



District of Stratford on Avon

**Business incubation feasibility study
Summary**

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Stratford on Avon

Business incubation feasibility study – executive summary

Introduction

This report reviews the scope for establishing incubator workspace within the District of Stratford on Avon. The original objective of the study was to assess the feasibility of providing business incubation facilities and services for new and growing businesses in Shipston on Stour. This was extended to consider the scope for providing similar facilities in the other market towns of south Warwickshire.

Key findings

A number of economic development plans suggest that businesses in Stratford on Avon District need more support and several suggest that the provision of incubator workspace may contribute to a more vibrant economy. There is a strong desire to do more to promote the option of starting in business and to do more to support new and growing businesses. The market towns, in particular, all have objectives to attract or develop new businesses and all want to provide additional support including, in most cases, providing incubator workspace. This desire is reinforced by Advantage West Midlands' incubation strategy which calls for improved incubation facilities across the region, but recognises the potential difficulties of providing incubator workspace in rural areas and suggests that virtual incubation may be a good alternative.

Unemployment is low, though there is some concern about the long term future of the larger employers.

In relative terms, there are a high number of businesses and a high number of new starts – measured by VAT registrations, Stratford on Avon has a rate 50 per cent higher than the national average. But there is also a high rate of deregistration. In 2003, the net increase in stock was just 85 businesses. Most businesses have a turnover of less than £100,000 and it seems that many people work from home. Whilst there is some support available, it seems likely that more businesses would survive and grow if there was more support, particularly at the early stages of starting up. Research studies elsewhere have demonstrated the effectiveness of incubator workspace in raising the numbers of businesses that survive five years to over 80 per cent compared to around 30 per cent when entrepreneurs do not seek any support and around 60 per cent when they just seek advice and training.

There are a number of privately owned serviced and unserviced workspaces in Stratford on Avon. There is no real incubator workspace, though there is a small incubation project within Minerva Mill in Alcester. The amount of workspace per business in Stratford on Avon is low relative to the rest of Warwickshire and the West Midlands in general.

Owners of workspace and estate agents report a steady, but relatively low, demand for workspace. There appears to be a threshold in rental levels, with it being difficult to let space at more than £8 per square foot. The business support agencies, whilst recognising that finding premises can be a problem, report that it is not a barrier to most of their clients.

Unless there are revenue subsidies available, incubator workspaces need to be around 35,000 square feet or more to support the management costs. As a rule of thumb, incubator managers work on the basis that they can provide one square foot for each person in the local population.

Whilst south Warwickshire as a whole could support some incubator space, our assessment is that Shipston, Southam and Alcester are not big enough each to be able to fill quickly the number of units normally provided in an incubator workspace development.

Stratford upon Avon, particularly given that many people in the District are used to working there, may well be able to support an incubator. A private sector developer could be encouraged to undertake such a development; there a number of potential developers and at least one has expressed an interest.

There is no doubt, however, that businesses throughout Stratford on Avon would benefit from incubation support. We believe that can most effectively be provided through the establishment of a virtual incubation service, allied with 'touch down' centres (providing wi-fi facilities, meeting space, etc) and small scale workspace developments managed on a peripatetic basis by a hub workspace and with business support provided through the virtual incubation service or by Business Link.

There are a number of sources of funds which may be tapped to provide this combination of support. If it goes well, and demand can be stimulated, then more workspace can be built.

Recommendations

- The preparation of an incubation strategy at least for the county and, ideally, for the sub-region, which might embrace existing managed and incubator workspaces, the creation of additional larger workspaces in larger centres, such as Stratford upon Avon, together with satellite workspaces, joint marketing and the provision of business support;
- The provision of a virtual incubation service to cover the District of Stratford on Avon with touch down centres at suitable locations covering at least Stratford upon Avon, Shipston, Alcester and Southam;
- Encourage a private workspace developer to create an incubator workspace in Stratford upon Avon;
- The development of a network of small scale satellite workspaces – as funding allows – or else by encouraging private sector operators to look at smaller developments;
- Farmers with redundant buildings should be encouraged to make more space available for businesses;
- The local authority takes the lead in bringing together the providers of managed and serviced workspace to engage in a joint marketing programme;
- Continue to provide funding to support the provision of an incubation service at Minerva Mill in Alcester; and
- Review with all parties the scope for a community centre allied with business units at Tileman's Lane in Shipston.