

Erdington Enterprise Hub

Revised Outputs Associated with an Enhanced Phase 1

Introduction

1. The need to phase the development for budgetary purposes has a direct effect on the employment outputs of the Erdington E3 Hub development although it should be stressed that the intention is to develop the whole project with a second phase to be implemented as funding opportunities arise. This would deliver the full outputs envisaged in the business plan.
2. Some elements remain as before in the Phase 1 plans – including the co-working space – but the office accommodation for prospective anchor tenants is reduced and the creche together with the digital suite are not part of the current phase.
3. The previous calculations taken from the business plan concentrated on direct jobs created (FTEs) by the Hub. Construction activity was discounted for employment outputs and the new calculation is a like for like comparison.
4. The previous calculation for the full project estimated 88 jobs by the end of **Year 5** based on standard jobs/floorspace calculation but moderated to **80 jobs** to consider the location and the fact that this is a new 'product' in the local marketplace. A key element of the business plan was a cautious approach to occupancy with demand and occupancy being built up over time on the following basis:

Year 1 (of occupation) – 60%

Year 2 – 70%

Year 3 – 75%

Year 4 – 85%

Year 5 (and onwards) – 90%

Revised Outputs & Supporting Information

Table 1 – Original v Revised Scheme – Employment Outputs

Space	Original Sq. m.	Original Gross Jobs	Revised Sq. m.	Revised Gross Jobs
Studio	340.3	25	380.5	25
Co-working space	97.5	28	97.5	28
Self-contained office	133.4	14	25.1	3
Digital suite	158	5	0	0
Cafe	63.01	2	35.3	2*
Creche	349.3	8	0	0
Market Stalls	32.1	3		3**
Makers Yard	32.1	2		2**

Ceramics Studio	59.7	1		1**
Reception/Management				2***
Total		88		68

(* see point 9)

(** there is no 'direct' equivalent in the revised plan drawings but the architect has confirmed that the activities – and hence the jobs – are retained)

(*** see also point 5)

5. Occupancy will not be linear across all elements of the project – some aspects might take longer to fill, others the opposite, but the overall occupancy is applied across the project and we do not see reason to adjust that for the revised plans. Full occupancy (100%) is unlikely to occur and is pegged at 90% given the natural 'churn' with new small businesses.
6. The reduced self-contained office space from 133.4 m² to 25.1 m² does impact negatively on the project outputs, partly in terms of direct employment but partly because the self-contained office space could be the means to capture an anchor tenant, which in turn increases overall confidence in the scheme, providing the impetus and the offer to attract other businesses and investment. The business plan also suggested the possibility that an anchor tenant might contribute to the management of the Hub but there are alternative options as shown in analogous projects (e.g. the City Council house an officer in the Stirchley Baths project).
7. At the same time there is an increase in studio space in the new design from 340.3 m² to 380.5m². This has two advantages – the possibility of grow-on space for businesses in the co-working space and additional space to attract specialist creative businesses who require such space. We have been conservative and retained the job outputs for the original studio space.
8. The absence of a creche – which was intended also to be a business in its own right – may deter some businesses from taking up a place in the Hub but that will also depend on the availability of alternative provision, which would require further research, and nearer the time of occupancy.
9. The café was intended as a focal point for the Hub in the business plan. The café remains but with a reduced footprint (35.3m² compared to 63.01m²). 2 jobs were attached to the café in the previous calculations and whilst the reduced space might argue for a reduction to 1 job that might not be a workable model, hence retaining the 2 jobs in the revised scheme.
10. Finding definitive market evidence of demand remains a challenge given the 'non-traditional nature' of the property product but the experience from similar projects remains strong and there are similar projects in different stages of development being developed to meet the needs of new and small businesses (e.g. Walsall Creative Hub, Guildhall, Walsall, and the Bond, Digbeth Birmingham). We also know from previous work that local universities have an interest in supporting business incubation off campus, including STEAMhouse at the BCU campus, which is looking

at a hub and spoke model to take its services to local communities rather than assume everyone will travel to the campus.

11. The location of the Hub poses a challenge and more so in the light of the failure to secure Future High Streets Fund resources, but Erdington is well placed on local transport routes and its relative proximity to the city centre (e.g. to capture businesses 'priced out' of Digbeth as the new developments gather space). However, the business plan stressed the need for a marketing/project manager to actively promote the Hub during its development phase – that remains a key investment priority.
12. The focus of the Hub will also determine demand. The business plan did not rule out any specific activities if they generally came under the definition of creative industries. The region has one of the fastest growing rates for gaming and digital businesses but there is also strong interest in craft related businesses and a mix is the likely outcome. The loss of the digital suite in the revised scheme could deter some gaming and digital businesses should they require such a facility (although there is the possibility to hire/use space elsewhere – such as STEAMhouse).
13. We have been reassured by the architect that subsequent development of Phase 2 would not have an adverse or disruptive impact on the day-to-day activities of the Hub, which could result in a loss of businesses.
14. The new design represents a significant change to the project but the essentials for a viable project remain and the phased approach should serve to create local interest and support future funding applications. Nevertheless, we suggest a jobs figure of **60** at 5 years of operation (see point 3 for occupancy at different time periods). A small number of jobs (upto **7 apprentices** by Y5, a sub-set of the 60) could be formal apprentices. It is unlikely to be much higher given the nature of start-ups and small businesses but there will also be informal and on-the-job learning (a feature of many enterprise hubs is businesses collaborating to support and learn from each other).

Paul Jeffrey Associates, 4.4.23