

Overview and Scrutiny

Meeting date: 20 November 2023

Member Questions to Bruce Gregory & Andrew Roughan

Question 1

Please give a brief recap / overview of the business arrangement between CBC, Hub8 and Plexal?

Response

CBC have selected Workshop Group as their operating partners to manage the facility and the community due to their experience in creating Hub8 at the Brewery Quarter and their partnership with Gloucestershire College. This has been further underlined by the recent investment in Workshop Group by Plexal (City) Ltd who have national experience in driving projects of this nature and subject matter. The specific terms of the operating agreement are under negotiation, but the intention is that the parties will enter into a long term operating agreement with a profit share arrangement where Profits are calculated post repayment of CBC's initial capital investment into the MX.

Question 2

What is the current occupancy rate and annual income?

Response

(22/23) for Hub8BQ? 2022: BQ £400k (.c£63psf) >90% / GC £374k (£53psf), >85%.
2023: BQ £410k (£63kpsf) >90% / GC £390k (£56psf), >85%

Question 3

Given the expected transition of many current Hub8BQ users to Hub8MX, how confident are you that there is sufficient demand for all 3 Hub8's going forward? Where will the future demand for Hub8BQ come from?

Response

As the figures demonstrate we operate with high occupancy levels at our existing sites. Furthermore the MX will provide small private offices, a product that we don't currently offer at Hub8BQ and which there is high demand for in the town centre. We are in talks with a Prime (tech giant that supplies into government) that has expressed interest in taking on Hub8BQ in its entirety.

Question 4

Please expand further on the Hub8 statement that “Our members are free to use all of the Hub8 co-working spaces without friction – if you’re a member of one, you’re a member of them all”.

Response

We provide hot-desking access to all our sites for all our members.

Question 5

Is this “Hub hopping” common practice in reality? Presumably this makes forecasting demand in any single Hub8 a bit more tricky?

Response

This is a model we operate successfully across Hub8 GC and Hub8 BQ. The ability to ‘hub-hop’ is valuable to our members as it enables them to make use of our distinct locations, our programme of events and activities, and our network of companies large and small. It also helps us to distinguish ourselves from the competition and maintain a premium price point. We’ve never had issues with forecasting demand as there is sufficient hot desking across our locations to accommodate members. The highest usage of ‘hub-hopping’ occurs when we host events and members tend to then stay on to work for a short period of time. The scale of hotdesking is limited (hot-desks are forecasted to contribute c.15-20% of income for the MX) and manageable but we will monitor it as we currently do if there is any risk of arbitrage.

Question 6

How much real competition will there be between Hub8MX and GVIC, how will these two complement or compete with one another?

Response

Our current location (Hub8 BQ and Hub8 GC) operate successfully over very similar geographies. They do not compete with one another due to one being located in the town centre and the other out of town. They complement each other, enabling members to make the most of our vibrant town centre at Hub8 BQ and strategic location next to major transport links at Hub8 GC. These locations will be invaluable to help inform GVIC to ensure it complements the town centre offer and adds to its footfall.

Question 7

Apart from Cheltenham Festivals and Corporate events using the event space – what other types of event do you envisage?

Response

Primary focus will be a programme of events to help develop and grow the technology sector as we look forward to GVIC, with a focus on inspiring our next generation of

technologists. We'll be working with a number of different organisations including CyNam (UK's largest cyber security cluster) to host their headline events, the Growth Hub to host its headline events, the NSCS to host Cyber First Events and also its Start Up Programme Events, the University of Gloucestershire, Gloucestershire College and the Cheltenham Education Partnership to help integrate academia and industry.

Question 8

Target Market (slide 6) – what are PRMIES?

Response

Apologies as this was a spelling error; it should read PRIMES – global tech and defence companies that supply into secure government as a PRIME contractor.

Question 9

Network of Locations - Given the Hub8 strategic triangulation between Manchester, London and Cheltenham (“UK's most connected”) – what, if any, is the anticipated impact of the cancellation of HS2 (Birmingham to Manchester) on the connectivity and future economic security for the business model?

Response

No anticipated impact at this stage. The Hub8 website talks about 40,000 square feet of innovation space in Cheltenham. How much impact has the significant delay in construction and completion of the MX had? 40,000sqft includes MX. Whilst it's unfortunate the MX hasn't come online beforehand, the growth in the ecosystem continues to progress without it