

WORKSHOP GROUP LIMITED

BUSINESS PLAN

WORKSHOP CHELTENHAM PROJECT

WorkShop.

In collaboration with



EXECUTIVE SUMMARY

WorkShop Cheltenham is a unique urban rejuvenation scheme. It will host and facilitate a variety of initiatives that will have a positive economic, educational, cultural, social and environmental impact on the town and the region.

Through the innovative use of converted shipping containers this 20,000 ft² mixed-use scheme will be located in the heart of Cheltenham's town centre and comprise:

- flexible and affordable co-working spaces, office studios and a Growth Hub business support centre for individuals, start-ups and SMEs;
- a state-of the-art performance venue and events space;
- education and community spaces.

The co-working spaces, office studios and Growth Hub components of the scheme will together form a business support ecosystem for Cheltenham's entrepreneurs and particularly those in the creative sector (including digital, tech and cyber), enabling them to get established, evolve and flourish within a supportive community of like-minded people.

The state-of-the-art performance venue will provide a permanent new town centre cultural and entertainment destination delivering a year-round calendar of cultural events to showcase local talent and enhance Cheltenham's reputation as a leading cultural destination both domestically and internationally.

The performance venue will be capable of being reconfigured to be able to host a wide variety of corporate and other events.

The education and community spaces will support existing and encourage new emerging talent development, educational and outreach initiatives.

The scheme will be delivered by WorkShop Group in close collaboration with GFirst LEP, Creative England, Cheltenham Borough Council, Cheltenham Festivals, the University of Gloucestershire, CyNam, Music Works and Ecotricity among others. It is expected to open in Q4 2020.

Terms for the lease of the project site are agreed in principle. Build costs are estimated to total either £1.64m or £2.0m depending on final specification and available funds.

The principal objectives of WorkShop Cheltenham are, in a financially sustainable and environmentally sensitive manner, to:

- incubate start-up and early stage creative businesses;
- curate the development of talent and know-how within the local community;
- create exciting new opportunities for the region's young creative talent in a town where such opportunities are not currently to be found;
- help retain existing and attract new talent to the town;
- generate positive and sustainable employment impacts;
- provide a cultural and financial link between economically and demographically disparate parts of the town;
- stimulate economic activity in the town and region; and,
- help establish and sustain Cheltenham as one of the UK's foremost creative 'clusters'.

However WSG believes the scheme's objectives are most ably and effectively articulated in the challenge to Cheltenham's decision-makers to match their words with deeds laid down by The Wilson Arts Collective¹ on behalf of Cheltenham's young people found here:

<https://vimeo.com/274093718/06741e0903>

¹ <http://www.wilsonartscollective.co.uk/about/>

1. INTRODUCTION AND BACKGROUND

1.1 WORKSHOP GROUP (“WSG”)

WSG is an urban rejuvenation company specialising in the design, construction and operation of unique environments for creative and entrepreneurial communities in town centres in the south-west of England and beyond.

Its core vision is to create innovative spaces in town centre locations that:

- provide opportunities for latent talent to flourish;
- promote inclusivity and diversity; and
- connect people to one another.

It does so by bringing to life under-utilised urban spaces through the creation of innovative physical environments that reflect and respond to local circumstances, needs and market failures.

In doing so it aims to facilitate the emergence of the self-employed individuals and small businesses in high growth sectors that will deliver the inclusive economic growth the country needs, enhance productivity and generate social benefit for and social mobility within the wider community.

WSG is aware of our collective responsibility to the environment and seeks to ensure that all its projects are as environmentally sensitive as circumstances permit.

1.2 CHELTENHAM

Cheltenham is the second most populous in Gloucestershire (116,500) with its largest workforce (75,000)². However it is wrongly perceived as universally prosperous and thriving. The reality is very different and much more complex.

² *Economy of Gloucestershire 2017*

The town's wealth is highly polarized. Some areas are much less affluent than the national average and among the 10% most deprived nationally. Its annual rate of economic growth (0.7%) is well below the national average (1.9%), as are average earnings³.

It is widely accepted that Cheltenham does not retain enough of its generally well-educated young population and fails to attract many young people from other regions due to a lack of work opportunities and unaffordable office space and housing. Notwithstanding a burgeoning student population currently in excess of 10,000 the town is ageing rapidly. In the decade from 2005 to 2015 the proportion of 15 to 25 year olds reduced by 6% while those over 50 increased by 14%⁴. By 2039 an 11,100 increase in those aged over 65 is predicted compared to a rise of just 2,100 in those under 18. Urban regeneration tends to be dominated by the construction of retirement accommodation.

Despite Cheltenham's unique cultural heritage and assets (for example the Cheltenham Festivals; the National Hunt Festival; its theatres; the year-round calendar of events at the Town Hall; The Wilson museum and gallery; its landmark Library; its gardens and the Pump Rooms), local engagement with the town's cultural institutions and programmes of events is limited.



³ Cheltenham Economic Strategy, Athey Consulting 2015

⁴ Revised mid-2016 Population Estimates, Office for National Statistics

1.3 CHELTENHAM'S CREATIVE SECTOR

Research undertaken by Nesta⁵ in conjunction with Creative England⁶ shows that Cheltenham's 1,027 creative businesses (taken to include advertising, marketing, architecture, crafts, product, graphic and fashion design, film, television, video games, radio, photography, information technology, software, computer services, publishing, museums, galleries, libraries, music, performing and visual arts and the like) constitute 10.7% of the total but employ only 4.5% of its workforce and contribute just 6% of its GVA⁷. The town also shows poorly in terms of its knowledge and talent capabilities in comparison to towns of equivalence.

In other words the town's creative sector is significantly under-performing and there is a compelling case to do more to stimulate the contribution it makes to the local economy.

1.4 INTRODUCING WORKSHOP CHELTENHAM

In response to these various challenges the WorkShop Cheltenham scheme will innovatively deploy converted shipping containers to create a mixed use scheme at the Chester Walk car park in the heart of Cheltenham town centre.



⁵ <https://nestainvestments.org.uk>

⁶ <http://www.creativeengland.co.uk/about/vision>

⁷ *The Geography of Creativity in the UK*, July 2016, Table 2b, page 21

This c. 20,000 ft² scheme will comprise flexible and affordable co-working spaces, office studios, a ‘Growth Hub’ centre, a state-of-the-art performance and event venue and community and education spaces



A core feature of the scheme is that its construction with converted shipping containers will create modular spaces that are flexible and capable of being configured in different ways for use by a variety of different users. This generates a degree of flexibility that is more difficult or prohibitively expensive to achieve from traditional office space.

The scheme has the support of the town’s stakeholders including:

- GFirst LEP
- Gloucestershire County Council
- Cheltenham Borough Council
- Cheltenham Minster
- Historic England
- Cheltenham Chamber of Commerce
- Alex Chalk MP (Conservative)
- Max Wilkinson (Liberal Democrat parliamentary candidate)
- Cheltenham Festivals
- Creative England Limited
- Cheltenham BID

- Cheltenham Development Task Force
- University of Gloucestershire
- Cheltenham Trust
- CyNam
- Cheltenham West End Partnership
- Formal Investments

The scheme is adjacent to Cheltenham Minster, which is Grade I Listed and Cheltenham's oldest building. Those responsible for safeguarding the integrity of the Minster and its surrounding churchyard have expressed enthusiastic support for the scheme.



An application for planning consent to enable the scheme to progress was submitted by WSG on 1st February 2019 and can be viewed here:

<https://publicaccess.cheltenham.gov.uk/online-applications/applicationDetails.do?keyVal=PM8XWCELFWC00&activeTab=summary>

The Design and Access Statement submitted as part of the application provides a detailed overview of the scheme, its component parts and its context.

The application was approved unanimously by CBC's planning committee on 20th June 2019.

WSG anticipates that now planning consent has been obtained the scheme could commence operation in Q4 2020 subject to raising the balance of the funding required.



2. DEMAND RATIONALE

2.1 OFFICE SPACE IN CHELTENHAM

Analysis undertaken by WSG suggests the ‘mix’ of commercial space in Cheltenham town centre is currently skewed too far in favour of retail, food and leisure (c. 52%) with a significant dearth of office space (c. 48%)⁸. WSG believes an optimal ratio should be around 30% retail, food and leisure and 70% office space. It also believes this imbalance must, and will in time, correct itself.

Furthermore some of the office space in Cheltenham town centre is of relatively poor quality, inappropriately laid out in ostensibly attractive but ultimately ill-suited Regency buildings, and is in many cases incapable of being cost-effectively modified to accommodate modern working practices.

Further compounding the problem is that most of the office space in Cheltenham is relatively expensive and only available on inflexible long term leases requiring personal guarantees and / or rental deposits by way of security. As a result many talented and entrepreneurial individuals are deterred from starting businesses due to cost and disproportionate risk.

2.2 CO-WORKING SPACE IN CHELTENHAM FOR THE CREATIVE SECTOR

What is particularly lacking in Cheltenham town centre (indeed is effectively absent) is flexible and affordable co-working space - and in particular contemporary and stimulating work environments for creative young talent that lend themselves to entrepreneurship, collaboration and innovation.

A significant and burgeoning creative sector already exists in Cheltenham. However this community - whilst established and growing - is dispersed, fragmented and unconnected. What that community badly requires, but which is notable by its absence, is a physical focal point at and around which it can converge, intersect, coalesce and cross-fertilise.

WSG believes that physical focal point should be a flexible, affordable and collaborative co-working space in the town centre dedicated to the creative sector.

⁸ *Cheltenham Economic Strategy, Athey Consulting 2015*

2.3 THE CYBER SECURITY SUB-SECTOR IN CHELTENHAM

The cyber security sector is one of the fastest growing in the UK. Between 2012 and 2017 the number of firms active in the sector grew by over 50%⁹ and GVA per employee is £181,000, well above the UK average of £55,518¹⁰.

Given the presence of GCHQ and NCSC and the supporting infrastructure, facilities, skilled workforce and supply chain they have spawned, Cheltenham is actively and justifiably promoted as the heart of the UK's cyber security community.

The Government has set aside £1.9 billion over the 5-year period ending in 2021 to deliver the commitments and objectives of its *National Cyber Security Strategy*¹¹. As part of that strategy Cheltenham has been selected to host one of two National Cyber Innovation Centres to support cyber innovators and start-ups. The UK Cyber Park at Cheltenham¹² is still some years away. In the meantime NCSC's Cyber Accelerator¹³ and other programmes and initiatives are already underway in and around the town.

WSG believes there is strong but wholly unsatisfied latent demand in Cheltenham for innovative workspace for self-employed individuals, start-ups, SMEs and larger businesses in the high growth cyber security sector. Indeed WSG believes that innovative, flexible and affordable workspace for the cyber security community is not just desirable but necessary to achieve the widely-shared objective of establishing the town as a world-renown cyber, tech and digital 'cluster' and to curate and nurture the talent and know-how necessary to do so in anticipation and support of the establishment of the Cyber Park several years from now.



⁹ UK Cyber Sector Report, RCS, June 2018

¹⁰ Centre for Cities, 2018

¹¹ https://assets.publishing.service.gov.uk/government/national_cyber_security_strategy_2016.pdf

¹² <http://www.cyberpark.co.uk/mipim.htm>

¹³ <https://www.ncsc.gov.uk/information/ncsc-cyber-accelerator-companies>

WSG will open a 6,125 ft² ‘Cyber Innovation Hub’ in Cheltenham town centre in September 2019 dedicated exclusively to the cyber security community. However the capacity of that facility is limited. WSG expects Cheltenham’s expanding cyber community and its related supply chain will form a significant (but not overly dominant) constituent of the WorkShop Cheltenham scheme. WSG anticipates extensive synergy and interaction between the two schemes, for example the extension of business support services available at the Growth Hub centre in the larger WorkShop Cheltenham scheme into the smaller cyber-dedicated facility.

2.4 PERFORMANCE VENUES IN CHELTENHAM

Remarkably, despite its size and cultural heritage and aside from its two theatres, there is currently no permanent, dedicated performance venue in Cheltenham.

Performance venues are erected annually for events organised by Cheltenham Festivals as part of its festivals calendar but these are temporary and generally only showcase established performers.

Cultural performances are hosted at the Town Hall in the town centre and the Pump Rooms in Pittville Park, both of which are valued and undeniably ornate and aesthetically attractive venues. However a common perception, particularly among the younger demographic, is that these venues do not lend themselves to contemporary performances. Indeed, whilst these venues are revered they are nevertheless regarded by many as somewhat old fashioned, austere and even uninviting.

WSG understands the widely held view to be that Cheltenham badly needs a new, permanent and year-round performance venue in the town centre that is readily accessible by and appealing to young emerging talent.

2.5 EVENT SPACES IN CHELTENHAM

Similarly there is surprisingly little in the way of dedicated event spaces of any scale in Cheltenham town centre. Corporate events tend to be hosted in edge-of-town hotels such as Jury’s Inn and Manor by the Lake or out-of-town venues such as the Ellenborough Hotel and Cheltenham Racecourse.

There is also no established venue in or around Cheltenham for the screening of major sporting events and the like.

Again, WSG understands the widely held view is that there is significant latent demand for a readily accessible town centre venue for corporate and other events and that the establishment of such a venue is long overdue.

2.6 EDUCATION AND COMMUNITY SPACES IN CHELTENHAM

Contemporary and stimulating spaces for education and community use are in short supply in Cheltenham town centre. Indeed The Wilson gallery and museum is notable as the only location WSG is aware of with any such facilities widely considered to be fit for purpose.

3. SCHEME COMPONENTS

Floor layout plans identifying the different scheme components are at **Appendix 1** and **2**.

3.1 BUSINESS SUPPORT FACILITY

Around 60% of the scheme will be dedicated to creating a readily accessible business support ‘ecosystem’ (the “**Business Support Facility**”) comprising:

- flexible and affordable co-working spaces;
- office studios; and
- a Tier 2 Growth Hub centre providing free-of-charge business support interventions.

The core constituency for this part of the scheme will be self-employed individuals, start-ups and SMEs with growth potential. Within that constituency the primary demographic is anticipated to be principally (but not exclusively) the under 35s.

Access to the Business Support Facility will be via its own dedicated and highly visible ground floor entrance. The entire facility will be accessible by those with restricted mobility.

The principal objectives of the Business Support Facility are to:

- address the lack of support and opportunities in Cheltenham for self-employed individuals, start-ups and SMEs by providing a low cost, town-centre entry point across all business sectors and in particular the creative sector;
- act as an incubator hub for the town’s entrepreneurs and a platform for innovation, creativity and commerce;
- drive job creation and social mobility through the creation of a business community in which entrepreneurial and creative talent can develop and flourish locally;
- be a catalyst to help reverse the loss of Cheltenham’s young talent to other regions as well as attracting new talent to the town; and
- thereby drive prosperity for the local community and facilitate economic growth for the county.

3.1.1 Workspaces

The workspaces available in the Business Support Facility will occupy the first and part of the ground floors of the scheme and will comprise a number of different components, including:

- 100 x unallocated ‘hotdesks’;
- 36 x allocated desks;
- 3 x private meeting rooms seating up to 12 persons each;
- 6 x private meeting ‘pods’;
- 4 x 4 person office studios;
- 2 x 8 person office studios;
- several break-out and relaxing areas for general use; and
- a communal kitchen and toilets.

The workspaces extend in total to around 11,450 ft² and are shown shaded red in **Appendix 1** and **2** hereto.

The co-working space on the ground floor of the scheme will incorporate a café / canteen.

Cheltenham Festivals, Marketing Cheltenham and Cheltenham BID have each expressed potential interest in establishing offices in the 3 x 8 person offices located on the ground floor of the scheme.

3.1.2 Growth Hub Centre

GFirst LEP has awarded WSG a £0.5m capital grant towards the cost of establishing a Growth Hub centre for Cheltenham as an integral part of the Business Support Facility.

The Growth Hub centre will be integrated into the co-working spaces located on the first floor of the scheme in a manner to be determined. It will be prominently-branded and serve as the principal component of and focal point for a wider business support ecosystem.

The Growth Hub centre will be staffed by at least two ‘navigators’ who will offer or provide signposting to a range of business support services and interventions, including access to the region-wide Growth Hub Network¹⁴.

The business support services provided at and through the Growth Hub centre will be both free and impartial. It is intended the delivery of these services be undertaken in conjunction with a reputable partner with existing capabilities, probably in the form of Creative England.

The Growth Hub centre will implement an ‘open door’ policy in that to the extent enquiries cannot be dealt with ‘in house’ they will be signposted to other centres within the Growth Hub Network or other support services or resources.

Once established the operation of the Growth Hub centre will be self-financing. The cost of providing the business support services and the Growth Hub centre’s overheads will be met from revenues generated from other components of the wider scheme.

The overriding objective of the Growth Hub centre is to act as a springboard for innovators and creatives to establish and evolve new businesses with a view to increasing economic output and enhancing social well-being.

WSG envisages the delivery and operation of a Growth Hub centre for Cheltenham and the Business Support Facility not in isolation but in a wider, conjoined context. It believes its ‘joined-up’ and contextualised approach will deliver significantly enhanced outcomes for its users.

3.1.3 Links to Academic Institutions

Students referred from the University of Gloucestershire and the town’s and region’s other higher education institutions will be encouraged to access the Business Support Facility free of charge, subject to capacity restrictions, in order to support their learning and potentially facilitate work experience, apprenticeships and longer term or permanent employment opportunities.

¹⁴ <https://www.thegrowthhub.biz>

3.1.4 Synergy with Cheltenham's 'Cyber Innovation Hub'

WSG anticipates extensive synergies between the WorkShop Cheltenham scheme and its nearby Cyber Innovation Hub scheduled to open Autumn 2019. Among other interactions and crossovers, users of the Cyber Innovation Hub can be signposted to the free business support services available at the Growth Hub centre at the WorkShop Cheltenham scheme and larger events organised by members of the cyber community could be held at the event space there.

WSG is also giving consideration to users of the Cyber Innovation Hub having complimentary access to the Business Support Facility and vice-versa to the extent appropriate.

3.2 PERFORMANCE VENUE

The c. 3,000 ft² performance venue will be located on the ground floor and is shown shaded blue in **Appendix 1** hereto. It is anticipated the venue will be able to accommodate audiences of up to 300 seated and 400 standing.

The performance venue will include staging and sound, lighting and acoustic facilities necessary to host a variety of events including theatrical, musical, dance and cinematic performances.

A 'pop-up' bar / restaurant facility will be located adjoined to the performance venue which will open during performances and events.

3.3 EVENTS SPACE

The performance venue will be capable of being reconfigured to be able to host a variety of events such as conferences and other corporate and school events.

It will also contain a large screen for viewing, for example, major sporting events.

3.4 EDUCATION AND COMMUNITY SPACES

Approximately 1,000 ft² of the ground floor will be available for use as education and community spaces. These areas are shown shaded orange in the layout plan at **Appendix 1**.

These spaces will be multi-functional and available for deployment in a variety of different ways by a range of different users, including (for example) as a yoga studio, drama classes, music workshops, seminars and the like.

A charity that seeks to improve young lives through music, The Music Works¹⁵, has expressed interest in establishing a facility in this part of the scheme. It describes its mission as “*working with young people in challenging circumstances to help them reach their full potential in music, in learning and in life*”.

The education and community spaces will also support and showcase the existing ‘Talent Outreach’ and ‘Cheltenham Educational Partnership’ initiatives led by Cheltenham Festivals and the University of Gloucestershire as well as a wider programme of such initiatives.

3.5 ROOF GARDEN

The second floor of the development is devoted to a 1,100 ft² external roof garden as shown in the plan at **Appendix 2**. This will serve as a ‘break out’ space from the workspaces below with views across the scheme to the adjacent Minster.

3.6 LOCATION, SERVICES, ACCESS AND PARKING

A map showing the location of the WorkShop Cheltenham scheme is included in the Design and Access Statement.

The scheme will be situated on the Chester Walk car park within the ‘Core Commercial Area’ of Cheltenham town centre immediate off the High Street. It will be readily accessible on foot, bike and via the existing transport infrastructure. Generous provision has been made in the plans for covered and secure bike parking and for storage lockers.

Four parking spaces will be retained at the site, two for disabled users and two for electric vehicles. Over 700 public parking spaces are available across four car parks within a two minute walk of the scheme, including the adjacent Euro Car Park and the nearby Brewery NCP.

Fully accessible toilets will be available on each of the ground and first floors and shower facilities on the first floor. The entire site will be readily accessible by all with the first and second floors serviced by a lift.

¹⁵ <http://www.themusicworks.org.uk>

3.7 ENVIRONMENTAL CONSIDERATIONS

3.7.1 Construction

The scheme will be constructed using non-polluting and fully recyclable materials to the extent reasonably possible. The principal construction materials are 20ft and 40ft high-cube, single-use shipping containers manufactured in the Far East and converted locally to bespoke specification using recyclable materials with high thermal and acoustic performance.

The modular nature of the development allows for much of the construction work to be undertaken off-site with optimum efficiency and minimum use of resources.

3.7.2 Operation

The scheme is intended to be a low energy development. It will use green energy delivered in partnership with local provider Ecotricity¹⁶. Subject to funding it is intended photovoltaic panels will be installed on the roof structure to capture energy stored in next generation battery technology located in the void between the ground floor and the existing car park surface.

The use of non-recyclable materials will be prohibited at the scheme with a view to all waste being recycled.

The scheme will use fibre optic cabling to provide energy efficient, heat-free and environmentally sustainable lighting solutions. It will also incorporate next-generation digital infrastructure with a dual line, 2x10GB connection to provide the entire scheme with an ultra-fast broadband connection.

Two electric vehicle charging points will be provided along with electric pool cars for use by users of the scheme.

The scheme will also incorporate water saving and management solutions, for example rainwater capture.

¹⁶ <https://www.ecotricity.co.uk>

4. DELIVERY MODEL

4.1 CONTROLLING ENTITY

A wholly-owned SPV subsidiary of WSG, WorkShop Cheltenham Limited (company registration number 11527295), will establish and operate the WorkShop Cheltenham scheme. WorkShop Cheltenham Limited and WSG have common directors at the present time.

4.2 SITE

The project site is currently owned by Gloucestershire County Council (“GCC”). Following extensive discussions with Cheltenham Borough Council (“CBC”) it has been agreed that GCC will swap the project site for a correspondingly sized part of another town centre car park currently owned by CBC. CBC will then grant a lease of the project site to WSG with a minimum 10-year term. Heads of Terms for that lease have been agreed in principle.

4.3 REVENUE STREAMS

4.3.1 Business Support Facility

Use of the workspaces comprised within the Business Support Facility will be on a membership basis. Members will pay a monthly fee to access and use those spaces. The amount payable will vary by reference, inter alia, to frequency of use and the type of desk space required (ie unallocated ‘hotdesk’, allocated desk or private office studio).

Approximately 150 work spaces (excluding meeting rooms and break-out areas) are anticipated. The total membership pool will number around 250 to reflect that not all members will be present all the time.

The table below sets out WSG’s indicative pricing model at the current time:

Access to facility and unallocated ‘hotdesk’	£225 / month
Access to facility and allocated desk	£300 / month
Access to facility and office studio in 20ft container (4 pax)	£1,400 / month
Access to facility and office studio in 40ft container (8 pax)	£1,600 / month

4.3.2 Cheltenham Festivals

It is anticipated Cheltenham Festivals¹⁷ may establish a significant presence at the scheme and could become a key collaborative partner for WSG. This could potentially occur in a variety of different ways including one or a combination of the following:

- delivering a year-round calendar of events at the performance venue, being both revenue-generating commercial events and non-commercial events to showcase local emerging talent;
- opening a permanent Box Office at the scheme to promote the sale of tickets to Festivals events (and potentially, in collaboration with Marketing Cheltenham and others, also offer tickets to other events in the town such as those at the Everyman Theatre, Cheltenham Playhouse, Town Hall, Pump Rooms and the Racecourse);
- relocating some or all of its staff to the office studios at the scheme; and
- use of the education and community spaces for its existing ‘Talent Outreach’ and ‘Cheltenham Educational Partnership’ initiatives in conjunction with the University of Gloucestershire as well as a wider programme of such initiatives.

Terms are yet to be finalised with Cheltenham Festivals. However WSG believes there is a genuine prospect of Cheltenham Festivals establishing itself as an ‘anchor’ stakeholder at the scheme for significant mutual benefit. Quite apart from anything else, WSG believes close collaboration with Cheltenham Festivals will enable the scheme to serve as a catalyst for greater engagement with educational and cultural activities and create a sustainable pathway to help develop and retain young creative talent in the county.

4.3.3 Performance Venue

WSG intends to make the performance venue available on commercial terms to the extent not used or operated by Cheltenham Festivals. Revenues generated will cross-subsidise expenses incurred in operating the wider scheme, including for example the cost of providing free-of-charge business support services at the Growth Hub centre.

¹⁷ <https://www.cheltenhamfestivals.com/about/>

4.3.4 Event Space

WSG anticipates deriving significant revenues from the use of the performance venue reconfigured as an event space, particularly for conferences and corporate functions. These revenues will be deployed to cross-subsidise expenses incurred in operating the wider scheme.

4.3.5 Education and Community Spaces

WSG anticipates making the education and community spaces at the scheme available on an ‘at cost’ basis with respect to all non-commercial activities hosted there.

4.3.6 Food and Beverage

The café incorporated into the Business Support Facility and the pop-up bar / restaurant adjacent to the performance venue / event spaces will be operated by an established and reputable third party on a lease or revenue share basis.

4.3.7 Virtual Office Services

WSG proposes to offer (whether itself or via a third party) certain virtual office services, such as registered office location, business address / mail forwarding, telephone answering services and the like, to users of the Business Support Facility on terms to be determined.

4.4 SPONSORSHIP

WSG anticipates potential opportunities for corporate sponsorship of the Business Support Facility, the performance venue and the event space.

Any sponsorship secured will be deployed to defray costs incurred in operating the wider scheme.

4.5 CURATION

The layout of the Business Support Facility has been carefully designed, and WSG will carefully curate the membership and control the administration of the facility, to ensure an appropriate ‘mix’ between large and small businesses, self-employed individuals and representatives from different and complementary sectors and disciplines.

In doing so it will have the following objectives in mind:

1. to create the right ‘buzz’ at the facility;
2. to ensure no individual stakeholder or group of stakeholders is dominant; and
3. to establish an appropriate blend of businesses as regards scale and discipline.

Crucially, the Business Support Facility will not just be a place to work. It will also be a place to meet and rub shoulders with relevant industry stakeholders, fellow entrepreneurs and existing and future colleagues, customers, suppliers, service providers and investors. WSG believes this facilitated ‘collision’ will result in a significant coalescence of the creative community in Cheltenham. Which in turn will establish the Business Support Facility as a physical ecosystem within which and as a consequence of which constituents will encounter, network, collaborate and innovate with each other in a manner that would not otherwise occur.

A similar curation process will occur for the performance venue, event space and education and community spaces. WSG believes these facilities should be accessible by the entire community and intends to carefully curate an appropriately balanced blend of activity and user.

4.6 COLLABORATION WITH OXFORD INNOVATION

WSG is in discussion with Oxford Innovation¹⁸ regarding it potentially providing back-office administrative support services for the scheme.

Oxford Innovation currently manages 24 innovation centres across the UK supporting over 1,000 SMEs in a range of sectors.

¹⁸ <https://oxin-centres.co.uk>

5. ALIGNMENT WITH LOCAL AND NATIONAL POLICY

5.1 ALIGNMENT WITH LOCAL POLICY

WSG believes the WorkShop Cheltenham project will meet the following objectives outlined in GFirst LEP's *Strategic Economic Plan for Gloucestershire* (SEP):

- *capitalise on the county's entrepreneurial culture;*
- *provide a platform for the county's SMEs in cyber security, creative and digital industries all of which have high growth potential;*
- *make the best use of public assets in support of delivery of the SEP;*
- *provide a unique environment to help reverse the stagnation in productivity;*
- *develop better links between education and business, and attracting and retaining talented young people; and*
- *exploit the export potential of the county's SMEs¹⁹.*

More specifically WSG believes the scheme aligns with various objectives outlined in the *Gloucestershire Growth Deal* initiative forming part of the SEP including:

- *providing a highly employable and economically productive workforce that meets the needs of local businesses;*
- *attracting, retaining and developing successful businesses; and*
- *exploiting opportunities to open-up new sites for development...to accelerate growth²⁰.*

WSG believes the project will also align with and contribute to the fulfillment of:

- GCC's '*Gloucestershire 2050 Vision*' (see 'Ambitions' at <http://glos2050.com/>);
- the Gloucester, Cheltenham and Tewkesbury '*Joint Core Strategy*' (see in particular page 35, paragraph 4.2.19);

¹⁹ '*Strategic Economic Plan for Gloucestershire*', page 4 - GFirst LEP, March 2014

²⁰ '*Gloucestershire Growth Deal*', page 1 - GFirst LEP, as updated in January 2015

- Cheltenham Borough Council's *Place Vision*, which acknowledges the role the town's cultural assets and heritage must play in attracting visitors, engaging with young people and reaching out to communities and the opportunity its creative businesses have to be 'growth engines' uniquely placed to help deliver the 'inclusive growth' required.

The scheme will also seek to complement and supplement a variety of other existing and proposed initiatives. For example:

- WSG has engaged with CyNam²¹ and believes the scheme will support its objective of promoting Cheltenham as the heart of the UK's cyber security community in anticipation of the opening of the Cyber Park in due course. CyNam has indicated there is strong demand for innovative co-working space for start-ups and SMEs in the cyber security sector and believes the WorkShop Cheltenham scheme could help establish the town as the country's foremost cyber security tech and digital cluster.
- The scheme's performance venue will be delivered in collaboration with Cheltenham Festivals as described above. WSG believes Cheltenham Festivals' annual programme of cultural events at the venue will enhance footfall and profile and significantly extend the reach of its activities to a new audience and demographic.
- WSG believes the close proximity of the scheme to Cheltenham's Library will support its delivery of the objectives outlined in the government-backed '*Ambition for Public Libraries in England 2016-2021*'²² as well as Create Gloucestershire's '*Art of Libraries*' initiative²³.
- WSG also believes the location of its project will enhance visibility of and footfall to The Wilson museum and gallery, facilitate the 'rediscovery' of the Cheltenham Minster and help further revitalise the Lower High Street area of the town.

²¹ See <https://www.cynam.org>

²² See <https://www.gov.uk/government/publications/libraries-deliver-ambition-for-public-libraries-in-england-2016-to-2021>

²³ <https://static1.squarespace.com/static/51c6d951e4b0b75c995cbd27/t/57cfee0ed482e945c667e2da/1473244687859/Art+of+Libraries+Creative+Catalyst+JD+%26+PS.pdf>

5.2 ALIGNMENT WITH NATIONAL POLICY

The Government's recently-launched '*Creative Industries Sector Deal*'²⁴ seeks to consolidate Britain's world-leading creative industries as a global creative powerhouse. 10.7% of businesses in Cheltenham are in the creative industries (above the South-West average of 8.3%), and 43% of those are in software and digital²⁵. WSG believes its project will help address the barriers to growth the Sector Deal has identified, including difficulties in accessing finance and a lack of supporting infrastructure.

The *Bazalgette Report* calls for the support of creative clusters such as Cheltenham and the need to remove barriers to SME dynamism.

As mentioned above WSG believes the scheme will complement the delivery by the UK government of its commitments and objectives set out in its *National Cyber Security Strategy*²⁶ and ultimately help safeguard the nation's security.

WSG anticipates the WorkShop Cheltenham scheme will deliver facilities and benefits of the type identified as vital in the *Future High Street Fund*²⁷ call for proposals and the *High Street and Town Centres In 2030*²⁸ report to ensure Cheltenham town centre embraces and adapts to radical changes in working practices, technology and the way in which we shop to ensure it remains a relevant and vibrant place at the heart of its community.

WSG believes the key to urban regeneration lies beyond the notion of sustainability alone and requires actively working towards transforming undervalued and underused areas as well as reducing dependency on fossil fuels, boosting the deployment of renewable energies and enhancing the biodiversity value. The WorkShop Cheltenham scheme will adopt designs outlined in the 'Biodiversity' section of the Joint Core Strategy²⁹ and intends to serve as a beacon of sustainable urban regeneration for the region and beyond.

WSG believes its innovative, mixed-use scheme that embraces community, culture, talent and modern working practices will be at the forefront of the country's low cost, sustainable urban development policy thinking.

²⁴ See <https://www.gov.uk/government/news/creative-industries-sector-deal-launched>

²⁵ See <http://www.creativeengland.co.uk/story/creative-clusters-creativeengland-nesta>

²⁶ See https://assets.publishing.service.gov.uk/government/national_cyber_security_strategy_2016.pdf

²⁷ See <https://www.gov.uk/government/publications/future-high-streets-fund-call-for-proposals>

²⁸ See <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/report-summary.html>

²⁹ Gloucester, Cheltenham and Tewksbury Joint Core Strategy 2011-2031, adopted 2017

6. KEY OBJECTIVES

The principal objectives of the WorkShop Cheltenham scheme are to:

- meet the significant latent demand WSG has identified for affordable co-working space in Cheltenham and particularly from its burgeoning but disparate and under-performing creative sector;
- create a business ecosystem in which ‘collisions’ between creative and entrepreneurial talent and the right kind of supportive interventions result in the emergence and development of creative talent and know-how within the local community;
- generate positive and sustainable employment impacts, including by retaining existing and attracting new talent to the town;
- stimulate economic activity in the town and region in alignment with inter alia GFirst LEP’s *Strategic Economic Plan for Gloucestershire*, the *Local Industrial Strategy* and the *Gloucestershire 2050 Vision*;
- drive prosperity and enhance social well-being in the local community and the county;
- support GCHQ and its extended supply chain in alignment with the Government’s *National Cyber Security Strategy* and ultimately help safeguard the nation’s security;
- incubate emerging cyber security businesses for transition in due course to the Cyber Park;
- complement, supplement and enhance the impact of existing institutions, facilities and initiatives in order to establish Cheltenham as the UK’s foremost cyber security ‘cluster’;
- facilitate the ‘rediscovery’ of a historically and culturally vital part of the town centre that is currently under-utilised and largely ignored; and
- further the vision of Cheltenham as a vibrant, relevant, contemporary place to do business through densification of the core commercial area with highly-skilled, knowledge based jobs that drive footfall to and spend in the town centre.

Providing a bridge between education and business to help retain the town's young talent

The University of Gloucestershire supports the WorkShop Cheltenham project and wishes to be closely involved in developing work experience and placement opportunities for students and graduates within its community of start-ups and small businesses in order to help retain Cheltenham's young talent as well as attract new talent to the town.

"The WorkShop scheme would offer our students opportunities to show and perform their work and to link with start-up businesses in the Creative Industries; it would also provide a fertile environment for our new graduates looking to remain in the county to set up in a suitable, affordable workplace. In addition we feel it would bring a much-needed boost to the town's creative offering, allowing independent and innovative creative entrepreneurs a home."

Anne Dawson, Head of Media School - University of Gloucestershire

Building on Cheltenham's festival heritage and cultural offering

The purpose-built performance venue will provide a state-of-the-art facility for the town centre run in partnership with Cheltenham Festivals and Music Works. In addition to delivering a calendar of events to extend the reach of existing cultural activities, the venue will also provide a platform for concerts, conferences, exhibitions and other events throughout the year that will drive foot traffic to and spend in the town centre. The education and community spaces will also support the Talent Development and the newly formed Educational Partnership initiatives led by Cheltenham Festivals.

"We believe [WorkShop] would bring something new to the town's cultural and creative offering, creating a year-round vibrancy that is much needed. Alongside providing affordable spaces for entrepreneurial and start-up businesses. This development would be a significant element in encouraging young people to remain in the town as it demonstrates Cheltenham's commitment to creative innovation and new businesses support."

Ian George, Director - Cheltenham Festivals

Delivering Gloucestershire's vision for the future now

WorkShop Cheltenham will fulfil key objectives identified by GFirst LEP, Cheltenham Borough Council and Gloucestershire County Council to drive inclusive economic growth for the region.

"WorkShop Cheltenham is an exciting and innovative project and is perfectly suited for the creative business community in Cheltenham. Our role at the LEP is to drive economic growth and create jobs in Gloucestershire and this is exactly the kind of project that will help us to do this. It will also complement both our £22 million investment into the new Cyber Park in West Cheltenham and complete the roll out of the Growth Hub Network Centres around the county."

Diane Savory OBE, Chair - GFirst LEP

The right kind of urban regeneration

"Cheltenham needs something fresh and energetic that keeps the ambitious and young in the town as only then will it fulfil its potential. For me the 'WorkShop Cheltenham' is precisely one of the projects that can make this happen. It could have important spin-offs by attracting interesting outsiders and last but not least shift the perception of what Cheltenham has to offer to the world beyond being increasingly a home for retirees. I hope you are able to support this important initiative"

Charles Landry - author of 'The Creative City' and 'The Art of City Making'

7. FINANCIALS

7.1 LEASE TERMS (INDICATIVE)

The following outline terms have been identified in principle with respect to the proposed lease of the project site:

- FRI sub-lease (contracted out of LTA 1954)
- Landlord: Cheltenham Borough Council
- Term: 10 years (capable of extension / renewal)
- Rental: c. £50,000 to £75,000 per annum
- Full reinstatement at the end of the scheme

7.2 BUILD COST AND DURATION

The preliminary indicative build cost for the scheme is c. £1.64m. Certain details of the proposed layout of the scheme have evolved since the preparation of this schedule although it is not anticipated the overall build cost will vary materially as a result.

The principal cost (£0.66m) relates to the supply of converted shipping containers. The converted shipping containers will be the principal assets available by way of security for any lender(s) to the scheme.

Subject to raising sufficient additional funds WSG proposes the final build cost should total c. £2.0m in order to enhance the specification of certain elements of the scheme and in particular the performance venue as further described below.

The anticipated build time is not expected to exceed 6 months due to the modular nature of the construction.

7.3 FUNDING

GFirst LEP has contractually committed to a capital grant of £0.5m towards the construction of the Growth Hub centre at the scheme. A copy of the executed Grant Agreement is available on request subject to the provision of confidentiality undertakings.

Creative England Limited has contractually committed to advancing a £0.25m interest-bearing secured loan facility (5% per annum) repayable over a 3-year term following an initial 6-month repayment holiday. A copy of the executed Loan Agreement is available on request subject to the provision of confidentiality undertakings.

WSG has to date secured around £0.4m from a combination of shareholder and private equity.

As to the £0.49m balance to the £1.64m indicative build cost, WSG's financial projections currently contemplate this to be funded by one or more interest-bearing secured loans repayable over the first 10 years of operation from generated revenues. An interest rate of 6% per annum has been assumed for present purposes.

Regarding the £0.36m balance to the maximum build cost of c. £2.0m, this cost assumes a significantly enhanced specification for the performance venue, including enhancements to lighting, sound, seating and sound attenuation systems. These enhancements are considered to be highly desirable but not essential. WSG is collaborating with Cheltenham Festivals with respect to the raising of funding for these additional costs.

7.4 SENSITIVITY ANALYSIS

WSG believes the assumptions underlying its indicative revenue forecasts are inherently conservative.

7.4.1 Income Sensitivity

On the income side, WSG's analysis of existing offerings suggest workspace membership fees starting at £225 per month should be readily achievable in Cheltenham town centre. The same applies with respect to the fees proposed for office studios, being £1,400 per month for the 4-person office studios (£350 per person) and £1,600 per month for the less well-located 8-person office studios (£200 per person).

As regards the income forecast from the performance venue and event space, and by extension that from food and beverage sales, this may be determined to some degree by the extent of any collaboration with Cheltenham Festivals. WSG's view at this stage is that a more extensive collaboration with Cheltenham Festivals is likely to have a modest adverse effect on profitability on one hand as balanced against a very significant mitigation of risk and a material reduction in the administrative burden on the other.

To underscore the conservative nature of its assumptions WSG has not made any provision for income from ancillary offerings, for example the hire of meeting rooms and virtual office services. WSG has also assumed income from the education and community spaces as contribution towards overheads with no profit element. It would also regard its assumptions with regard to sponsorship income as inherently conservative.

WSG believes there is considerable upside potential to its income forecasts. It has assumed average occupancy starting at 65%. The income potentially available to be generated from the performance venue and event space may prove to be particularly conservative should the scheme continue to have little or no competition in that regard in the longer term.

7.4.2 Costs Sensitivity

On the costs side, WSG's forecasts include multiple layers of contingency as well as a likely over-provision in respect of, for example, legal and accountancy fees and marketing budget.

8. RISKS

WSG's analysis of risk at the current time can be summarised as follows:

Risks Description	Owner	Probability	Impact	Mitigation
Failure to secure planning consent	WSG	0%	100%	Planning consent obtained
Failure to secure site	WSG	<10%	100%	Terms agreed in principle between GCC and CBC and between CBC and WSG
Failure to secure balance of funding for build	WSG	20%	100%	Numerous lines of enquiry have been identified and are being pursued
Under-estimation of build cost	WSG	10%	25%	Identify cost savings Raise additional funding
Delay in completing build	WSG	10%	20%	Defer drawdown of loan facilities Ensure liquidated damages provisions in contractor contracts
Lack of demand and / or under-estimation of price sensitivity	WSG	10%	25%	'Soft launch' to test assumptions regarding demand and pricing Learnings from earlier launch of Cyber Innovation Hub Adjust pricing as necessary / appropriate
Competition	WSG	40%	10%	Ensure the scheme is truly unique

9. ANTICIPATED CHRONOLOGY

WSG currently anticipates the following chronology (to be confirmed):

June 2019:	Secure planning consent
Aug / Sept 2019:	Finalise Heads of Terms between GCC / CBC and between CBC / WSG Agree outline terms with Cheltenham Festivals
Oct 2019:	Execute lease for site Finalise build costings Commence fit-out procurement process Secure remainder of funding for build cost in principle
Nov / May 2019:	Contract re: remainder of funding for build cost Contract re: build procurement
May 2020:	Commence build
August 2020:	Finalise build Website development Commence recruitment
September 2020:	Sign off build Systems testing Finalise recruitment Initial 'soft launch'
October 2020:	Hard launch Commence operation

10. THE BIGGER PICTURE

WSG regards the WorkShop Cheltenham scheme as being of indefinite duration. Whilst the term of its proposed lease for the site is anticipated to be 10 years, there is no reason why the scheme should not continue to operate beyond the end of that term assuming its on-going viability. This is WSG's intention should circumstances permit.

WSG believes demand for the Business Support Facility may be such that its capacity proves inadequate. In such circumstances it may be feasible to establish a further or larger facility elsewhere in Cheltenham town centre.

In addition to being a development project of genuine substance in its own right, WSG intends the WorkShop Cheltenham scheme and its Cyber Innovation Hub to serve as 'proofs of concept' for one or more other such schemes elsewhere in the region or the country.

WSG is already in early discussions with several Cyber Park stakeholders, including NCSC, DCMS (via NCSC) and CBC with respect to WSG establishing and operating an innovation facility as a 'gateway' project at the Cyber Park.

WSG intend both the WorkShop Cheltenham scheme and its Cyber Innovation Hub serve as a 'bridge' to the Cyber Park upon its establishment. However it also believes that both schemes can continue to serve a vital purpose as a 'bridge' back to the town centre from the Cyber Park when it opens. This should help address the concern expressed to WSG that the Cyber Park be designed and delivered in a manner that avoids it being perceived as 'just another out-of-town business park' that the cyber community might be reluctant to embrace.

WSG firmly believes in the ability of its innovative work environments to stimulate and inspire across a range of sectors.

In which regard WSG is particularly interested in supporting the development of a 'Western Powerhouse'³⁰ and the extension of it to include the M5 corridor in addition to the M4 corridor.

3rd September 2019

³⁰ <https://www.gov.uk/government/news/welsh-secretary-to-outline-his-vision-for-a-western-powerhouse>