

1. The Spelthorne Business Hub

- 1.1 The Spelthorne Business Hub, initially named the Incubator, opened in August 2021 during the pandemic. The Hub has 20 offices across two floors, a co-working space with 12 desks, a training room and 3 meeting rooms.
- 1.2 Since the Hub opened, 47 businesses have occupied the office space, and 91 businesses have taken up the hot desking space. This represents just 1.84% of the business base in Spelthorne.
- 1.3 The Hub's objective is to provide dynamic incubation space for start-ups and pre-starts. It offers a vibrant co-working office space with below market rates, flexible terms, and outstanding business support.
- 1.4 A Cabinet report dated 24 February 2021, it is noted that the incubator was to support businesses with an objective to maximise revenues and there was confidence that, "the incubator is not only likely to be self-sufficient but could also potentially provide a small revenue stream which could further sustain additional economic support for businesses" which was achieved in the current location in 2024-25.

2. The benefits of sustaining a business hub in the borough.

There are many benefits in being a tenant in the Hub which is unique in Spelthorne.

- a. A vibrant community of start-up businesses providing opportunities to network and build valuable business contacts and leads.
- b. Coaching, mentoring, and training programmes provided by local business coaches and through our partnerships.
- c. A regular programme of seminars and workshops focussed on the topics which are important to businesses.
- d. Membership of the Spelthorne Business Forum which provides businesses with up-to-date local business news. Access to their events and networking opportunities, plus promotion of your business through the online directory show-cased on their site.
- e. A lower, subsidised rental model is in place to help start-ups and new businesses financially while they become established. After a period, businesses are asked to move on when financially viable.
- f. The Council's support of businesses, in turn supports residents by promoting jobs and prosperity.

3. 4 Year overview

- 3.1 2021 – 2022.
The ground floor of Summit House became the Spelthorne Business Hub in August 2021 after an approximate Council investment of £85,000 to fit-it out the space. As it was in the middle of the Covid pandemic it is not surprising that occupancy levels were initially low at 17%. CoTribe were awarded the concession contract in September 2021 for 5 years.

All income mentioned in this report is split 60% - 40% due to the concession given to CoTribe. CoTribe started marketing the Hub from November 2021.

Income was achieved from a customer base of 6. Leatherick Ltd moved in in Sept 2021 and are still in occupancy. The income budget was set at £29,000 which was clearly over cautious.

3.2 2022 – 2023.

The Income budget was set at £43,500 and actual income achieved was £49,000. The surplus figure of £31,500 is somewhat skewed as Assets were likely to have picked up the utilities and building/ facility costs.

3.3 2023 – 2024.

Income increased by 72.5% as part of the 1st floor became available for rent. The S106 contribution from Shepperton Studios of £20,000 was received, this is part of a total contribution of £100,000 over 5 years. Occupancy also increased by 32.5% on the ground floor and the Hub achieved 67% on the first floor. Expenditure included utilities and building/ facility costs hence a deficit of £7,000.

3.4 2024 – 2025.

Using some UK Shared Prosperity Fund monies, we were able to convert the remaining areas of the 1st floor into office space. This resulted in record income showing a healthy surplus and good occupancy levels. 39 individual co-working and 28 office customers.

3.5 Occupancy levels

2024-25 occupancy levels were affected by the loss of a tenant who occupied ground floor room 1 for most of 23-24 and 24-25. It has been difficult to re-let it due to its size and was due to be split into two smaller units which has now been cancelled. We have moved a client from Floor 1 to room 1 and are negotiating with a new occupier.

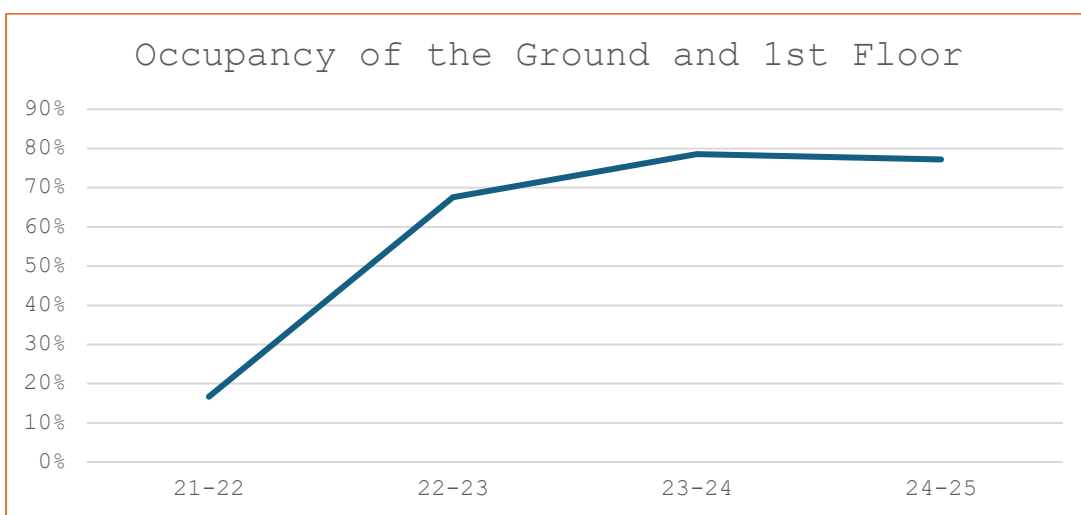


Figure 1 - Occupancy Levels 2021-25

3.6 Feedback from the current tenants

Initial feedback from 50% of the existing hub tenants have expressed an interest in moving to Communications House (if the committee were to agree to relocation rather than closure). The remaining tenants will be consulted to ensure that a high percentage will agree to move. The Economic Development Manager has spent time with each tenant to discuss moving options and allow them time to digest and ask questions.

3.7 Financial overview 2021-25

	21-22	22-23	23-24	24-25	Total
	£	£	£	£	£
Expenditure					
Buildings	88,000	16,000	81,000	78,000	263,000
Supplies/ Services	18,000	1,500	10,500	14,000	44,000
Total Expenses	106,000	17,500	91,500	92,000	307,000
Income					
Office	(4,000)	(44,000)	(54,000)	(77,000)	(179,000)
Co-working desks	(1000)	(5,000)	(10,000)	(16,000)	(32,000)
Other	-	-	(20,000)	(28,000)	(48,000)
Total Income	(5,000)	(49,000)	(84,000)	(121,000)	(259,000)
Total deficit/ surplus	101,000	(31,500)	7,000	(29,000)	48,000

3.8 Occupancy 2021-2025

Ground Floor	21-22	22-23	23-24	24-25	Total
Room 1	67%	92%	75%	50%	71%
Room 2	58%	83%	92%	50%	71%
Room 3	8%	92%	100%	50%	63%
Room 4	17%	58%	100%	100%	69%
Room 5	0%	17%	92%	92%	50%
Room 6	0%	8%	75%	92%	44%
Room 7	0%	58%	100%	100%	65%
Room 8	0%	100%	100%	100%	75%
Room 9	0%	100%	75%	100%	69%
Total	17%	68%	90%	81%	64%
1st Floor	21-22	22-23	23-24	24-25	Total
Room 1			86%	92%	89%
Room 2			57%	92%	74%
Room 3			57%	83%	70%
Room 4			86%	100%	93%
Room 5			71%	100%	86%
Room 6			57%	100%	79%
Room 7			57%	67%	62%
Room 8				50%	50%
Room 9				58%	58%
Room 10				67%	67%
Room 11				33%	33%
Room 12				33%	33%
Total			67%	73%	70%
Occupancy	17%	68%	79%	77%	67%

3.9 Supported businesses and churn (the turnover of customers).

The Hub's operating model and concession contract have hindered running the Hub as an incubator. Businesses should only receive support until they are able to move on to commercial office space. This would free up space for new start-

ups or small businesses to benefit from the subsidised rents. This would result in lower occupancy levels and high churn rates.

The concession contract included conditions which have not been delivered by CoTribe. The wrap-around support and mentorship service did not come to fruition. In 2023, we used some Shared Prosperity Fund to deliver the business support.

Therefore, two factors have influenced performance:

1. CoTribe have a revenue sharing agreement, therefore have strived to deliver as high an occupancy level as possible with a target of a serviced office rental rate for £40/sqft. This results in little churn and a high percentage of customers benefiting from low rents.
2. Nearly all of the businesses who have rented an office do not require much in the way of business support. The types of businesses currently occupying space are:
 - i) Accountants
 - ii) Media companies
 - iii) 2 care home suppliers
 - iv) A carbon off-setting business
 - v) A roofing company
 - vi) An engineering raining company
 - vii) Recruitment company
 - viii) An electrician
 - ix) A Fire Risk specialist.
 - x) A leather goods business

It would be preferable to have helped many more businesses, but the balance between having a management company to manage tenants and provide support versus the income agreement in place has made this challenging. The Council's criteria of helping as many start-ups and small businesses as possible receiving support in terms of subsidised office space has not been realised.

3.10 4-year breakdown of expenditure and income

Spelthorne Business Hub	Actual	Actual	Actual	Actual	TOTALS
	21-22	22-23	23-24	24-25	21-25
	£	£	£	£	£
RUNNING EXPENSES - BUILDINGS					
SC Building Works				13,951	13,951
Electrical works				1,648	1,648
Air Conditioning	206			-	206
Building Works	80,205	(4,839)	-	19,928	95,294
Electricity			61,084	25,000	86,084
Gas			9,834	6,885	16,719
Management fees		10,804	-	-	10,804
Water charges			1,545	2,500	4,045
Fixtures & Fittings	3,523	3,839	570	-	7,932
Cleaning Materials	527	145	-	622	1,294
Window cleaning	455	660	895	665	2,675
Trade Waste Collection		195	423	-	618
Contract cleaning			1,692	2,494	4,186
Collection of Rubbish	1,096	1,611	982	3,911	7,600
Cleaning General	1,711	3,701	3,899	480	9,791
	87,723	16,116	80,924	78,083	262,846
RUNNING EXPENSES - SUPPLIES/SERVICES					
Operational Equipment	1,560	-	-	200	1,760
Op Equip mats				413	413
Kitchen & Canteen Equipment				6	6
Office Equipment Purchase				363	363
Office Equipment Supplies				85	85
Office Furniture Purchase			150	61	211
Printers consumables			-	64	64
Food purchases				1,471	1,471
Catering supplies - non food				57	57
Tea trolley provisions			400	105	505
Printing Artwork & Design	3,360		-	-	3,360
Office stationery				29	29
Consultant Fees	249		-	-	249
TV License			-	170	170
Networking	5,660	1,350	9,033	8,656	24,699
Subsistence-food expenses	779		-	-	779
Subscriptions General			159	-	159
Marketing	350		-	-	350
Transaction costs				2,114	2,114
Other Misc Expenses	6,330	55	726	37	7,148
	18,289	1,405	10,467	13,828	43,989
TOTAL EXPENDITURE	106,012	17,521	91,391	91,911	306,836
INCOME					
Other reimbursements			(20,000)	(28,000)	(48,000)
Incubator Desk Hire	(755)		-	(15,818)	(16,572)
Incubator Office Hire	(4,199)	(48,766)	(64,140)	(76,869)	(193,975)
Grant - UKSPF for refurb				(13,386)	(13,386)
TOTAL INCOME	(4,954)	(48,766)	(84,140)	(134,073)	(271,933)
NET (SURPLUS) / DEFICIT	101,058	(31,245)	7,251	(42,161)	34,903