

Althorpe Enterprise Hub

Project mid-term evaluation

Review of project progress September 2011

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Executive summary

Overall, this well-managed publicly-funded project is providing a worthwhile service to small businesses in the area. Management is sensitive to the requirements of current tenants and is providing them with a good professional service. A pro-active approach by the project's management towards publicity and marketing should continue to attract small and start-up businesses in the future.

The project is achieving its objectives of attracting "technology-based and creative industries, high valued added start-ups and early stage businesses".

A survey of business tenants indicates that overall businesses are very satisfied with the facilities and services at the location.

Business tenants appreciate the flexible licensing arrangements, good value office accommodation and the professional service provided by the Enterprise Team.

There is confidence that the project will be able to deliver its outputs – however some of the output targets remain challenging, especially in the light of the reduction in business support provision at the Hub by project partners including the Coventry and Warwickshire Chamber.

Following a review of measurable output targets conducted since the funding agreement was drawn up a revised schedule of outputs to be delivered by March 2013 is in place and has been approved by the funding agency. As a result five key economic outputs have become the focus of project activity: i.e. Jobs created; Individuals assisted to get a job; Businesses created or attracted to the region and surviving 12 months / 24 months; Businesses assisted to improve their performance.

Since the launch of the project in September 2009 economic conditions have been severe – nonetheless the project has achieved 65% occupancy to date, and 81% occupancy rate is anticipated by June 2012.

Data collected by Warwickshire Investment Partnerships suggests that Warwickshire overall is showing improved business growth, with Warwick District consistently being cited as the preferred location for new and expanding businesses searching for small office premises.

Background and context

Mission statement: To provide value for money business incubation and grow on units for ICT and creative industries businesses, primarily for the benefit of Leamington Old Town, but also for the wider Leamington and Warwick area¹

Capital funding

In 2007 Advantage West Midlands (AWM) allocated capital grant funding of £890,350 to create the Althorpe Innovation and Enterprise Centre in Althorpe Street, Leamington Spa. This amount was to cover construction, professional fees and equipment for the creation of a purpose-built fully-serviced office facility on land owned by Warwick District Council valued at £121,000. The project was subsequently branded as the Althorpe Enterprise Hub.

A contract variation of September 28, 2008 allowed for an additional £69,168, making the total capital grant £959,518. Total project costs however amounted to £968,950; the difference of £9,432 was provided by a cash capital contribution of that amount by Warwick District Council.

Revenue Funding

Revenue funding was provided by Warwick District Council (£54,000) and Warwickshire County Council (£30,000) to support revenue costs and salaries for a finite period. (The sum of £54,000 was originally to have been sourced through rental income from the Band Factory, a part-publicly owned music rehearsal facility also situated in Althorpe Street, however this plan did not proceed beyond the development stage of the project.) The 2006 Business Plan envisaged that once the project began to show a revenue surplus from rental income (at approximately 70% occupancy rates) the surplus would be used to pay back the initial revenue deficit, after which the funds are to be used to improve and maintain the facilities and to fund business support and incubation programmes.

Demand for the facilities

Research carried out in support of the 2006 funding bid provided evidence that there was a demand in the local area for reasonable cost, small, supported, incubator units – particularly from people wishing to start their own business in the IT and creative industries sectors. The need for this type of premises was particularly acute in the Old Town area of Leamington Spa – an area which had witnessed economic decline over a number of years and which had been the subject of an SRB-funded regeneration programme in 1999-2006. The evidence of need had been collected over time in the course of surveys taken of individuals attending business advice sessions which were offered in Leamington Old Town as part of the regeneration scheme during 2000-2006.

Targeted business sectors

The Hub is targeted primarily at ICT and knowledge-based businesses and those that are categorised as being part of the ‘creative industries’ sector which may include web design, IT consultancy, software design, film, music, advertising, fashion, publishing, graphic design etc.

¹ AIEC Business Plan, 2006

Project timescale

December 2007	AWM/WDC funding agreement signed
February 2008	Project construction start; staff recruitment and appointments
March 2009	Practical completion
April 2009	First tenants at AEH
June 2009	Financial end date – final funding claim
September 2009	Official project launch
March 2013	Outputs achieved and reported
March 2013	Project end date

Table 1.

Demolition of the derelict building (formerly used as a depot by BT) occurred in early 2008, and construction of the new building was completed in March 2009. The project's financial end-date (the date of submission of the final capital funding claim to the Agency (AWM) was June 2009 [see Table 1 above].

Economic benefits

As outlined in the 2006 Business Plan which complemented the funding application, the principal economic benefits of this project were seen as:

- to provide much needed incubation space for micro businesses from the Leamington Old Town and surrounding area
- to provide job opportunities in one of the most deprived wards in Warwickshire (Brunswick)
- to enhance business survival rates
- to ensure the sustainability of the regeneration programme started by the Regenesi SRB programme in Leamington Old Town
- to provide a boost to the local economy by the spending power of these new businesses and their employees

Facilities and services

The Althorpe Enterprise Hub provides 5500 sq. ft. of lettable space, consisting of open plan desk space, small offices and larger grow-on units designed for expanding businesses. The building is wired for broadband and telephone, with reception, meeting and training rooms, disabled facilities and access, and a full business support service.

Office space is provided by licence agreement, enabling businesses to move in and out without being encumbered by leases and giving only a short notice period. The fully-furnished and serviced offices also allow businesses to operate without the expense of purchasing office equipment.

Information about starting a business, business planning and support for new businesses have been provided at the Hub by Business Link and its delivery partner the Coventry and Warwickshire Chamber of Commerce on a one-to-one basis. Training courses and business mentoring have also been provided at the centre. Following cuts to the Chamber's organisation this service has not been available since the end of March 2011. However the Council's Community Enterprise Officer continues to provide a

business advice service at both the AEH and the nearby Brunswick Enterprise and Employment Zone (an AWM-funded sister project to the AEH).

Current staffing levels comprise: one full-time Business Enterprise Manager, one Senior Enterprise Officer (21 hrs per week, FTE 0.6), plus 2 x Enterprise Support Officers (FTE 0.6 and FTE 0.4).

Survey of business users

The Althorpe Innovation and Enterprise Centre AIEC [the original project title] will provide additional premises and capacity for technology-based and creative industries, high valued added start-ups and early stage businesses, with links to the local universities. Its prime aim will be to support enterprise and innovation and create a sustainable environment that will attract new and established entrepreneurs into the area.²

This evaluation complies with the funding agreement (contract) Section 8.24 which states: “A mid-term evaluation of the project at 18 months to identify whether the project is still on course against its original aims and objectives will be required by the Agency, such evaluation to be on terms reasonably required by the Agency and to include external surveys to be undertaken annually from feedback from the tenants”.

In the absence of previous surveys, a survey devised for the purpose of the evaluation was submitted to business tenants of the Althorpe Enterprise Hub in June 2011. The survey is attached at Appendix 1. A questionnaire completed by the centre manager was also issued to provide further information to support the evaluation.

In addition, information about the project has been obtained from project management and staff, and officers of Coventry and Warwickshire Chamber, Warwickshire Investment Partnership and Advantage West Midlands.

Survey methodology

In devising the survey it was felt important to keep it concise so as not to place heavy demands on busy people’s time. Having considered an on-line survey, it was felt that the information being gathered was qualitative rather than quantitative and the small numbers involved (11 business tenants) suggested that a written survey would suffice.

The 2-page survey was distributed by the Hub management to the businesses and forwarded by them to the evaluator. Business managers had the option of replying directly, bypassing the project management if they wished.

The objectives of the survey were

- *to identify the sectors in which AEH businesses operate, and the size of the business*
- *to gauge the level of satisfaction among business users with the premises and facilities, and with the business support available*
- *to obtain anecdotal evidence of the experience of new and young businesses in establishing their base at the Hub*
- *to give the businesses the opportunity to comment on the facilities, business support and any other issues relating to running their business at the location.*

² Funding agreement between Advantage West Midlands and Warwick District Council, December 2007

Of the 11 businesses at the Hub, responses were received from 8 - a response rate of 88%. The information is therefore based on the experience of a small number of businesses - however it is sufficient to identify the key findings and provide a snapshot of the project and how it is functioning approximately two years from the admission of the first tenants.

Key Findings – survey of business tenants

- the Hub is attracting businesses operating in the high-tech or creative sectors, as originally envisaged
- the majority of current business tenants (July 2011) are new from start-up or young businesses which have been operating for less than 5 years
- business tenants cite the flexible workspace arrangements, reasonable rents, good standard of office accommodation and geographical location as key factors in locating their business at AEH
- businesses like the convenience of the location and use of the conference room
- tenants are very appreciative of the service provided by the Enterprise Team
- there is good take-up of the networking opportunities provided

Sector and business activity

Businesses were asked to identify a) the sector in which they operate and b) the type of business activity. Businesses are operating in a variety of sectors – namely web design, travel and tourism, professional consultancy, training, accounting and finance, with one social enterprise operating in the third (voluntary) sector.

Businesses who responded described their activities as follows:

- consulting structural engineer
- cost-management consultant
- transport, accommodation and ticketing agency for big European music festivals
- web designer building web apps, e-commerce website and content managed websites
- engineering consultancy relating to highways technology
- tax and accountancy services for small businesses
- “creative engagement partner” providing employee team-building and communication skills training
- Third Sector (voluntary organisation)

Other company activity at the Hub (obtained from company websites) involves

- delivering PR and marketing communication services for businesses operating mainly in the automotive, motorsport and engineering sectors
- providing services and products specialising in the areas of Enterprise Architecture, Business Process and Strategic Planning

The project’s original objective, to attract and support enterprises operating in the high-tech sector is being achieved. Taking into account businesses which have been and gone as well as the current tenants, the manager estimates that to date 67% have been or are in the creative or IT sectors.³

³ Manager’s questionnaire, July 2011

Number of employees

The companies responding could all be described as small businesses. Of those businesses which agreed to complete the survey, 5 had only one employee i.e. were operating as sole traders. The remainder ranged from 3 to 11 employees (in the later case only 3 of the 11 were based at AEH).

Locating the business at AEH

The companies were asked a) the date they began trading and b) the date of location to the Hub. The purpose was to identify at which point in the life of the business the owner moved the business to the Hub.

Of those responding, 3 had been operating for 4-5 years before moving to AEH. The remainder (5) had located the business there either at the start of trading or within 2-4 months of starting the business.

Based on the sample, the Hub is attracting both new and established businesses.

The following table gives verbatim the reasons given for locating the business at the AEH.

Reasons for locating the business at the Hub

- Low commitment, reasonably priced office accommodation.
- Value office accommodation and services. Flexible terms.
- Needed space for new employee, unable to continue working from home.
- Good facilities, central location, reasonable rent.
- Nice offices, fully serviced. Give clients the right impression and provide us with flexibility. If things did not go well with the business we only have to provide a month's notice (limits our risk).
- After having looked at premises in Leamington, AEH offers [our] start-up business a service and office accommodation that is second to none.
- Relocation from Birmingham.
- Needed a managed office accessible 24/7

Type of office accommodation

Of the 8 respondents, 7 had located their business in a small office. Once was a subscriber to the "open office" arrangement.

The open office or hot-desking option has proved less popular than anticipated. The majority of businesses have opted for the small offices available. The manager's view is that the idea of "hot-desking" while thought attractive at the time of the project's development has not proved to be so in the past 2 years. Technological advances e.g. the laptop computer which enables the owner to work from almost any location (not widely available or affordable five years ago) and the availability of portable internet devices including smart phones mean that the modern business person does not need to be in an office environment in order to run their business.

Future plans for the under-used open-plan office spaces on the first floor include adapting the space to use as a conference facility or meeting space which would provide more space than the present ground-floor conference room. The present conference room can seat a maximum of 25 people comfortably, but allowing little room for circulation or movement.

What do business people think are the benefits or disadvantages of locating at the Hub?

Benefits of locating the business at the Hub

- “Flexible rental terms enable the start up risks to be limited. There is the potential to change accommodation if needs change.”
- “Serviced office environment. Flexibility. Located with other small and like-minded businesses.”
- “Close to home and school, networking opportunities, peaceful office environment.”
- “Close to station, utility supplies taken care of, cleaning provided, smart appearance for hosting clients.”
- “Local to other relevant services. Good kitchen facilities. Modern building. Secure parking.”
- “Community spirit. Feels like an enterprising environment to work in. Flexible. Excellent support from Gayle and the front desk team. Use of excellent conference room.”
- “Easy walking distance for Leamington. Good car parking and easy access to Warwick and the motorways.”
- “Very local for me and good modern facilities.”
- “Overall I have been very happy with the move to AEH. It has proved to be the right economic and geographical circumstance for our company and I am grateful for the provision of the space.”

Businesses were asked to describe what, if any, were the disadvantages of being located here. The following were the only comments.

Disadvantages of being located at the Hub

- *“Need air conditioning in the offices.”*
- *“Slower shared broadband connection.”*
- *“None.” (2 companies)*
- *“Noise and car racing from idiots working at a few of the garages in the street.”*
- *“In the evenings it can be a race track. Occasional inconvenience of car parking.”*

To gauge whether the current tenants had made use of the business support on offer i.e. start-up advice, networking opportunities, general business advice, training / other, they were asked which of these they had taken part in. The responses show that for the current tenants the opportunity to network with like-minded small businesses is the most appreciated, either by sharing the building or attending the scheduled networking activities now available (see below).

Business support/training/opportunities taken up

- Business start-up advice: 3 / 8
- Networking opportunities: 8 / 8
- General business advice: 2 / 8
- Business training & development: 0 / 8
- Other support: “Mostly by provision of well-run office space.”

Business users' satisfaction levels

Tenants were asked to place on a scale of 1-5 their level of satisfaction with a) the office facilities overall and b) the business support & advice services available. Additionally, how difficult/easy it had been to make the arrangements to locate their business at the AEH (to find out whether the process had been overly complex or problematic for the business).

Businesses' satisfaction levels

Level of satisfaction with the office facilities

Very satisfied: 5 / 8 responses

Satisfied or fairly satisfied: 3 / 8 responses

Level of satisfaction with the business support and networking opportunities offered

Very satisfied: 2 responses

Satisfied or fairly satisfied: 3 responses

Not applicable: 2 responses

How easy was it to make the arrangements to locate your business at the Hub?

8/8 companies reported that the process of locating or relocating to the Hub was "very easy"

Anticipated impact of economic downturn on businesses

This question was asked in order to obtain personal views of how the economic climate was impacting on those individual businesses operating at the Hub. How well are these small businesses weathering the economic downturn of the previous 2 years? The comments provide anecdotal information about the relative optimism of the business owner. The question was posed with a view to finding out to what extent the economic climate might affect progress towards achieving the project's outputs and milestones from July 2011 to March 2013 (the project's end-date) - specifically occupancy levels, job creation, and survival of new businesses beyond 12 and 24 months.

The responses given below suggest businesses are cautiously optimistic about an upturn in business activity and growth in the short to medium term:

How do you see the impact of the current economic climate on your business's future (e.g. likelihood of employing more staff or reducing staff numbers in next 2-5 years)?

- "As a start-up business current activity and prospects are good. There is adequate work for more staff, but expansion is limited by financial pressures."
- "Business sentiment slightly negative, though this is unlikely to impact the future of the business. Unlikely to be employing staff in next 12-18 months."
- "Business will continue to grow, although maybe not as much as we hoped."
- "We have reduced staff during the recession but will be looking to employ more people within the next year."
- "Funding in the voluntary sector is more difficult; however there are changes in government policy in our area which will provide opportunities to expand our business to support other organisations through these changes."
- "Need to keep very focussed and maximise opportunities in a shrinking market. So far things [are] going well and we envisage further growth from £450K turnover in Yr 1 to £1m turnover in

Yr 2.”

- “Whilst the current economic climate is extremely difficult, I see my business begin to create jobs in the next two years in Leamington.”
- *“Currently growth is cautious but still happening.”*

General comments about the office accommodation and facilities available

Respondents were given the opportunity to make any general comment about the facilities - these comments are reproduced below and relate to the physical environment as well as the office technology and equipment. In the light of these comments, management may wish to consider installing air conditioning if funds allow, to improve the comfort of everyone working in the building during warm weather.

General comments – accommodation and facilities

- “Gets too hot! Needs air con.”
- “The accommodation could really benefit from air conditioning and a less complex phone system.”
- “Multifunctional colour A3 copier and printer would be very useful. These are expensive items to procure and new businesses need 2- sided A5 to A3 printing and collating.”

Information provided in the Manager’s questionnaire and the responses from the tenants’ survey is summarised below:

Business satisfaction - summary

- ✓ The Enterprise team have a close relationship with the businesses at AEH - this enables them to be responsive to tenants’ needs, offering flexibility with facilities and services wherever possible
- ✓ New businesses have been offered mentoring from either Ian Kirkwood (Community Enterprise Officer) or Coventry and Warwickshire Chamber of Commerce on a one-to-one basis or through business training
- ✓ A commitment to customer support is confirmed by comments from tenants and businesses appreciate the good service provided by the Hub management team
- ✓ Businesses appreciate the opportunity to network with other business professionals and provision is being made for this to happen regularly through a programme of talks and seminars
- ✓ Management is proactive in responding to the needs of businesses and the constraints imposed by a difficult economic climate – e.g. in incentivising tenancy arrangements and accommodating clients’ changing needs

Output monitoring and reporting systems

Monitoring systems have been discussed with project staff and examples of self-generated templates to capture output evidence are attached at Appendix 2. While the project has not to date been the subject of a monitoring visit / audit to interrogate the output monitoring and reporting systems, the project staff are aware of the output definitions and qualifying evidence and the need to record outputs and maintain an auditable trail of evidence. An audit of the systems in place and of the evidence is however beyond the scope of this evaluation.

A report on the project, including an overview of output targets and achievements to date, was submitted to the Finance and Audit Scrutiny Committee in June 2011 by the Enterprise Development Manager of the Council. Thus senior officers and elected members of the Council are fully aware of the requirement to reach the output targets in order to avoid breach of contract and potential “claw back” of monies from the Agency proportionately.

AEH is one of three projects situated in close proximity in the Althorpe Street / Court Street and Shrubland Street area of Old Town. Each of these AWM-funded projects are delivering a range of outputs all focussing on promoting enterprise, support for new business start-ups, job creation and individual skills improvement. The projects are responding to the needs of residents and the business community in the south Leamington area, and more widely in the Warwick District geographic area overall.

The Hub manager has devised and implemented a spreadsheet which consolidates all outputs and reporting. This spreadsheet is used to record data, identify those outputs that can be reported and to indicate where outputs have previously been reported. The excel sheet uses filters to enable the easy gathering of data.

Outputs are reported to the Agency once a quarter. Qualifying outputs are identified and reported on the AWM claim forms. The spreadsheet mentioned above is completed to record those outputs which have been reported during that particular quarter. The Enterprise Officer responsible for collating information understands the output definitions and the conditions e.g. that outputs may not be double-counted and only outputs attributable to Agency funding may be reported.

“... the spreadsheet created hopefully ensures that recording, capturing and identifying are all less onerous and time consuming than it could be. We do need to ensure that we collect evidence as soon as possible, so that we are not chasing it later down the line.”⁴

A review of project strengths and successes has taken place, in conjunction with discussions and negotiations with the project’s AWM Contract Manager, and taking into consideration changes in the economic climate since the funding was awarded. This has resulted in some output targets being adjusted upwards, and in a quid pro quo, other output categories being removed from the schedule altogether [see Table 3 below].

Project management is now focusing on areas of project delivery where measurable outputs are thought to be realistically achievable: five key economic outputs have become the focus, these are jobs created; individuals assisted to get a job; businesses created or attracted, surviving 12 months / 24 months; businesses assisted to improve performance.

Overall the systems in place for identifying, capturing and reporting project outputs appear to be sound and robust.

⁴ AEH manager’s questionnaire

Progress against output targets

The current evaluation is to examine

- progress towards achieving the outputs on which basis the funding has been awarded;
- the likelihood of the project reaching its output targets by completion date of 2013.

Outputs overview – reported and targeted to March 31, 2011

Summary of Advantage West Midlands outputs reported (to 31st March 2011) ⁵				
Output	Contracted Outputs	Output Figures Achieved to date	% Achieved	Outstanding to term end
Jobs created	70	50	71.4%	20
Individuals assisted to get a job	60	46	76.7%	14
Businesses created or attracted to the region surviving 12 months	40	14	35.0%	26
Businesses created or attracted to the region surviving 24 months	13	0	0.0%	13
Businesses assisted to improve performance	60	27	45.0%	33

Table 2

Table 2 shows the outputs reported and the numbers still to achieve from April 2011 to March 2013.

Table 3 shows the variation from the original contracted outputs, agreed with the Agency in 2010-11. In support of the bid to reduce some of what were considered to be the more onerous output targets, Hub management conducted a value-for money calculation which showed that that an overachievement in some output targets, in compensation for the removal of others completely, provided as good as if not better “value for money” overall, for the Agency, amounting to approximately £1.07m.

Output	Originally contracted	Revised contract
Jobs created (1)	60	70
Individuals assisted to get a job (2)	50	60
Businesses created or attracted to the region surviving 12 months (3)	30	40
Businesses created or attracted to the region surviving 24 months (4)	10	13
Businesses assisted to improve performance (<i>latest version of definition i.e. 2-hr min support</i>) (5)	40	60
Businesses engaged in new collaborations with the knowledge base (6)	20	0
Graduates employed in private sector (7)	20	0

Table 3

⁵ Report to WDC Finance & Audit Scrutiny Committee, June 2011

Notes to Table 3.

- (1) **Jobs created:** jobs are created when a new company is registered and starts business and/or takes on an additional member of staff to fill a newly-created post. The achievement of over 70% of the total outputs is very good at this stage in the project's lifetime. Momentum needs to be maintained in order to reach the new revised total of 70 jobs created.
- (2) **Individuals assisted to get a job:** achieved through the activities of the Community Enterprise Office (CEO) operating from the Brunswick Enterprise and Employment Zone as well as the AEH. The activity of the CEO has proved very productive –however he is now the sole officer providing this service and expertise in the local area.
- (3) **Businesses created and surviving 12 months:** since April 20 the CEO is the sole employee working on new business advice, support and development; some of these new businesses or social enterprises have benefited from an enterprise start-up grant.
- (4) **Businesses created and surviving 24 months:** yet to be reported as it is barely 24 months since the project began to report outputs.
- (5) **Businesses assisted to improve performance:** this output is captured by activities including the business seminars and talks delivered through the Working Lunch programme. The original output definition stipulated a minimum of one day's business support. Management have made a case to the Agency that resources were not available to provide this level of support, and have obtained approval to use the latest output definition which stipulates a minimum of 2 hours' support. Businesses from beyond the immediate local area will need to be attracted to the events in order to maintain progress towards the total.
- (6) **Businesses engaged in new collaborations with the knowledge base:** This would involve a business or organisation benefitting from a specific collaboration with a research institution such as a University to improve its systems or products, often by means of a formal agreement between the parties known as a Knowledge Transfer Partnership. The priority for the Hub and for Warwick District was and is considered to be the support and encouragement of small start-up businesses and job creation – and this type of newly-established business was unlikely to wish to undertake knowledge-base collaboration. Due to lack of resources to formulate and support such collaboration between a business and a research institution, this particular output is now considered to be beyond the scope of the project.
- (7) **Graduates employed in private sector:** this output has been removed from the current project (but remains an objective within the Court Street Creative Arches project). A Graduate Employment Strategy for the District has been developed and WDC continues to work closely with Coventry and Warwick Universities Careers Services to encourage local private sector businesses to employ graduates.

Having put in place the revised output schedule, the Hub Manager is now confident about being able to reach the targets.

"We feel quite comfortable based on current activity and climate that we will be able to provide those outputs we have forecasted to AWM and which have been agreed. However, there is always the possibility and uncertainty in the current financial climate, and the resources that we may have available in future months/years."⁶

The achievement of the key outputs of **Businesses created and surviving 12 & 24 months** remains a major challenge, given the recent reduction in support from external business support agencies. The category **Jobs created** is interdependent on the new businesses being created. It is to be hoped that the momentum can be maintained in the next 12 months to build on the good work already done in

⁶ Manager's survey, July 2011

supporting and developing entrepreneurship in the area, and getting new businesses and social enterprises off the ground.

When asked *Does the economic climate affect your ability to deliver the project successfully* the Hub manager responded:

“It certainly has a large impact. During the research stages hot-desking was a great need. Since building completion and the recent economic downturn this had an almost immediate effect on this product. We believe that there is no need for hot-desking, this has arisen due to [the down-turn] and also due to technology advancement in the meantime.”

Progress against project milestones

As of June 2011 progress towards reaching the project milestones was as follows:

Project Milestone	Date forecast	Date achieved and reported (or forecast)
34% Occupancy Target	April 2010	Achieved; reported Q1 2010/11
Output Reporting Starts - New Businesses created and surviving for 12 months	May 2010	Achieved; reported Q1 2010/11
Mid Term Evaluation	July 2011	Forecast Q2 2011/12
81% Occupancy Achieved	September 2011	Revised forecast July 2012
Outputs completed, project outcomes evaluated and final report submitted	March 2013	March 2013

Table 4

Occupancy rates- summary

- 34% occupancy rate - achieved April 2010
- Current occupancy level (June 2011) 65%
- 81% occupancy – now forecast for July 2012 (revised from initial schedule)

Outputs and milestones – overview

- The original output targets and definitions (fixed in 2007) have been reviewed due to changing circumstances and realistic reappraisal of the projects resources and capabilities. As a result some categories have been removed while targets for others have been increased
- A value for money exercise was carried out placing a financial value on each output using AWM's value assessments, as a result of which the project is expected to provide better value for money overall as a result of the revision to output targets
- Five key economic outputs have become the focus, these are jobs created; individuals assisted to get a job; businesses created or attracted, surviving 12 months / 24 months; businesses assisted to improve performance.
- Management is confident of being able to achieve the current expectation, however some targets remain challenging in the light of the uncertain economic climate for small businesses
- Additionally, support for start-up businesses has been reduced by key partners, leaving the Community Enterprise Officer the sole deliverer of advice and support for people thinking of starting their own business in the area.
- Milestones - specifically occupancy rates - are likely to be reached as per the project timescale if the project continues to attract tenants at the current rate
- Reporting systems in place provide confidence that outputs and milestones are being tracked and evidence is being recorded to provide an auditable trail

Accountability for Agency funding

While all the capital funding was spent as of end-year 2009/10, quarterly reports will continue to be submitted to inform the agency (or its successor body) of progress towards achieving the agreed outputs.

Project management worked with the agency and Warwick District Council Finance team to establish systems for claiming the capital funding through the construction phase. The project has been the subject of a number of financial audits which have confirmed that the funding has been accounted for to the satisfaction of the funding body and partners, most recently in December 2010.

Warwick District Council owns the asset (currently valued at c. £1million) and has experience of managing large capital projects. WDC carries out its own internal audit of projects. The project is also the subject of periodic review by the Council's Finance and Audit Scrutiny Committee consisting of elected members. Reports are submitted to this Committee and to the Council's Executive Committee at intervals enabling elected members to be kept up to date with progress.

The Hub manager has described the system as follows:

The Senior Enterprise Officer has responsibility for reporting monthly spend claims and quarterly output reports using a standard AWM form. The SEO keeps individual lever arch files for each project for the purpose of keeping a hard copy on file. The electronic files are saved in directories – a secure WDC system. Once the SEO has completed the output claim

forms these are then checked by another member of the team, before being sent on to Finance for Head of Finance to approve. The WDC accountant then posts the hard copies to AWM by the agreed deadline.⁷

This system has been operating to the satisfaction of all parties since the start of the claims process in 2007/08. Table 5 shows the amounts claimed, audits undertaken and outputs reported in each financial year since the start of the project.

Overview of claims to Advantage West Midlands⁸

Year End	Capital funding claimed (£)	Financial audit carried out	Outputs reported	Number
07/08	75444	Feb-10	None	-
08/09	860575		None	-
09/10	23351	Dec-10	Employment Support	12
10/11	0		Jobs created	50
			Employment support	34
			Businesses created	14
			Business assisted	27
	Total claimed: £959370			

Table 5

Impact on the project of the closure of funding body Advantage West Midlands

In June 2010, the new Coalition Government announced that all Regional Development Agencies, including Advantage West Midlands, would close by March 2012, with economic development and regeneration to be led by central Government departments and newly-created Local Enterprise Partnerships (LEPs).

It has recently been announced that the assets & liabilities of the RDAs will either be sold or transferred to the Homes and Communities Agency – this will be the situation for AEH. In a statement on July 6, 2011 the Minister of State for Business and Enterprise announced the Government's intention to

“transfer the majority of the RDA land and property portfolio, into a ‘stewardship’ arrangement through which local partners, including local authorities, businesses, Local Enterprise Partnerships (LEPs) and others will be able to influence their development and ensure they are developed in a way which maximises economic outcomes for the area. . . the Homes and Communities Agency (HCA) will be responsible and accountable for managing the portfolio. Subject to completion of the necessary detailed work and arrangements the transfer is currently planned to take place on 19 September 2011.”⁹

⁷ Manager's questionnaire

⁸ Table 5 data provided by Enterprise Team

⁹ Written Statement by Mark Prisk MP, Minister of State for Business and Enterprise: *Transfer of Regional Development Agencies' land and property assets to the Homes & Communities Agency*, July 6, 2011

Marketing and Promotion

Early marketing initiatives during 2007-2009 included newsletters to local businesses, potential clients and interested parties, establishment of first website and development of branded marketing materials combining all three Enterprise Projects. These efforts were carried out to raise awareness in the early stages of the project once funding had been approved but before it started.

At the time of the evaluation (July 2011) the projects had recently undergone a re-branding, taking as the starting point for branding materials innovative digital artwork created for the Reception area at the Hub by a professional graphic design business which was one of the early tenants.

Following the opening of the Hub and the official launch of the Hub and sister project the Court Street Creative Arches in 2009, the facilities have been marketed through a variety of media:

- Website (rebranded 2011)
- Brochure (containing loose-leaf information which may be updated as and when required)
- *Focus* - Warwick District Council's magazine distributed to households in Warwick District
- *Word on Warwickshire* - on-line newsletter produced by Warwickshire Investment Partnership
- Local press
- Networking events & word of mouth
- Direct mail to professional sectors
- Warwick District Council website
- Professionally-produced videos available to view on <http://www.youtube.com/watch?v=vvO4cB47te8&feature=related>
- Commercial lettings agent appointed & electronic brochure produced
- On-line lettings agency Estates Gazette

Prospective tenants are presented with a professionally-designed folder / brochure containing information about current types of office accommodation and the current range of subscription packages for single-desk hire. The branding materials display the logos of project funders and partner organisations: AWM, WDC, Warwickshire County Council and Business Link.

Incentive marketing

The management team has devised a range of options to attract tenants: these include incentives such as lower fixed costs in the early months of a new business venture.

While small office space is in demand at the Hub, and is on target to reach target occupancy rates, the individual desk spaces have not been as popular as anticipated. A subscription package has therefore been devised to encourage take-up of the individual desks in the open-plan first floor areas:

- Gold = unlimited use of a desk, mailing address, secure storage and reduced conference room hire fees
- Silver = occasional users of 32 hours per week
- Bronze = basic package allowing the user 16 hours of desk hire in the course of a month.

Management are currently reconsidering the function and viability of the "hot-desk" facilities due to poor take-up, with a view to making better use of the space where they are situated.

Working lunch – Offering business networking opportunities

An early marketing idea was to encourage networking and social encounter between business tenants based at the Hub in the form of monthly tenant coffee mornings. This has since been expanded into the Working Lunch programme introduced in January 2011, whereby external visitors are invited to the Hub to give a talk on topics of interest to businesses. The programme of free events has been expanded to include local businesses as well as those based at the Hub. The current schedule of events is shown below:

Date	Topic	Presenter
Thursday June 16th	Making the Internet work for you	Graham Davidson
Thursday July 21st	TBA	TBA
Thursday August 18th	Speed Networking	Ruth Wareing
Thursday Sept 15th	Social Media	Graham Davidson
Thursday Oct 20th	Marketing & PR	Danny Rughoober
Thursday 17th Nov	Speed Networking	Ruth Wareing

The introduction of professional speakers is aimed at providing a free service to businesses from which they could improve their business systems (e.g. through understanding search engine optimisation). A monthly guest speaker provides a session on a relevant topic. Each session lasting 2 hours provides businesses with the opportunity to gain knowledge on a subject, either commercially relevant or that directly supports them in the starting, or the developing of their business.

Hub management is now counting each new business attending as having been assisted and therefore contributing to output targets under the definition **Businesses assisted to improve their performance**.

Output targets across the lifetime of the project in this category have been increased from 40 to 60 since agreement was reached on output definitions. The achievement of the increased number of “businesses assisted” will depend on a flow of different businesses being attracted to attend the events through the lifetime of the project.

The Working Lunch programme should continue to be publicised as widely as possible in order to attract businesses from further afield.

“Each [marketing initiative] has been useful and has contributed to the overall marketing mix. The Working Lunch in particular is particularly successful, providing us with many outputs to report and we have had some great feedback - from the support and assistance the meetings provide to the facilities that we have on offer.”¹⁰

Commercial agent

A commercial letting agency has been appointed (this is the second such arrangement – the first having proved unsatisfactory). The agent advises on current market and prices and promotes the Hub.

¹⁰ Manager’s questionnaire

To date 2 new tenants have been introduced by the current letting agent. An electronic brochure is available on-line and the property features on Estates Gazette website:
http://www.estatesgazette.com/propertylink/advert/althorpe_enterprise_hub_althorpe_street_learington_spa_warwickshire-learington_spa_warwickshire-3257742.htm

Rents at the Hub are considered to be competitive – and have stayed the same since May 2009 during a period which has seen a decline of approx 25% in commercial rents achievable generally and a glut of vacant commercial property.

We try and provide a high level of customer support [and] offer flexibility with our facilities and services wherever possible. We have good relationships with our tenants; therefore they find us approachable and discuss any issues they are having. One example of this is when [a tenant was] growing and were mid-way between needing more space but not sure if they were ready. We suggested that they take one of our vacant hot-desking areas, which [. . .] was larger than they needed. We negotiated a suitable licence fee. The space is now less of a burden to us in relation to business rates during this period.¹¹

Lettings statistics

Records maintained by the Enterprise Team show that as of June 2011, a total of 102 potential tenants have viewed the premises [see table].

May 2009 – April 2011 viewing/letting statistics:¹²

Number of potential tenants that have viewed the property	102
Number of potential tenants that have taken office or desk space	23
Conversion Ratio: Potential Tenants/No. occupying %	22.5%
Current Occupancy %	65%

The conversion rate shows that more than one in 5 of the potential clients shown round the premises end up taking out a licence or subscription: the marketing strategy is effective in that clients who get to the point of being shown round are fairly likely to take out a licence, and the business survey shows that overall these are the “right” kind of businesses or start-ups (i.e. operating broadly in the creative and hi-tech sectors).

In response to the question “what is the average length of tenancy at the Hub” the Manager stated:

“Approximately, on average 1 year +. This is hard to quantify with the project only having been launched for 2 years. To give an illustration 1 out of the 4 businesses present at the official launch, in September 2009, remain to this day.”

This situation suggests that businesses come and go quite quickly, which was as originally envisaged, and which the flexible licensing arrangement facilitates. Once businesses start to grow it is assumed they will either move into larger “grow-on” office space or move out to other premises.

Impact on the project of cuts to business support services

¹¹ Manager’s questionnaire, July 2011

¹² Enterprise Development Manager’s Report to Warwick District Council’s Finance and Audit Scrutiny Committee, June 2011.

Prior to March 2011 start up advice and training were delivered in partnership with Business Link and its local delivery agent the Coventry & Warwickshire Chamber of Commerce which provided regular advice sessions at AEH. As a result of cuts to the Chamber's resources Business Link will cease to exist and the Enterprise Coach no longer delivers one to one advice sessions at the Hub. Consequently, "the support provided by the Council's Community Enterprise Officer (CEO) is one of the last means by which potential start ups can receive individual help and advice. From 1st April the CEO has been working from AEH as well as BEEZ to help as many of Warwick District Council's residents as possible that need business advice and support."¹³ The role of the CEO will be crucial to the provision of the business support and advice which is needed and which will enable the project to achieve its target outputs.

Although she is no longer working at the Hub the Chamber's Enterprise Coach continues to promote the facilities to business start-up clients beyond the local area, particularly across the south and east of the County where no similar facility exists.

Business property climate – data from Warwickshire Investment Partnership

Warwickshire Investment Partnership (WIP) Annual report 2010-11 records the number and type of business property searches County-wide and by District during the year.

Overall, Warwickshire is experiencing a stable upward trend in terms of business growth, according to WIP. Over 60% of enquiries to WIP during the period specified either "new, start-up or expansion" as the reason for searching for premises. The report interprets this as showing "*a strong entrepreneurial spirit in the county and a desirable business environment. There continues to be a demand for small to medium sized office premises . . . which can house new businesses and allow for efficient growth.*"¹⁴

The highest number of enquiries about business premises comes from people within Warwick District looking for premises. New start-up companies looking for premises accounted for almost one third of all enquiries in 2010-11, this could be in spite of, or because of the current economic climate.

Warwick District continues to be a desirable location for businesses either to set up or relocate – it is the most selected district location (as it was in 2009/10), accounting for over a quarter of the total number of property enquiries.

AEH is well placed to pick up some of these enquiries. Officers at WIP reported that 10% of approximately 100 live searches currently being undertaken would find the Enterprise Hub a suitable match. Equally positive is that the second highest reason for companies searching for premises are expansion of the business.

¹³ Report to WDC Finance & Audit Scrutiny Committee, June 2011

¹⁴ Warwickshire Investment Partnership Annual Report 2010-11

Marketing and promotion - overview

A variety of marketing initiatives are in use, ranging from promotional events to a recent rebranding of website and brochure

The Council's residents magazine – distributed within Warwick District - regularly carries items about what is available for individuals and businesses; however there is anecdotal evidence that casts doubt on how widely it is distributed

The project was actively promoted at a major Business Start-up exhibition in London in May 2011, and can be readily found on the WIP commercial property search database

The "networking lunch" programme is particularly successful in reaching businesses and may assist in expanding awareness of the Hub to the wider area

A commercial agent has introduced 2 tenants into the Hub since 2009

Lessons learned

The manager's questionnaire asked: *How could the project have been better designed?* In addition to the issue of challenging outputs (see above) – the following comments were received:

- Architectural – perhaps mainly due to constraints on space, some areas of the building design are not well thought out: toilet facilities (shortage of), parking (limited), no common room, no space for dishwasher in upstairs kitchen
- Equipment: Phone system – there are issues with the current system, not being quite so easy to manage and manipulate as was described during meetings with the salesman/account manager. . . we do not have a maintenance contract – which we are now considering but it is quite costly
- Staffing - It can be fairly difficult to maintain a full time presence of the front reception desk with the current staffing hours available and with 3 part-time staff. Particularly when there are other important responsibilities for the Enterprise Officers which are crucial to the running of the hub: administration, AWM reporting, facilitating conference room, processing invoices for payment, managing contractors billing tenants/customers and many other day to day or ad hoc tasks which are required. It requires the upmost flexibility of all staff, especially when covering holidays, sickness, training and meetings. Even with the flexibility at times it is quite apparent that there are insufficient hours for our needs.

Conclusions

- Overall the Althorpe Enterprise Hub is a professionally managed project which is providing a valuable service to the small businesses which are established at the location.
- Businesses are very satisfied with the facilities and services, as evidenced by the survey of business users.
- The systems in place to monitor and record project outputs give confidence that an auditable trail of evidence is being maintained and that public funding is accounted for.
- The project is successfully meeting its output targets in spite of the economic downturn.
- Project management is creative in the use of marketing and publicity initiatives whilst being responsive to the needs of its use.
- Althorpe Enterprise Hub is one of three sister enterprise projects – along with the Court Street Creative Arches and the Brunswick Enterprise and Employment Zone – which concurrently deliver economic benefits to the Old Town area of Leamington Spa and the wider district.

A smaller range of output categories is now being focussed on than was envisaged in the project funding agreement. However a number of factors beyond the control of project management may impact on the achievement the project's measurable outputs between now and March 31, 2013 the project end-date – as follows:

1. Reduction in resources to support potential start-ups, start-ups, and new businesses due to among other things cut backs to operating systems and personnel of Business Link (due to cease in October 2011) and its delivery partner the Coventry and Warwickshire Chamber of Commerce, which until April 2011 delivered regular advice sessions at AEH. This has come at a time when the number of outputs in the “businesses created and surviving 12/24 months” category has been increased in a quid pro quo for the elimination of other output targets. The project is contractually obliged nonetheless to deliver its output targets by the project end-date.
2. The closure of Advantage West Midlands along with all 9 of the Regional Development Agencies has given rise to some uncertainty as to the future of the project in terms of future reporting arrangements and not least the loss of direct support provided up until now by the Agency's Project & Contract Manager. The project will be transferred in September 2011 to the Homes and Communities Agency which will manage a portfolio of former RDA assets.
3. The economic situation since 2008 has been a difficult time for small businesses and a risky time to start a new business. However those new and fairly new businesses which responded to a survey show signs of cautious optimism that the situation may improve for their business over the next 2-4 years.
4. The project is marketed through a variety of methods and these are periodically reviewed to assess effectiveness. The website and brochure have recently been redesigned to create a more technology-oriented brand. In addition to the local focus of the marketing, the project is promoted by Warwickshire Investment Partnerships and Chamber officers in Warwickshire and beyond.

Appendix 1- Survey of Businesses

Dear business manager

I hope you will take the time to take part in the following short survey. The information you provide will contribute to the mid-term project evaluation of the Althorpe Enterprise Hub, a Warwick District Council project which has received public funding from Advantage West Midlands.

The purpose of the survey is to find out about the type of business which is operating at the Hub, what attracted your business to the Hub and what you find good (or otherwise) about the facilities and services made available to your business.

Information provided will be shared with the project management team and senior officers of Warwick District Council and Advantage West Midlands.

Hard copies of your response may be left with staff at AEH Reception or returned directly to me as an email attachment.

If you wish to contact me directly regarding this survey I may be reached by email or phone – contact details below.

If you wish to remain anonymous simply omit your business name and your name and contact details from the responses.

Please return this survey by Friday July 1, 2011

Thank you very much for your co-operation.

Kate Devereux

Consultant

Email kate_devereux@yahoo.co.uk

**Survey of businesses occupying office premises at Althorpe Enterprise Hub
June 2011**

Survey of businesses occupying office premises at Althorpe Enterprise Hub June 2011					
Company name					
Contact person and role					
Sector in which you operate					
Short description of company activities					
Date company began trading					
Date moved into AEH					
No. of employees				Type of office accommodation (hot-desk, office, shared office etc)	
Reason for locating to AEH					
How specifically has your business been supported while at this location	business start-up advice	business networking opportunities	business-focused training & development	general business advice	other (please state)
What additional/alternative business support would you like to see available at AEH not currently offered? Please state					

On the scale of 1-5, how would you describe your level of satisfaction with the office premises at the Althorpe Enterprise Hub	1 Very unsatisfied	2 Fairly unsatisfied	3 Satisfied	4 Fairly satisfied	5 Very satisfied
How would you describe your level of satisfaction with the business support offered at AEH	1 Very unsatisfied	2 Fairly unsatisfied	3 Satisfied	4 Fairly satisfied	5 Very satisfied
How difficult or easy was it to make arrangements to locate your business at AEH	1 Very difficult	2 Fairly difficult	3 Neither	4 Fairly easy	5 Very easy
Describe any benefits of locating your business at AEH					
Describe any disadvantages of locating your business at AEH					
How do you see the impact of the current economic climate on your business's future (e.g. likelihood of employing more staff / reducing staff numbers in next 2 -5 years)?					
Comments					

Appendix 2 – Output monitoring template - examples

Outputs

New Business Started

Evidence to substantiate

***Name of Business/Social Enterprise:** _____

Name of Director: _____

Industry Field: _____

The company (insert name) _____ has been assisted by the Enterprise Team by way of business support *and/or the licensing/leasing of a unit at *Althorpe Enterprise Hub/Court Street Creative Arches. Which has facilitated in the setting up and the implementation of (insert name) _____ as a new *business/social enterprise.

**Please delete where applicable*

Signed _____

Print Name _____

Outputs

New Jobs Created

Evidence to substantiate

***Name of Business/Social Enterprise:** _____

Name of Director: _____

Industry Field: _____

Commencement of the employment of (insert name of employee)
_____ began on (insert date) _____

Signed _____

Print Name _____

Position _____