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Digital Enabling of Levelling Up

The potential of coworking spaces to stimulate local growth outside of major cities

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As part of the InterAct Network Dr Felicia Fai, Dr Mariachiara Barzotto & Prof. Phil Tomlinson, from The University of Bath, School of Management have investigated how digitalisation could enable the redistribution of economic activity beyond urban hubs, into towns, rural and coastal communities by using coworking spaces. The findings and recommendations are summarised in two briefing documents:

- **The rapid rise of rural coworking in the England: sharing Experiences for mutual learning - A brief for industry.**
- **The potential of coworking spaces to stimulate local growth outside of major cities - A brief for policymakers.**

For other output related to this network and project, please visit interact-hub.org. This work was supported by the UKRI Made Smarter Innovation Challenge and the Economic and Social Research Council via InterAct [Grant Reference ES/W007231/1]

Executive summary

- Regional disparity in economic performance is the focus of the Levelling Up Agenda – a key UK policy. However, the White Paper does not pay attention to how the pandemic has altered the pattern of work - around 40% of working adults reported having worked from home at some point in between 25 January to 5 February 2023[1]. Whilst the Flexible Working Bill 2023 permits and encourages this activity, it too does not fully recognise the potential impacts of new working practices on the approach to regional socio-economic growth.

- Remote work is only possible through digital technologies both in terms of broadband infrastructure and the proliferation of remote work software applications. Yet not all households, have access to stable, reliable broadband, but remote working near (as opposed to, from) home can be facilitated by using coworking spaces.

- Coworking spaces (CWSs) in towns, villages, rural and coastal areas are proliferating rapidly, particularly post-Covid19, bringing potential opportunities to disperse employment and economic activity into these areas and assist with levelling up, yet the UK government does not appear to have a unified, strategic approach to how remote work can support the growth and development of its rural (and old industrial) economy. This is in stark contrast to the approach of many other countries.

- At regional level, the approach is more positive, although the full potential of coworking spaces is often suboptimal. Challenges remain with regards to recognising the specific differences between corporate provision in major cities, relative to that provided in non-urban areas, the fragmented funding landscape and a lack of learning and shared practice between coworking spaces within, and between, geographic areas.

- We present results from a pilot study of CWSs and offer some policy recommendations for better, coordinated, policy support to increase the likelihood of coworking spaces reaching their full potential in areas beyond urban hubs in major cities.

[1] Office for National Statistics (ONS), released 13 February 2023, ONS website, article, Characteristics of homeworkers, Great Britain: September 2022 to January 2023

Outline of the issue

- CWSs have proliferated since 2005. Initially only present in cities, dominated by private corporate providers, the development of broadband infrastructure and digital technologies across the UK means they are increasingly emerging in towns, villages & communities in rural and coastal areas.

- The demand for remote and hybrid work in the post COVID-19 era, means coworking spaces (CWSs) have the potential to benefit old industrial areas, towns and villages.

- This has been recognised in other countries such as the USA, EU and indeed Wales[2] (where at least a discussion has started although a policy outcome is yet to be determined).

- Yet the same issue appears to be going 'under the radar' at national level, particularly in England, yet we believe CWSs could assist with the UK's Levelling-Up ambitions.

- At the local level, whilst councils and LEPs have more awareness of CWSs, primarily they are seen as a means of utilising under-used or vacant council owned buildings, to support local businesses with cheap office rental space. The full potential of CWSs has not been fully leveraged.

- Both local and national levels of government, need to pay greater attention to, and provide support for, CWSs in old industrial areas, towns and villages and how they might benefit the UK Economy.

- Drawing upon a pilot study of CWSs in three English provincial regions[3], we lay out the challenges faced by (both private and public) CWS providers, and users of these spaces.

- We provide policy recommendations for both local and national level action.

[2] Four reasons rural coworking spaces matter, see https://ruralinnovation.us/blog/4-reasons-rural-coworking-spaces-matter/
European Rural Coworking Project, see https://coworkingassembly.eu/rural-coworking/
Remote Working: Implications for Wales, see https://business.senedd.wales/mgIssueHistoryHome.aspx?IId=34945 accessed 10/09/23
[3].The regions included in the study are Heart of South West Local Enterprise Partnership (HoSWLEP), Stoke & Staffordshire Local Enterprise Partnership (SSLEP) and Thames Valley & Berkshire Local Enterprise Partnership (TVBLEP) – for more methodological details, see Appendix.

Definition of 'coworking'

"Coworking is redefining the way we do work. The idea is simple: that independent professionals and those with workplace flexibility work better together than they do alone. Coworking answers the question that so many face when working from home: "Why isn't this as fun as I thought it would be?"

Beyond just creating better places to work, coworking spaces are built around the idea of community-building and sustainability. Coworking spaces uphold the values set forth by those who developed the concept in the first place: collaboration, community, sustainability, openness, and accessibility."

Source: https://coworking.com accessed 10/09/2023

Who provides CWS and why

- Commercial companies seek to profit from renting out space whilst creating communities of businesspeople within those spaces (e.g., WeWork).

- The shift to flexible, hybrid and remote work has left many people and organisations, searching for spaces that can be easily scaled up/ down, based on flexible, cost-effective contracts. This challenged the business models of traditional office space providers who are rebalancing their portfolios away from longer term leases with fixed square meterage towards this flexible mode (e.g., Regus, Spaces).

- For some private providers (individual entrepreneurs, or Local Chambers of Commerce) particularly those in old industrial towns, rural or coastal areas, the profit motive may be equalled or even surpassed by, a socially driven desire to contribute to the development of an area with which they have a (personal) connection.

- Local councils and local enterprise partnerships (LEPs), universities and HE colleges we interviewed use CWSs as a tool to help develop their local area, profit is generally not a motivating factor:

  "…the private sector are much more in it for profit. We [public sector owned spaces] want to breakeven. We don't want to cost the taxpayers any money. If we make a little extra marvellous, we'll pay it back in." (POL1/SCC/SSLEP)

- For councils in particular, the ability to bring unused public buildings back into use provides not only the ability to offer CWS at low cost, but also ensures the buildings are maintained.

- Some Councils and LEPs have invested in new CWSs and ventures as part of local & regional revitalisation efforts.

- For universities and HE colleges, CWSs are a means of facilitating connections between their institutions and their local business communities.

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Benefits of CWS to tenant users

These are well documented in the popular press and media and include:

- The provision of a professional address and workspace with access to resources such as office furniture, computers, printers, wi-fi and meeting rooms.

- They do so on more flexible contracts and often on a lower cost basis, than traditional office space providers.

- They offer physical proximity to people who might otherwise be working alone in isolated locations, and build in 'collision spaces' within their organisations, with the intent of facilitating social interactions between its multiple, independent users.

- In doing so, it helps to overcome a sense of loneliness that may be faced by individual who work from home, contributing to their positive mental health and well-being.

- Physical proximity can generate positive spill-overs through observation, socialization of the users can lead to incidental 'spark moments', purposeful knowledge sharing, and even enable the identification of new markets, or opportunities for novel business partnerships to develop.

- When in situ, CWS managers are often pivotal in organising support services, events and activities, and helping tenant users connect with one another within a CWSs. They will typically 'ask the community [of CWS users] what is holding you back in your business. What do you not know? What can we help you with?' (MGR1/CW6/HoTSWLEP) and look to host appropriate workshops and training events to address particular user challenges.

Benefits of CWS to their local economies*

- These are less discussed in the media but are of increasing interest to regional economic geographers, sociologists and policy makers.

- From our study, (particularly for towns and areas which might not have a discernible sectoral focus for which policies based on existing, or potential industrial strengths are unworkable) CWSs potentially offer the ability to strengthen and grow the local business community from grassroots level:

"something like 98% of our [local] businesses are micros. They're tiny. We have huge numbers of people scurrying around on their own or with one or two employees. I feel that these people will be better off sharing space and they are out there all by themselves….I just think, you know, people bounce ideas of other people." (POL1/SCC/SSLEP)

"…the industrial strategy driven stuff …costs a lot of money. It requires an overlap of existing assets. Whereas for, say, a market town that wants to capture a new demographic and wants to give them some degree of visibility, ability to thrive, ability to enhance the value of the networking climate your market town… If it has a lot of professionals …who have, or run a business, wouldn't it be better to get them all in a place where they can get to bump into each other? And one of them can recommend an accountant, and the other one could say "I've got a mate who's in…." or, "… who invests in these type of propositions…", that's a bit more facilitating and less purposeful, but actually, if you're looking at how places thrive… " (PO1/BW/WoELEP)

- The potential for additional positive spillover effects is also recognised by our participants. For instance, vibrant CWSs can bring custom to local high streets and support local suppliers.

  "if you're in one of the kind of non-city centre locations, it's probably better for your local economy in that people are more likely to go to the pub locally afterwards or buy lunch, etc., etc., and [you] may well also have a wave of incoming demographics" (PO1/BW/WoELEP)

  "It's (CWSs) not necessarily considered as highly as it should be…, not just in our region, but across Britain [it] can have a massive contribution to the economy and supporting small businesses. And I think the aspect for reducing travel,…is massive across this region. I think, not just for climate change reasons, but actually just for the reduction in traffic in our regional capital city. (POL1/DCC/HotSWLEP)

- Some CWSs also organise events and activities that are open to the wider local community and support local charities.

  "[We host] community events so that we can contribute back into this area and give people an experience of things that they might not necessarily be able to access" (USRx/CW1/TVBWLEP)

  'We're partnering with a couple of charities. The revenues that we're bringing in is then feeding into that local charity'" (MGR1/CW3/SSLEP)

Challenges

UK broadband coverage

- Despite the rollout of 5G, in rural areas, broadband and Wi-Fi are still problematic, limiting the provision of CWS in rural and coastal areas even if it is believed an area would benefit from its provision.

"...large swathes of our countryside, particularly for rural sort of businesses, really still struggle to connect to decent broadband and Wi-Fi ...A lot of our infrastructure is still all copper...there's a lot of concern about the switch-off of 3G because not everybody gets 4G, so what are they going to do? And 5G?..., everybody just laughs."
(POL1/SCC/SSLEP)

"oh my god the number of times I would walk into the building with a sense of dread, and someone would go 'oh the internet's crashed' and I would be standing on a chair you know, turning it on, turning it off, again..." (MGR1/CW5/HoTSWLEP)

Singular understanding of the term 'coworking space'

Corporate, Urban Providers...

- ... have significantly different characteristics, cultures and philosophies compared to CWS provision beyond these areas.

- Previous studies (Bieman, 2021) found CWSs in cities are run, for profit, by corporates (e.g. WeWork), often as an evolution of their standard office rental space business model (e.g. Regus).

- They seek to attract digital nomads and young(er) skilled workers in the digital, creative and professional services.

- Whilst there can be a temporary and mutable community built within that space, the precise nature of that community is hard to pin down. Spinuzzi (2012) has described it as forms of "working alone, together".

- Additionally, it is questionable how much and in what ways, such CWSs contribute to their locales.

CWS providers in industrial towns, villages, rural and coastal areas...

- ...are often strongly focussed on community building (both within and beyond the space), business support, developing local entrepreneurship, supporting local skills development.

- As such, private CWS in these areas tend to adopt characteristics akin to social enterprises[4], and public sector owned CWS (local councils and LEPs), those of not-for-profit organisations.

- They tend to attract more mature workers, from a broader range of sectors (including education, healthcare, public services in addition to those found in cities) but also enable women and youths to enter the workforce.

- CWSs in non-urban areas behave differently to their city counterparts and have the potential to have very different impacts on their locales:

- Lessons emerging from a virtual meeting of rural coworking experts from across Europe (Schmied et al, 2021)

1. Rural coworking cannot be developed as a classical business model but needs to be adapted to the local challenges within the specific region.
2. Rural coworking should not be seen as a pure business case. It should be viewed more as a social enterprise.
3. Peer learning opportunities like this [virtual meeting] event are essential for the emerging sector and should be continued.

- As a result, they would benefit from, and deserve, differentiated, specific policy support compared to their city based, corporate counterparts.

[4] https://www.socialenterprisemark.org.uk/what-is-social-enterprise/

An unrefined definition of CWSs has financial and policy implications

- Whilst CWSs are themselves businesses, offering cheap, flexible office space, beyond major cities, they may be accompanied by business support services, and crucially create a group of people who support, exchange ideas, socialise together and who build a community *together.* They and their tenant users, are more strongly tied to their local area (often living within <10 miles of the space) than corporate providers and their digital, nomadic users.

- These types of CWSs are themselves SMEs[5] that act as an umbrella type of organisation, hosting numerous other enterprises and SMEs "within their four walls".

- As such, they occupy physically larger spaces than any one of its tenant users would have, had they rented/bought office space of their own, independently. This means the CWS is subject to business rates whereas the tenants within them would not be, and are not, liable.

- Similarly, during COVID19, the Chancellor provided >£90 million of loans to SMEs under the government's Coronavirus Business Interruption Loan Scheme (CBILS). However, many CWSs of this nature did not qualify, yet their tenants would have, had they occupied their own leased space. Nor did these CWSs qualify for the government-backed scheme to provide financing to larger companies operated by the Bank of England (which the corporate space providers were eligible for), thereby falling 'between the **'cracks' of the two initiatives.**

In effect, the independent, non-corporate, non-urban CWSs we spoke to, felt disadvantaged despite providing important supportive, community building, local economy contributing, services.

[5] As defined by the UK government at https://www.gov.uk/government/publications/fcdo-small-to-medium-sized-enterprise-sme-action-plan/small-to-medium-sized-enterprise-sme-action-plan

A highly fragmented public funding landscape & absence of metrics

- Whilst some CWS were established with private investment from the founders, some CWSs (from both public and private realms) used European Funding (e.g., ERDF and Erasmus), signalling their strong connection to regional development and education missions. Brexit has removed this source, and the funding landscape is more fragmented.

- Most CWS managers/operators we interviewed (both private and publicly run) had awareness of a range of potential public funds, including:

  - Levelling up Fund
  - Shared Prosperity Fund
  - High Street Fund
  - Heritage Fund
  - Getting Building Fund

"a couple of chunks of Local Growth Deal funding found its way into the Local Chamber of Commerce, one chunk of Growth Deal funding went into one area, and there was "Build Back Better" funding that went into my area to support the with the fit out [of the CWS]. (POL1/LEP/HoTSWLEP)

- Moreover, the funding pots generally supported the establishment of new CWS and initial capital outlays, but there was a shortage of funding available for growth.

- This frustrates and limits the growth of successful CWSs and their abilities to contribute to their local economies.

- Additionally, given the limited human resources running CWSs, it can be difficult to provide the level of detail required within an application regarding performance or impact metrics because such data was not routinely and systematically collected at a detailed level and was typically a low priority for most poorly resourced CWS.

- "if I had an opportunity to get funding I could certainly go back and gather that evidence but it's not something I bother to keep track of over time, from the perspective that I haven't had a need and I am time poor so I wouldn't bother". (MGR1/CW1/TVBWLEP)

Potential over-supply of CWS spaces

- CWSs are experiencing a boom with the growth of flexible work, post-COVID.

- In some provincial and rural areas, there is potentially over-supply relative to local demand. This partly arises when opportunistic operators seek to create profits by leasing out disused buildings and space, rather than creating genuine CWSs.

- CWSs in cities may specialise in the types of tenants they seek to host e.g., digital creative media, architectural or legal firms and suchlike. This offers them a means for signalling their differentiation to the local market and means that pools of specialised knowledge can emerge.

- Due to the lower density of the working population in towns and rural areas, CWSs these regions do not tend to target specific sectors or workers. As a result, on paper at least, it may appear that duplicative spaces are populating the area. e.g., offering desk furniture, meeting rooms, free coffee.

- However, in the provincial regions, true CWSs (as opposed to those offering merely flexible office space) that embody the value of community building, do have their own intangible distinctive culture and vibe. These will affect the extent to which knowledge is shared and created in this spaces. However, the distinction between the CWS may only be distinguishable experientially. Some (but not all) CWSs consequently offer free taster sessions for a day.

Lack of regional CWS networks & coordination

- It seem CWSs have awareness of other CWSs in their area, but generally do not seek to create networks to share experiences.

- CWS may try to respond to a call for public funding which may also draw interest from the Local Chamber of Commerce, or local HE/FE institution who are proposing to use their CWS, innovation hub or similar hub, to address the call's aims in a similar way. So, whilst both are seeking to contribute to the regional economy in similar ways, they end up in competition with one another, rather than coordinating or collaborating, to generate a bid with potentially greater impact on the region.

- Even with smaller pots of funding related to say, addressing "social media marketing" skills in the region, CWSs may end up duplicating each other's efforts and not having the take-up that they desire from the local business community:

…"I do not understand why, when there is an amount of funding, it's always for the same thing and we all end up 'competing'…within a two week period we'll all be running courses on the same subject and of course you've only got so many people that are going to go to them, and they all find that they don't get the numbers that they need… that's where the relationships are needed – [to] communicate about what you intend to deliver, because you can deliver something under the same funding rules that's slightly different that will attract a different market, instead of you're all giving the same title to the same thing and all doing it within the same two weeks." (MGR1/CW2/HoTSWLEP)

Mixed experiences of support from regional anchor organisations

For some (private) space providers, experiences of connectivity to, and support from, councils and LEPS was poor, whilst others experienced greater degrees of support.

Lack of support

"In terms of general Councils and local enterprise partnerships and so forth, or the Chamber of Commerce. We haven't found it overly helpful."
MGR1/CW3/SSLEP

"I don't have such a good relationship with my County Council, I don't know why. I mean I think part of the reason is, they never come when they're invited."
MGR1/CW2/HoTSWLEP

"…we did have the Department for Work & Pensions, they were based here for nearly six months. So, they do know we've got premises, but nothing ever came out of it in a more direct cooperation. So that was it." MGR1/CWS2/SSLEP

Supported

"For somewhere like Stoke and Staffs., we have a particular image that we might need to move away from…it's a very heavy manufacturing area ,..[the creation of CWSs] [one way] was to try and change the narrative to say 'look, we are a contemporary city, area….we have these spaces'. We've got quite a lot of games companies here. They're small but they have significant clients so where do they go? Those sorts of sectors, which are highly collaborative just by the nature of the sorts of work that they're doing; how do you actually foster that? Coworking spaces are a way in which you could be seen to be doing that."
MGR1/CWS1/SSLEP

A good practice case study:

Devon County Council and Devon Work Hubs

Devon Work Hubs

"Devon Work Hubs is a network of flexible and friendly coworking spaces across Devon…, made up of over 24 diverse Hubs, each one independently run, local-focused and designed specifically to help communities flourish.

The Devon Work Hubs network spans all of Devon – with workspaces from Barnstaple to Torquay. Each Hub has its own communities and quirks, but they all have the same welcoming vibe."

https://devonworkhubs.co.uk/why-devon-work-hubs/ accessed 19/09/2023

Devon Work Hubs

- Devon Work Hubs (DWH) originated in 2012 from Devon County Council's (DCC) desire to grow the local economy and recognition that the region had a lot of people who worked from home.

- Since the pandemic, with the growth of digitally enabled remote working, and the inflow of people relocating to the area, demand for their spaces have grown.

- The ethos behind DWH has evolved beyond the mere provision of office spaces, to building a network of mutually supportive communities in numerous areas across their rural region.

- Perhaps uniquely within England, DWH do not own or manage, any of the spaces. These are all individually established enterprises.

- Initially DWH helped entrepreneurs to apply for funding to support the creation of new spaces across Devon in areas that had no work hub type provision.

- The work hubs enable individuals living in rural areas with poor, or no broadband at home, to access steady reliable Wi-Fi and broadband at a nearby location. They span the entire geography of Devon.

- DWH report that they have found that fewer people commute daily to the regional capital - Exeter and remain in market towns and villages near to where they live. This has helped to reduce congestion and has had a positive impact on the environment.

- Each hub in the network is relatively small – a preference of DWH. Yet the hubs are also very varied in focus – with some targeting the office-based workers, but others that are focussed on arts and creative type businesses, or female entrepreneurs for example.

- With >24 hubs now, combined with a tighter funding environment, DWH have shifted their focus from supporting funding bids for new spaces, to supporting the network of existing hubs.

Devon Work Hubs

- DWH consider themselves a 'network organiser' which encourages the hubs to support each other and engage in inter-hub collaboration and learning, in the same manner as the hubs encourage collaboration between their users within their spaces, DWH get the hubs together on a regular, quarterly basis to discuss experiences and share practices.

- They seek to help skills development in the County, if the hubs indicated a skills deficit, or training requirement, the DWS would ask if one hub/its users had, or could help develop, those skills.

- They would also help hubs to connect to other departments in, and programmes run by, the council should the need arise. e.g., supporting adult literacy. They signal these opportunities in their regular newsletter to the hub network members.

- A large role undertaken by DWH is to assist with the marketing, promotion and communications of all 24+ hubs bringing them all under the DWH brand. For example, they have created promotional videos for several spaces hosted under the DWH webpages.

- Additionally, if a hub was struggling to get users/tenants, DWH would seek to use some of their (still limited) budget to do some targeted social media advertising.

- DWH are also able to put hubs in contact with their broader network of contacts (outside the hubs) if required.

Recommendations

To national level

- Improve broadband roll out and its upgrading, into rural and coastal regions, more rapidly. The risk is that opportunities will be lost as the use of remote and hybrid working becomes even more commonplace as the nature of manufacturing and service industries evolve in line with technological advancements such as digitalisation..

- Simplify the funding streams from which funding for CWS in non-urban areas can be accessed. Such areas tend to be less attractive to corporate providers, and provision is from entrepreneurs and local government actors who have very limited resources devoted to search, and bureaucratic/administrative activities.

- Revise the calculation of business rates to recognise that CWSs in such areas are themselves small businesses, despite their physical size required to host & support other local businesses.

- Explicitly recognise in public policy the potential and role of CWSs in local and regional economies, as exemplars of new flexible working practices, and as potential facilitators of training, skills development, innovation and entrepreneurial experimentation. This will place the UK in line with policies in other, comparator nations.

To regional level

- Whilst local councils have had prior experience of establishing workhubs, the ethos and nature of these were different to coworking spaces (Dwelly & Ross, 2013)

- Workhubs were a means of supporting local small businesses and entrepreneurs by providing them with relatively cheap premises which would offer some professionalisation of their work. However, occupants were considered as isolates. The idea of creating a social network and supportive community within that building was not a motive for their creation.

  "…they've either converted buildings they've owned… and then they've set them up with offices or working spaces, little rooms…probably more office spaces rather than as collaborative spaces and aimed at smaller/medium size enterprises". (POL1/LEP/SWLEP)

- Non-urban CWSs, should have the creation of a community as a core value and evolve the workhub idea given the much larger degree of flexibility around hybrid working practices:

  "many years ago …we as economic development officers thought that they'd [work hubs] be great things for rural areas because it would get people out of their houses, out of their sheds and get them into places where they could have proper registered business addresses…they could access support and that sort of stuff. Since COVID … "what I think, and what I think other people recognise, is that, if they want to work at something on their own in a relatively quiet area, confidentially, they can do that back at home. But, if they want to interact with others and share ideas, and perhaps, you know, collaborate on things, then they can come into a coworking space and feel comfortable doing that". (POL1/LEP/HoTSWLEP)

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Thoroughly assess the demand, quality & type of CWS needed

- Emerging from our fieldwork, is the strong impression, that the growth and provision of CWS in the geographic areas of our interest, is opportunistic, or following a bandwagon effect. There is little evidence of strategic planning, and even where there is, the weight of evidence gathered about demand levels is limited. This is true irrespective of whether the provider is public or private sector led:

"I think in many respects if you're a smallish concern and you see an empty building in an area, what many people have been thinking, I think, is people will get a bit sick of working from home, so we want to try and draw them out. They may well not do a proper supply and demand analysis. They will see an opportunity and think, "Okay, we'll market it" and they're pushed out there. So, that's why in the towns and places you see some of these buildings converted quite cheaply to be honest. They provide Wi-Fi, they provide a phone line, they provide a desk, but you pay quite a bit for all these things on top and the quality of the environment varies enormously." (POL1/LEP/SWLEP)

"I think the problem is I don't think the policymakers have necessarily thought about how you do it. How you get the right type of mix, and whether the state should be involved at all, and if it is, how it is so?... clearly the R&D innovation, university research proposition (for CWSs) is much more visible for local policymakers and for national policymakers ....How do you make it happen? What's the quality of space needed? ... [CWSs] sit in that really interesting part of the market, which should be much more viable...so yeah, I mean it's like how do you design it for what the market you want to deliver is?" (PO1/BW/WoELEP)

- Poorly considered provision both in an individual space, and the number, quality and variety of CWS types in a region (across both public and private provision) have implications on the experiences of the user tenants, not only of a single space, but could potentially colour their perception about CWSs in general. This in turn could affect the rate of take up of CWSs and the intensity of their use, making any programme that might be created to encourage and to support CWSs, doomed to failure.

- This may mean the potential of CWSs to help the development of regional economies, fails before it even begins, as over supply will mean each space is under-utilised, and eventually does not make economic sense and therefore will close.

Improve the gathering and use of metrics

- The sense is that CWS in old industrial areas, towns and villages, are experiencing an 'emergent' industry phase – lots emerge, but at some point, there will be shake-out and many will disappear.

- There is generally no requirement by local councils either, for CWSs to report such data to enable regional policymakers to assess the state of provision and take up of CWS.

- Where reporting was requested by the local councils the information requested, was minimal and basic:

"we do monitor the ones that previously have received funding …how many businesses they've got through the door, and how many people have used their space in terms of key performance indicators. From a XX County Council perspective, it's just a report that we'll do on a yearly basis to the management team. …the reports are not fancy or anything really. They just sum up what might have happened over the previous year in terms of meetings that we've had with the [spaces], seeing how they're getting on, and semantic data evidence - a lot of it, to be honest as marketing videos". (POL1/DCC/HotSWLEP)

Further issues for strategic consideration

Create a local (or even national directory) of CWSs to help regional development.

- There is no directory of CWSs in the UK, although as mentioned previously, some CWSs register with private listing organisations that operate internationally (so that digital nomads can more easily move between locations). However, many of the spaces we visited did not attract digital nomads, but local people[6].

- A body to register CWSs, their offerings and any unique identifiers at local level, perhaps then aggregated to national level, would provide a response to the critique that CWSs are proliferating rapidly and in a not necessarily well-informed way, particularly in less densely populated towns and villages, leading over supply of service provision.

- On the supply side, a directory could help conduct a better assessment of need or gaps in a particular geographic, sectoral or other means of differentiating between markets.

- It would also aid the demand side so that whilst convenience of accessing a specific location is probably a key consideration, potential users of CWS could also be aware that whilst on the surface the offerings appear to similar, the spaces are actually quite differentiated.

- Coworkies.com[7] have 300+ stories of CWSs around the work on their blog. Whilst these are primarily studies of city-based space, they indicate the sheer variety of CWSs that exist; there is scope for CWSs in a region to be more differentiated than they are.

[6] Whilst some rural CWSs have been established in prime tourist destinations that attract sufficient numbers of digital nomads to keep them profitable, they have been subject to criticisms of crowding out local residents, by raising house prices and rent etc.
[7] https://blog.coworkies.com/coworking-stories/

Consider the extent to which private and public providers of CWSs in the region form a network and how this might be supported by local government.

- Beyond being aware of the provision in the region, through the creation of a directory, there may be benefits to the region if CWSs shared knowledge and information to a greater degree.

- Whilst they are independent enterprises, and may experience a degree of competition, moving towards co-opetition[8] maybe more beneficial. If a particular space was at capacity, referrals and recommendations about space availability elsewhere, would still get people out of their houses, but in working the vicinity, retaining the potential positive spillover benefits to the region indicated earlier. This would also offer a potential solution to the problem of relatively easier access to funding to establish a new CWS than to grow an existing one and upgrade its capital and broadband provision.

- Some coordination at regional level about what the events and training they propose to host would help reduce the duplication of provision within a short period of time and low attendance figures.

- Councils and LEPs could take on a stronger role in developing and supporting a local and regional networks of CWSs. The Devon Work hubs model is an example.

[8] Co-opetition – a situation where organisations which are normally competitors may each gain if they were to cooperate on certain matters (Brandenburger & Nalebuff, 2021) .

Consider the extent to which a CWS should individually, or as a regional network, link into local skills providers/ programmes, and other regional organisations e.g., HE Colleges, Universities and Local Chambers of Commerce,

- In non-urban, rural CWS, there was a sense that there were opportunities, often unrealised, to connect with, or complement the activities other regional actors.

- For example, with respect to skills development :

  "…some of these business owners haven't done any learning or skills or training or qualifications for quite a long time, probably since the left school or college, some of them. It's very difficult to get these people engaged… to 'come and do this 12-week course'…" (POL1/SCC/SSLEP)

- For business owners taking time out to do a 12-week course is a significant commitment. But if they operated from a CWS for a few days a week, they may

  a) learn and develop new skills through observations and interactions with co-users of that space,

  b) they may observe the benefits new skills could offer their business and incentivise them to devote time to take up training on a short course at their local college.

- Similarly, with respect to

  " … the emerging technologies, whether it's in decarbonization, or aerospace or whether it's in the digitization of health products, a lot of these companies are not doing what they don't know yet, or even know what questions they need to ask, which is why they need to have those conversations in a in a collaborative space with those people that perhaps do know those answers and might not come from those traditional industries which they would normally call upon." (POL1/LEP/HoTSWLEP)

- Working with the local university CWS may enable them to experiment with a range of equipment and gather other opinions and experiences, prior to investment. Indeed, some may find they only require occasional use of such equipment and could become a tenant of the CWS on a flexible basis.

- A good working relationship at the inter-organisational between a CWS and the Local Chamber of Commerce can be invaluable

"We've benefited massively from it haven't we? You know it's helped all our businesses and the contacts and the trust we built up and it's a support network, isn't it? I met a lady recently, she put something out on her Facebook page in saying "Help! I want to change the direction of my business. I don't know where to go. I've been to my bank and they want to sell me this, that and the other…" and she hadn't even heard of the Chamber of Commerce and bringing her in and she's now on a start-up course here. Even though she already runs a business, she's changing direction 'cause she's had to, because the business she had, it's dying basically. So, she's diversified and we've plugged her into the network … Yes, and she's so excited and she's met all these people." (USR3/CWS1/SSLEP)

Finally, consider the requirement for grow on space and support

- Within our sample, we had CWSs that offered grow on space within the same building enabling a user to go from hot-desking once a week, to having a small office for 2-3 people all the way up to taking up desks for 20+ employees. We also had CWS, that only offered CWS, if the business needed space there was a big question, of where they would go and how much they would feel the absence of the community support provided by the CWS:

- "…if you just offer space without any of the other support or the understanding of what do people want to do next, and help them with their ambition, then you end up with them just stuck in coworking spaces which is what happened with a lot of incubator units in the past. So, I think if you're going to do this, what do you need to put around it to help? …I think there needs to be some more consideration about what actually is the connectivity and what's it for really. If it's just to provide a lot of space then fine, that's all it does and I think that's fine, but if you're serious about thinking the coworking space has a way of driving the economy and changing the economy, then it needs to have a lot more around it". MGR1/CWS1/SSLEP

Conclusion

- Enabled by digitalisation, coworking spaces offer an opportunity for place-based regional development in old industrial areas, towns, rural and coastal areas, yet in the UK, policy approaches to them ignore or are, at best, fragmented and uncoordinated within and between regions, compared to other nations.

- CWSs in such locations, differ in character, motive and ambition to those traditionally written about, in cities. In particular, their ability to contribute to regional development and the Levelling-Up Agenda, warrants them more serious consideration.

- We have highlighted through our interviews with CWS owners, managers, users and local government bodies, that such CWSs face many challenges, from the poor provision of reliable broadband, a bewildering mosaic of funding pools, unfavourable tax treatments and weak networks for shared experience and learning between CWS providers, to weak connectivity with other regional anchor institutions. We cite Devon Work Hubs as an example that addresses many of these issues.

- We have presented several recommendations to national and regional level policymakers which we perceive as necessary to enable CWSs to reach their full potential as agents of regional development and growth in areas, beyond the usual urban cores.

- As a caveat, our study is a pilot one with small numbers relative to the population and regional distribution of CWSs across the UK (outside of London). As such, our findings, may not be generalisable. However, from a wider reading of academic studies, reports, media coverage and grey literatures from CWS providers, and local governments in other British regions, we have confidence, that further fieldwork will serve to both strengthen our findings and diversify the range of challenges and policy considerations we might develop in any future, scaled up study.

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Appendix - methodology

- We examined CWSs within three English regions (outside London: Staffordshire and Stoke-on-Trent - SSLEP, Heart of South-West - HoSWLEP and Thames Valley Berkshire – TVBLEP. These were selected for this pilot project via a combination of convenience, and purposeful sampling to identify their distinct socio-economic geographies and associated challenges. Our objective was to provide indicative cross-region insights on CWS, industry users and the potential for regional policy lessons.

- The sample generated qualitative data from CWSs located in a traditional Midlands industrial region seeking to reverse a period of long-term decline, a second-tier vibrant city in the South-West, and several CWSs in both rural towns (some within commuting distance of London) and coastal areas.

- Between February and May 2023, we visited 8 CWSs across all three LEP regions (plus some additional CWS manager interviews via Microsoft Teams in August 2023). The sample included a mix of owner-manager CWS, partnership-type CWSs, a Further Education co-sponsored one, and one run through a local Chamber of Commerce.

- In total, we conducted 12 interviews with CWS owners and/or managers and ran 11 focus groups with CWS users. In total, 60 CWS managers and users participated in the study. Both the interviews and focus groups were held at the CWS premises and lasted between an hour and an hour and a half.

- We also conducted 7 online interviews (lasting an hour) with policymakers (from Council Level and LEP level), or bodies with significant influence on shaping local policy. Transcriptions were generated simultaneously with the interview recording by MS Teams software.

- Topics across all interviews included the use and characteristics of CWSs, the degree of networking, knowledge transfer and co-learning among users, and between CWSs in the region/across the CWS parent organisation, and the role of CWSs in reviving regional economies. For the purposes of this document, our attention is on those responses that relate to issues around policy or policy deficits.

- The interviews and focus groups were conducted by the research team and were digitally audio-recorded before being professionally transcribed. The research team were aware of the danger of response bias and followed procedures to avoid such potential biases in the questioning techniques employed, so as to ensure reliability and validity in the data collection This included issuing each participant with an information sheet, a consent form and providing assurances about the anonymity of interviewees. The project was also given ethical approval by our home university.

- Following transcription, we used a directed content analysis to identify emergent themes **from our interactions.**

We thank those who participated in this pilot study for sharing their time and experiences so generously and openly.

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