



The Workspace, Wolverhampton



Location
Wolverhampton

Founded
2007

Legal structure
Registered charity and company limited by guarantee with a wholly owned trading subsidiary

Description of activity
Managed workspace with serviced offices, community nursery, community hub

Key assets
The Workspace (building and land owned freehold)

Staff and volunteers
14.5 staff members and seven volunteers

Overview

The Workspace is located in the inner city All Saints area of Wolverhampton. The building itself dates from the late 1800s and for the majority of its life operated as a primary school run by the City of Wolverhampton Council. The asset is managed by All Saints Action Network (ASAN) (a registered charity and company limited by guarantee). ASAN operates as a community development trust and runs several community businesses within its area of benefit.

In 2001, the school was closed and returned to the ownership of Baron Barnard, whose ancestors originally gifted the land in the 1800s. Soon after, ASAN began the process of undertaking feasibility studies and seeking financial support to acquire and develop the building to be used as a managed workspace. In 2007 it was successful at purchasing the freehold and began the process of extensively refurbishing the building. In total, the cost of purchase and refurbishment totalled £2.2m (the majority of this was for the refurbishment work). Financial support to enable community ownership was drawn from a variety of sources, including: a venture capital fund, the Regional Development Agency, Advantage West Midlands, Sport England, the European Regional Development Fund, and the New Deal for Communities programme.



What difference community ownership makes

Community is at the heart of the work undertaken by ASAN, with a majority of board members drawn from the local community, providing direct representation at a high level. Furthermore, the community ownership of the asset has generated a number of direct benefits. The Workspace currently employs 14.5 full-time equivalent staff, the majority of whom live in the local area. The asset also provides a location for local businesses who use the serviced offices, and is home to a local nursery – the All Saints Day Nursery, also managed by ASAN. The Workspace generates surpluses which are used to provide community services and generally further ASAN's charitable objects. These include provision of a free "Tool Library", a recycling service for local residents and holding an annual community festival, as well as organising diversionary activities for local young people over the school holiday period.

If the asset had not been taken into community hands it is unclear what the alternative outcomes would have been. Neighbouring land, which once also housed a school, fell into disrepair and a similar outcome may have been likely for what is now The Workspace.

Financial health

The financial health of the asset is considered very good and is something that has improved over the last few years. The strength in financial health is attributed to the stable and predictable incomes for the asset. Owing to the age of the building there are specific potential challenges related to the maintenance of the building, which is a particular concern in terms of the future health of the asset. To address this, the management team commissioned architects to develop a long-term maintenance plan, which details the investments that may be needed in the fabric of the building, and the costs that this might entail. This helps them to anticipate where certain significant expenses may arise and to budget accordingly.

Three key factors that have affected its development and financial health:

1. Financial support that enabled acquisition and redevelopment

When the building and land became available ASAN acted quickly to express an interest in acquiring it. A significant barrier to this was the need to raise a substantial amount of money to firstly purchase the land and secondly to undertake the substantial redevelopment that would help create a viable asset. In total, ASAN needed to secure £2.2m to

enable this to happen. Early support was provided by a social investor (Adventure Capital Fund, now known as Social Investment Business) with a £200,000 loan (and £50,000 grant) with other grant funders providing ranging sums of funding that helped to ultimately secure the asset. Essential support was also provided by the local council who provided vital interim 'cash-flow' support to enable building work to be started whilst the funding from other sources was accessed. The significant sum that The Workspace was able to secure has also supported the longevity of the asset – "Having an asset that we developed for £2.2m, £2.4m ... [the] development and construction scheme added to the sustainability of the asset because we were able to bring this Victorian building up to quite a decent standard."

Whilst this financial support was integral to ASAN developing the community asset, the fact that much of it was drawn from the public sector created unanticipated conflicts around the relationship the community would have with the building. "We had a cocktail of funding from the public sector, there was some social finance in this ... most of it was grant so there was an expectation from the community that this building would be open to them because it was refurbished using public money so we've had a challenge around balancing business usage and community usage within this building and that's a challenge that we're still grappling with."

The presence of a social investor, particularly at the earlier stages of the asset's life, has helped to create the asset as it operates today. The Adventure Capital Fund, as it was known in the early 2000s, provided both loan and grant funding to help set up the asset. Crucially, it also provided support at a point where the business operations of the asset had been affected by the 2007/08 recession. Prior to this, a key source of revenue for the asset was "conferencing", with charities and the public sector delivering much of the demand for this. The impact of the recession and subsequent austerity policies was that "within a matter of months that part of our market just evaporated." In response to this The Workspace was able to secure £5,000 from its social investor to allow it to conduct a business review and assess how it should respond to this change in the market. It ultimately chose to focus efforts on developing the serviced offices and meeting space side of the business.



3. Stable revenue from The Workspace

A key factor in the on-going success of the asset is the stable income it is able to generate through its business activities. The Workspace primarily provides serviced offices and conferencing facilities. Despite the challenges it faced during the 2007/08 recession, it has built a stable revenue stream through the provision of both of these spaces. Its success at delivering such stable revenues, it feels, is down to capturing a gap in the market.

“When we first developed the Workspace we were very apprehensive about renting out the 21 offices and we did some market testing and...despite that market testing there is always an element of doubt at feasibility and development stage that you will actually fill those offices but we’re very fortunate you know. We have kind of found a gap in the market so all of our offices have been fully let for most of those 10 and a half years.”

Its status as a social enterprise is also seen as a unique selling point. *“Even though we had a major shock to our conferencing business we’ve still got clients conferencing clients that choose to use us because we are a social enterprise. We do get across those messages in every way we can that we’re not a private sector enterprise we’re not trading so that someone can go off and buy a yacht. Those surpluses will be reinvested into the charity into our charitable objectives into making All Saints a better place.”*

Future direction

The Workspace has developed into a stable business that is able to generate a reliable income for the wider ASAN organisation. It has already been through a situation where it has experienced a “shock” to its business but has been able to overcome this. In the future, there may be further such instances that threaten its sustainability and being in a position to weather these is seen as important. The Workspace has a strong customer base and is able to quickly replace vacant serviced office space with new businesses, which helps to give it longer-term confidence in the business plans. The management also recognises that the asset is an old building and has made efforts to counter any threats this fact may present, for example, by commissioning a building plan that identifies when and where improvements to the building may need to be undertaken.

Managing the asset has given both the board and staff the confidence to act in an entrepreneurial manner and seek out new and innovative business opportunities. ASAN is currently, with the support of the Power to Change Trade-Up Programme, seeking to develop an in-house catering business with the aim of internalising the buffet provision for conferences and events in the Workspace.

Financial information

The following table provides an overview of ASAN’s income, expenditure and assets for the year ending on 31st March 2018.

Income	£106,263
Expenditure	£104,916
Difference between income and expenditure	£1,347
Surplus/deficit on ordinary activities before taxation	£231
Annual income from grant or subsidy	£79,502
Fixed assets	£142,405
Current assets (Debtors; cash at bank and in hand)	£149,601
Creditors: amounts falling due within one year	-£46,864
Total	£195,404 (less current liabilities)
Net assets	£336