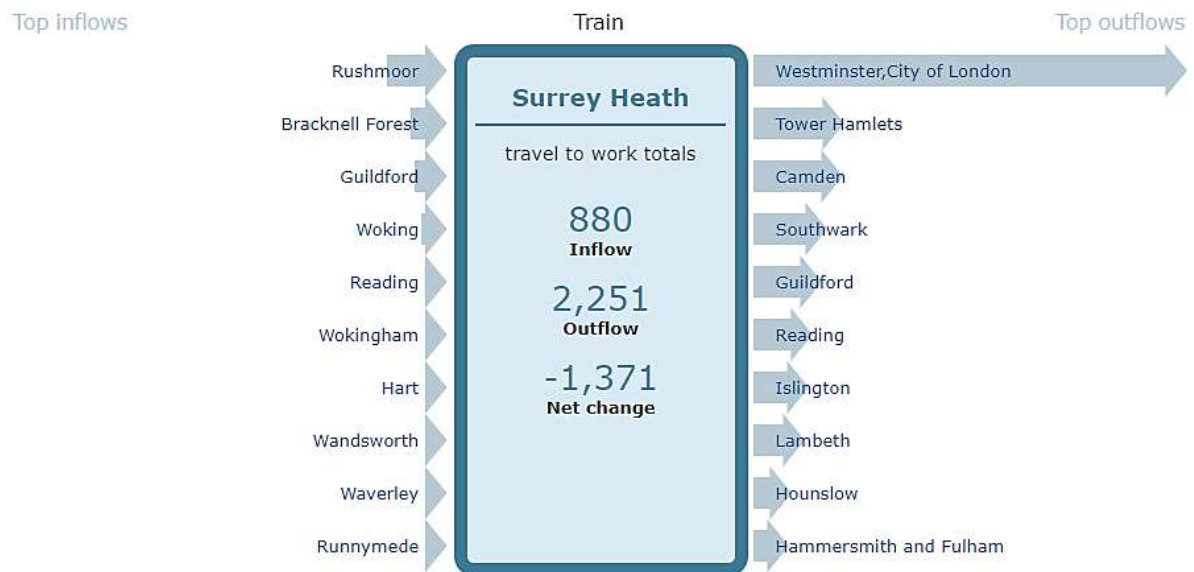
APPENDIX 1 - COMMUTING FLOWS

Surrey Heath commuting flows (all travel methods; by car or van; by train; ONS 2021)

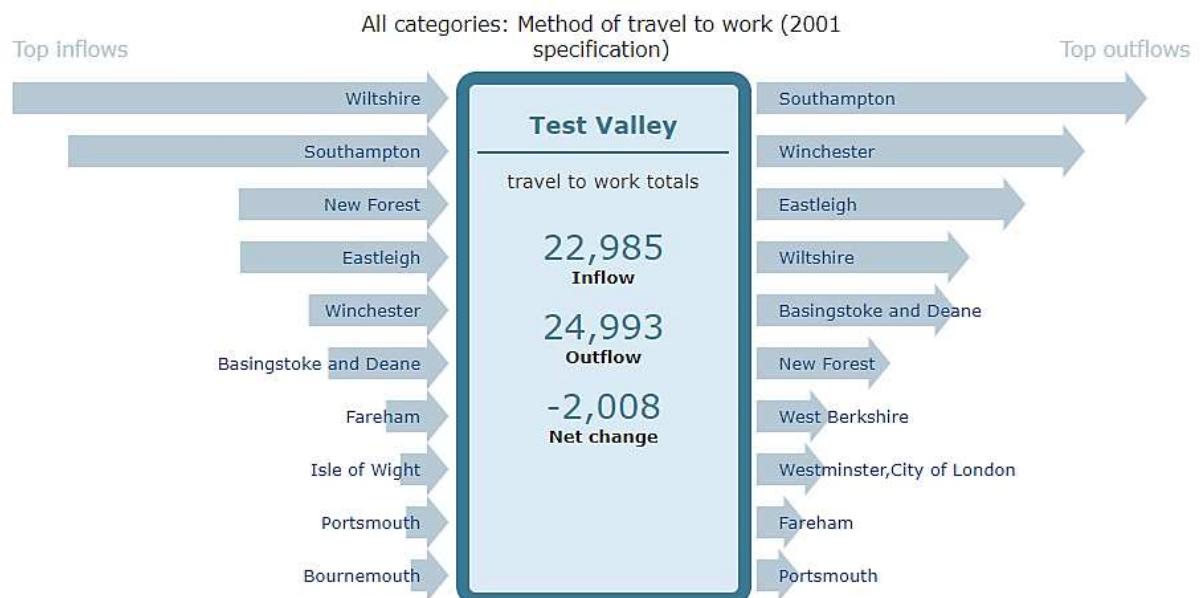


As at 2020/21 the number of residents aged 16 to 64 that were economically active and in employment was 48,300.

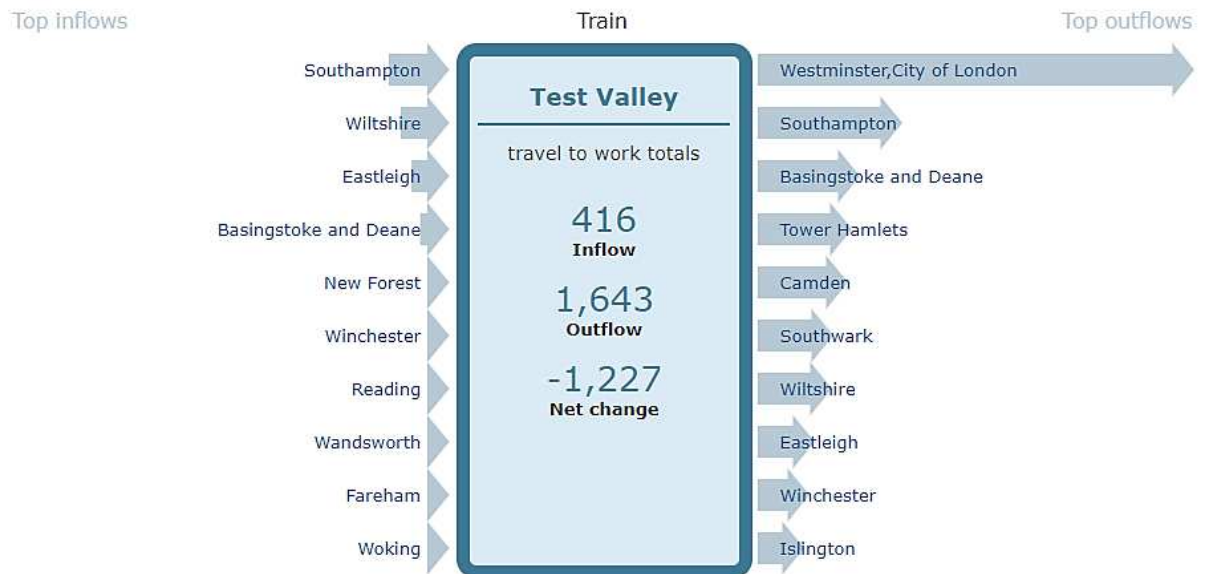
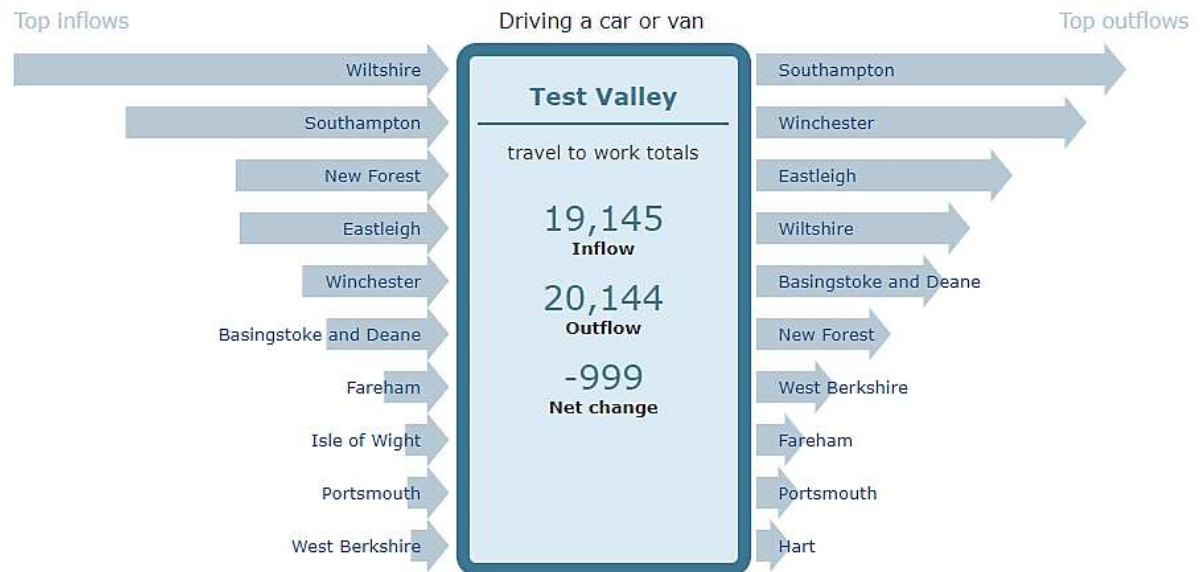




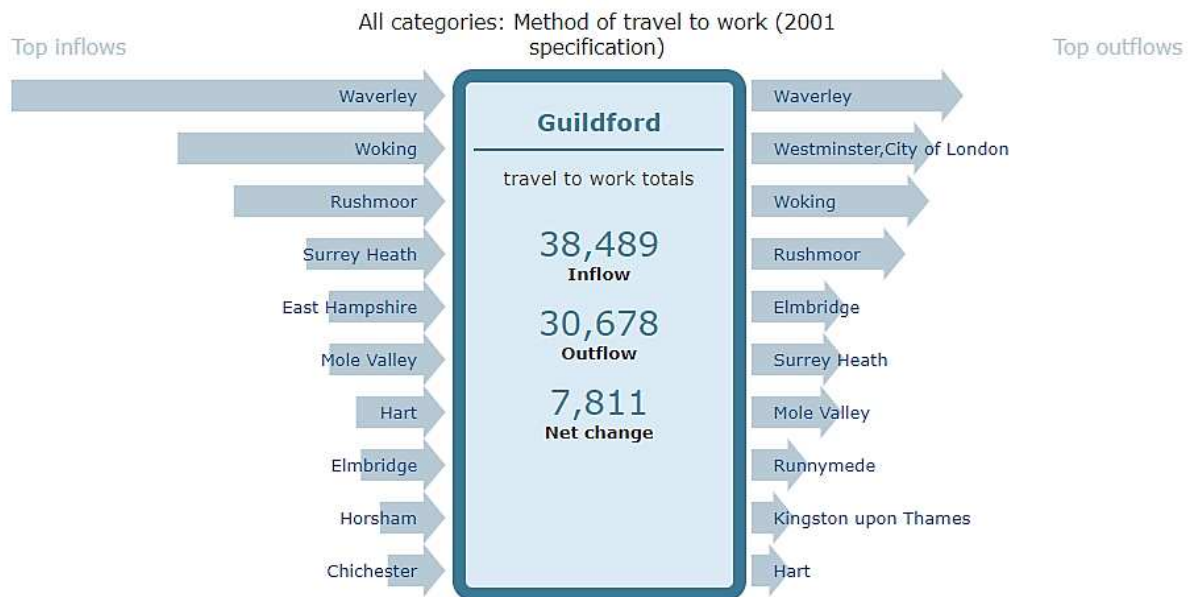
Test Valley commuting flows (all travel methods; by car or van; by train; ONS 2021)



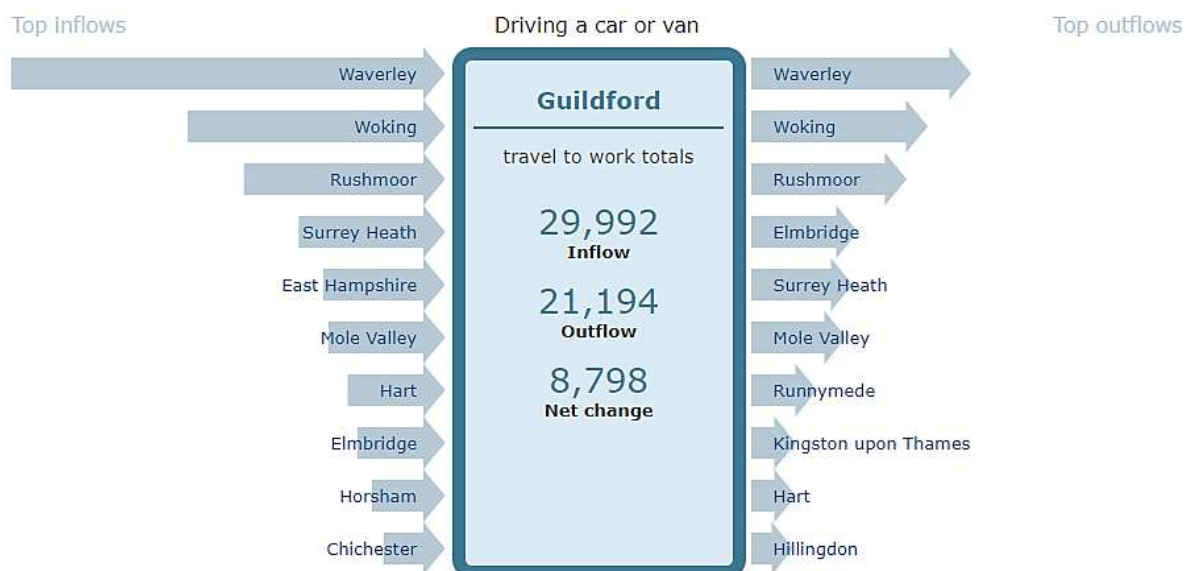
As at 2020/21 the number of residents aged 16 to 64 that were economically active and in employment was 63,600.

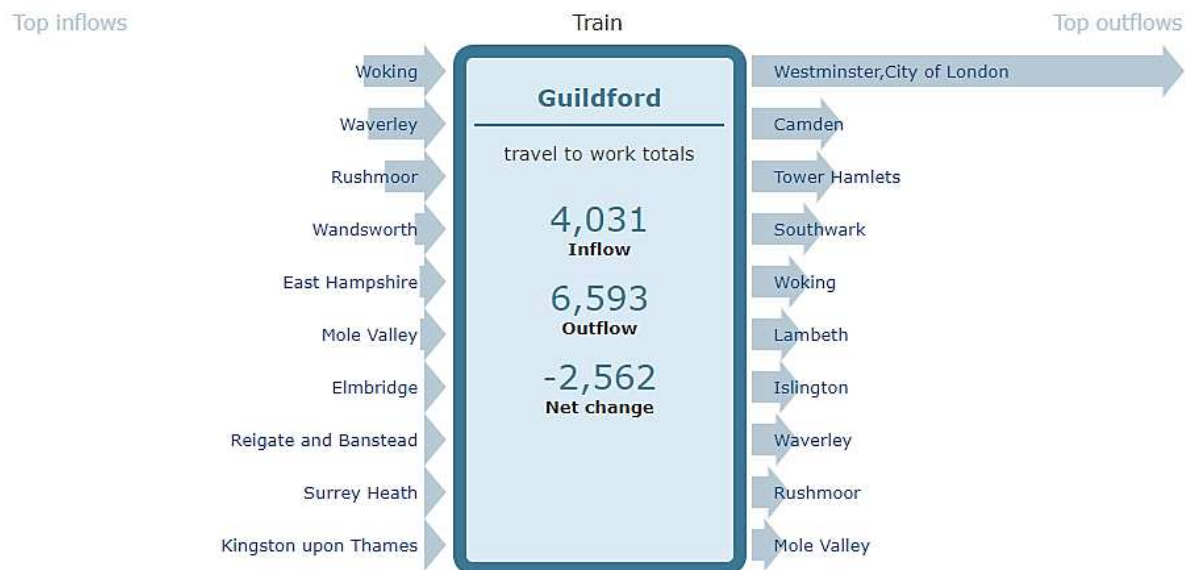


Guildford commuting flows (all travel methods; by car or van; by train; ONS 2021)



As at 2020/21 the number of residents aged 16 to 64 that were economically active and in employment was 79,100.





Winchester commuting flows (all travel methods; by car or van; by train; ONS 2021)



As at 2020/21 the number of residents aged 16 to 64 that were economically active and in employment was 65,100.

A large proportion of commuting is attributable to travel by car or van:



Less so by train but the outflow exceeds the inflow and is mainly to London



APPENDIX 2 – EVALUATION DISCUSSION POINTS, THEMES AND QUESTIONS

Theme	Questions arising
Baseline	Describe the situation before the project started. What was happening in the building? How many people working there then? If the building was not used, what was holding it back?
Aims of the bid	Looking back at your original aims for your bid, what has been achieved so far? What remains to be done? What goals do you have now?
Business model	How would you describe the operational business model on site - e.g. serviced offices, shared co-working space, business club? Or some combination?
Homeworking	Homeworking became mandatory for many during lockdown but is now easing. Where does this leave your business model and objectives?
Additionality	So what is the net change (before and after the LEP's help)? E.g. number of people working on site, new start-ups supported any evidence of business growth or recruitment?
Floorspace/ workstations/ users	How much floorspace brought into use? How many workstations created so far and potential number? How do you measure/track the "utilisation rate"? Any critical ratios or thresholds to be sustainable (e.g. amount of space let, workstations let, number of members, or users on site at one time)?
Jobs (construction)	How many construction jobs created and/or supported? How long was the refurbishment period?
Jobs (operational)	How many operational jobs created and/or supported?
User profile (companies)	What sort of companies do you have on-site? What stage (start-ups, small but growing, branch offices of a small/medium/large company); what sector are they in? Motivation to come?
User profile (staff)	What sort of staff do you have on-site? Self-employed, employed? Where are they from? Their motivation to join you?
User value	What do the end users (whether described as tenants, customers or club members) value about the project? What feedback from them? Business views? Staff views?
Special features	What feedback from users on any special features (e.g. IT infrastructure, facilities, communal areas, events, other business support initiatives, mentoring, facilitated networking)?

continued overleaf:

Theme	Questions arising
Town centre	Are your customers using the town centre as a result of the project? Any before/after comparison possible? Changes in footfall or other evidence?
Travel	Where were people working beforehand? Journey to work before/after? Any evidence of time or cost savings achieved?
Carbon	Have any energy/carbon saving measures been implemented as a consequence of the project?
Investment	Any evidence that your investment has triggered investment by others?
Doing things better	What suggestions do you have for improving the project? And other future projects?
Bidding process	Any feedback on the process? What would make bidding easier for future applicants?
Grants versus loans	Funding is always tight (especially for grants). What are your views on loans and profit sharing instead?
Landlord's role	What sorts of deal can be done with building owners? What was your experience? What terms; any incentives; key elements of the deal that made it feasible for the project to be taken forward?
Gaps	Anything the LEP could do better? Any other gaps to fill?
Exemplars	Any other case studies, operators you admire or feedback that could help the local economy?
Market failure	What would have happened without the LEP's help? Did it truly trigger action the market would not?
Next steps	How else might the LEP help - e.g. through events or publicity/endorsement of the centre and its business stories? Other ideas?

APPENDIX 3 – PROGRAMME FOR WORKSHOP EVENT



Delivering prosperity through innovation

Future Workspace Pilot Programme

Workshop: Tuesday 11th January 2022, 10am – 12.30pm

This session is online only. Please use Zoom link in the meeting invite.

Agenda

Time	Item	Speaker
10:00am	Event opens (Introduction to online set up and use)	Fiona McMurray, EM3 LEP
10:05am	Welcome and Introduction	Kevin Travers, Head of Infrastructure, Transport & Place, Enterprise M3 LEP, Chair
10:10am	Case study – Login Business Lounge, Camberley Questions from group	Steve Coburn, Project Five
10:50am	Break – coffee/comfort	
11:00am	Review of the Co-working Property Market in the EM3 LEP area Questions from group	Simon Ward, Propernomics
11:30am	Break-out sessions (attendees will be divided into small groups)	
12:00pm	Return to main discussion Round up from Break-out sessions	Fiona McMurray Group leads
12:15pm	Conclusions and follow up work by the LEP	Kevin Travers
12:30pm	Event closes	