



TOWARDS A FUTURE BUSINESS CENTRE FOR EAST LONDON INNOVATION AND IMPACT

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EXECUTIVE SUMMARY

This report sets out to answer whether Allia's successful model of a cross-sector accelerator and incubator can meet the challenges of enterprise and employment in East London by harnessing current opportunities. Enterprise and employment work as two twin poles: the report moves from considering how they currently perform in the context of East London, to looking at what might grow to identify markets with strong potential for start-ups offering a range of jobs. It then explores how Allia's Future Business Centres have worked in Cambridge and Peterborough, before developing an understanding of the Future Business Centre approach to making an impact. This is then used to design a version of the Future Business Centre that might fit in East London as well as the next steps entailed. The overall implication is that it could make a positive difference to enterprises and communities in East London by working as part of a wider system of support, in collaboration with other actors.

The context of East London is one of energy and growth. This is expressed physically, with improved infrastructure, increasing transport links and the opening up of new development sites, with the corresponding increases in population, enterprise and employment. The City Fringe, Canary Wharf and the Olympic Park have been part of this, and it is spreading further east, for instance into the Royal Docks. Despite this (and notwithstanding ongoing positive efforts by a range of organisations) employment rates, household incomes and job prospects are generally weaker in the four study boroughs of Hackney, Tower Hamlets, Waltham Forest and Newham. Enterprises reduce in density and survival rates, whilst reliance on the public sector increases as one moves from the stronger inner boroughs of Tower Hamlets and Hackney to the east. There is an opportunity to use the dynamism and desirability of East London as a destination to create a bridge spatially, between inner and outer London, and structurally, between the promise of enterprise and employment need. The time is opportune to undertake this, before rising prices increase the costs and, therefore, reduce the spaces for action.

Enterprises themselves benefit from support to grow, with accelerators and incubators improving survival rates substantially. Aside from the general eastwards movement, there is also high demand locally for support, evidenced for instance by the heavily over-subscribed Beyond Business programme at the Bromley by Bow Centre. Whilst it is ultimately up to the enterprise to succeed in its chosen sector, technology, creative, health and service sectors could all offer fertile opportunities for enterprises to contribute to meeting local enterprise and employment challenges. This report considers the opportunities and challenges of each of these sectors, recognising that all of these sectors are growing and they have the potential to increase employment, as well as showing some flexibility in who they hire.

Before determining how the Future Business Centre might fit in East London, the report explores how it has been developed in Cambridge and Peterborough. Both centres have a different focus, showing how the overall model of intended impact can be adapted to context. Future Business Centre attracts enterprises with positive purpose and provides them with access to support, learning, resources and networks that enable them to grow financially as well as socially and environmentally, all of which can be described and measured. Importantly, the FBC model shows financial sustainability without ongoing subsidy, meaning that impact can endure over the longer term. Whereas the principal Cambridge Future Business Centre has gravitated towards environmental tech companies, one in East London might consider how tech, health, creative and service businesses have potential as meaningful enterprises generating local employment. Like Social Incubator East, the intensive support and "hatchery" for social ventures provided in Cambridge, a Future Business Centre in East London could nurture a broad range of high impact start-ups that grow into paying tenants as well as serving existing enterprises with a positive purpose and potential for employment as well as revenue growth.

In conclusion, a Future Business Centre in East London can and should be adapted for the context. Combining local employment and enterprise needs with market opportunities could increase the positive intended impact of a Future Business Centre. This will work best by building on existing relationships and capacity in East London to establish and animate a physical space that embodies the collaborative ecosystem of enterprise and employment support. The area on and around the Olympic Park is a promising location for a Future Business Centre East London, at the crossroads of the four boroughs and drawing on the energy and expertise that is entering the area. Future Business Centre East London can both benefit from and complement existing activities to provide new opportunities for enterprises and their employees to grow and develop as they hopefully stay and invest in East London, to the wider benefit of the area. The hope is to build on the significant interest and support encountered during this research to make the promising model a reality, bringing positive impact through collaboration and innovation in and around Future Business Centre East London.



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INTRODUCTION



PURPOSE

The purpose of this report is to explore if and how Allia's successful Future Business Centre (FBC) model can be adapted to the context of East London. The findings of this report will inform:

- the design and delivery of start-up and move-on space
- a structured programme of entrepreneurship support tailored to local demands
- the delivery of significant outcomes, measurable impact and new job creation.

With an emphasis on businesses that will have a positive social and economic impact (ventures sometimes referred to as 'social enterprise', 'mission-led' or 'circular-economy' businesses) such a programme would be different from, but complementary to, innovation and incubation activities presently targeting east London.

WHO'S INVOLVED

Allia have worked with Cocreate, an East London-based consultancy co-operative with experience of social enterprise, urban regeneration, and organisational design, to develop this report, which has been supported by the JP Morgan Chase Foundation. Allia and Cocreate gratefully acknowledge the support of JP Morgan Chase Foundation in supporting this work.



About Allia

Allia is a charity and community benefit society that runs Future Business Centres located in Cambridge and Peterborough on the M11 Corridor. The purpose of these centres is to support and incubate businesses that make a positive impact on society.

Allia has expertise in supporting employment and enterprise, as well as property development and management. It was established in 1999 as Citylife, to create ethical financial products enabling citizens and businesses to invest locally in creating social housing, employment and enterprise for disadvantaged people in their communities. The organisation has continued to issue these financial products and innovate in the area of social investment, including the creation of the ground-breaking Retail Charity Bond listed on London Stock Exchange in 2014. From 2006 onwards Allia has developed and operated business space for charities, social enterprises and small businesses in order to create more sustainable organisations making an impact on social challenges. These spaces have operated in Cambridge and Peterborough.

Allia has worked in East London since 2001, on a series of charitable bonds raising funds for employment and community impact programmes with partners such as Tomorrow's People, Bromley by Bow Centre and Community Links. With the successful launch of Allia's Future Business Centre in Cambridge, it was suggested that such a centre could make a valuable contribution to East London, and the London Legacy Development Corporation introduced the idea to bidders for the development of the western side of the Olympic Park, known as East Wick and Sweetwater. This gave impetus to the idea, which was further supported by a generous grant from JP Morgan Chase Foundation to enable the present research to be undertaken.



About Cocreate

Cocreate is committed to helping organisations with a positive purpose to improve their social and environmental impact. As a consultancy co-operative based in East London, it does this through research, design and implementation of creative solutions across the business, non-profit and public sectors. Cocreate has considerable experience of facilitating deliberative processes to help organisations find their direction, which it has applied to everything from employment projects to buildings to social enterprises. It particularly enjoys using the lens of impact to create solutions to complex problems.



About JP Morgan Chase Foundation

JPMorgan Chase believes in a fundamental responsibility to help its clients and communities navigate a complex global economy and address their economic and social challenges. It uses its strength, global reach, expertise, relationships, and access to capital to make a positive impact in cities around the world. JPMorgan Chase works with community partners to create pathways to opportunity by supporting workforce development, financial capability, small business development and community development in the regions where it does business.

APPROACH AND METHODOLOGY

In order to understand and adapt the underlying Future Business Centre model for impact in the East End of London, this work has focused on some key questions, each of which is covered in a separate section:

1. Context: what is the specific context and need of East London in terms of enterprise and employment?
2. Market possibilities: what are some of the opportunities that an incubator might seek to harness in East London?
3. The FBC model: what kind of impact does the current FBC model generate?
4. Fit: how could a Future Business Centre make a meaningful contribution in East London?
5. Next steps: what needs to happen next?

The report closes with next steps and takes the approach that this is a call to action: having made the case for a Future Business Centre in East London, the need is to find the partners with whom it could work, to make it a reality. The report also considers the potential impact of the new centre.

The methodology used for this report involved primary and secondary research: Cocreate and Allia have engaged with key stakeholders, drawn on existing reports and data sets, and, with JP Morgan Chase Foundation, tested and adapted hypotheses based on interim group events and feedback. The social impact methodology is based on the Transformational Index, a tool and approach to understanding and measuring impact.

What this report is not: This is not a business plan, nor is it a feasibility study seeking to answer how something will work. It is also not an open-ended piece of research into enterprise and employment support in East London, such as a think tank or academic institution might produce. Whilst it might overlap with some of these approaches on occasion, its intention and purpose is different.

What this report is: This is an impact and innovation inquiry into the potential effect of a Future Business Centre in East London. It utilises design thinking based on impact to analyse and synthesise how the Future Business Centre in East London can increase the positive difference it might make.

CONTEXT



EAST LONDON AS A DESTINATION

East London is becoming increasingly attractive as a destination and has its own draw beyond the longer established central locations of the capital. The City of London adjoins Hackney and Tower Hamlets and development is rippling east. The City Fringe refers to the vibrant swathe of economic activity that includes Shoreditch, Brick Lane, Aldgate and increasingly Whitechapel, home to a number of major development projects. On the eastern side of these two boroughs lies the Olympic Park, already notable as a destination and with an increasing profile, reinforced by "Olympicopolis", the term used to describe the co-location of major cultural institutions. University College London, the University of the Arts London, the Victoria and Albert Museum, and Sadler's Wells Theatre, are looking to locate here and discussions are underway with the Smithsonian. The Foundation for Future London is the charity working with these partners to connect them to local communities, with a focus on skills and talent, health, technology and education.¹ More or less due north of Canary Wharf, the capital's other major financial centre, the Olympic Park and surrounding area continue to develop, helped in part by excellent transport links, not just to the capital and the UK, but increasingly to the rest of the world, by rail and air. Crossrail is close to completion and will further improve connections into and across East London. London's spread east is also shown in the investment and expansion of the Royal Docks in Newham.

The four boroughs of Tower Hamlets, Hackney, Newham and Waltham Forest, adjacent to the Olympic Park, and which helped host the 2012 Games, provide the area of focus and study for this report. This is shown on the map to the right.

These boroughs have a combined population of over 1.1 million people, who are relatively young² and ethnically diverse³. This is also the fastest growing part of London: these boroughs occupied four out of the five top places for percentage population growth in the capital from 2005-2011 and this is set to continue. Oxford Economics expect 1.85 million to live in the Host Boroughs (although it should be noted that their definition includes six boroughs: Hackney, Tower Hamlets, Barking and Dagenham, Greenwich and Newham) by 2030⁴. This is growth of 20% on 2013 levels, a gain of 312,000 people, more than the population of any one borough. This underlines the important message that East London is continuing to change – it is not the finished article. And despite a mixed general outlook, economic growth in East London appears less vulnerable. This is partly due to development and partly due to its importance as a hub for some of the fastest growing sectors in the market, notably creative industries and technology, explored later in the report.

Given the combination of major institutions strengthening the offer of the Park area and the overall east London picture of more homes and more jobs, one might assume that East London is all opportunity – but it is not without its challenges.

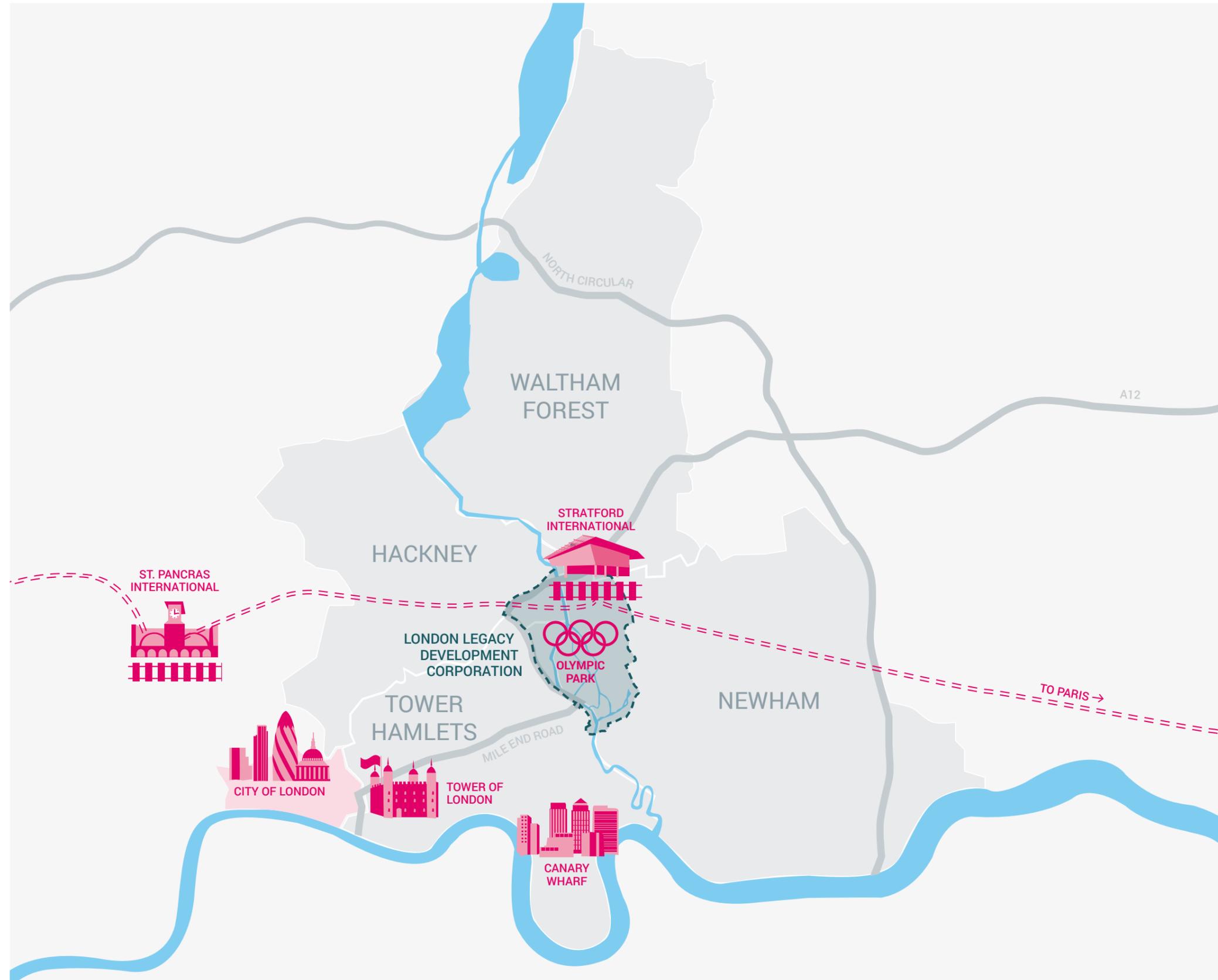


Image 1: East London map and study area

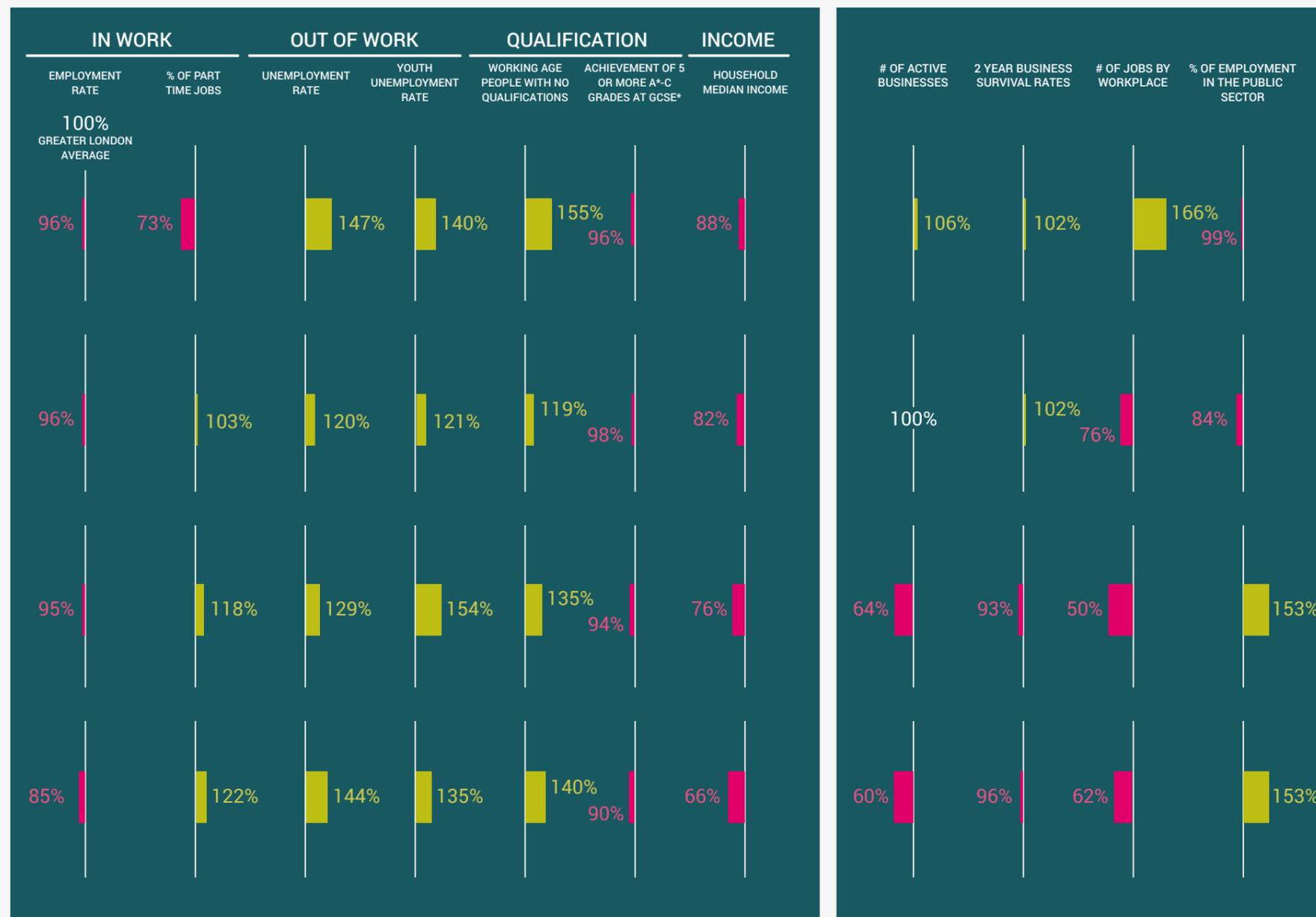
WHY IS INTERVENTION NEEDED IN EAST LONDON?

Historically, East London has lagged behind the rest of the capital in terms of quality of life and wellbeing indicators. Socio-economic indicators around lower incomes and levels of economic activity have given rise to a narrative of “convergence”⁵, the name given to closing the gap between East London and the capital as a whole. Much progress and good work has been made by a combination of public, private and third sectors in East London. Nonetheless, these challenges have proven stubborn and more remains to be done across employment and enterprise to meet the scale of the challenge. This is shown in the graphic below, which takes the logic of convergence and shows the variance of different indicators from London averages.



EMPLOYMENT

ENTERPRISE



Employment

The four boroughs show worse performance in terms of employment than the rest of London. The employment rate, i.e. the proportion of the working age population in work, is around 5% lower in all of the boroughs, except Newham, where it is 15% below average. Unemployment⁷ is also higher, including for young people. Waltham Forest is particularly challenging for young people, with youth unemployment over 50% higher than the London average, which is the highest of the four boroughs. This outstrips the general unemployment rate, which is 29% above the average, indicating that young people are more affected. There are also higher levels of workless households in East London, although this is not shown on the map. To put these rates into the context of numbers of people, closing the gap in terms of reaching the average employment rate – 71% for London – would mean 60,000 people moving into work. Convergence is a long-term project.

This challenging picture in terms of employment is despite improving academic performance: note the gap between the current grades achieved, which are close to London averages and exceed national averages, compared with the high rates of working people with no qualifications. Although figures could in part be due to population change, achievement is improving for younger people and one might expect their prospects to be correspondingly better. Whilst education is valuable, one interviewee pointed out the potential adverse psychological consequences of having worked hard in education only to find that employment is difficult to access for some and opportunities vary widely.

There are also signs of instability in work: levels of part time employment are well above average in Newham and Waltham Forest, by about 20%, although in Hackney they are more or less in line with the average and in Tower Hamlets they are c.25% lower. Household incomes are also lower across all of the boroughs, ranging from 12% down in Hackney to over a third below the London average in Newham. For both measures, a more challenging environment is most evident in Newham and Waltham Forest, indicating something of an east/west split with the Park in the middle as a potential bridge. As suggested by a report from Oxford Economics, “Despite the prosperity of employment growth and significantly increasing skill levels, there still remains a body of lower skilled, potentially disadvantaged and disenfranchised people across the Boroughs. Engaging with this cohort, encouraging new skills and increased employability is key to future prosperity across the sub-region.”⁸

Enterprise

This east/west (or inner London, outer London) contrast is more apparent in terms of enterprise, where the two boroughs of Newham and Waltham Forest compare unfavourably with London averages. Hackney and Tower Hamlets are healthier in terms of enterprise with average or just above average performance in terms of the number of active businesses and their two-year survival rates. These boroughs are functionally part of central London, which skews the data – the City and Westminster in particular have a disproportionate number of businesses. Hackney and Tower Hamlets benefit from this energy in terms of enterprise. What is uncertain within this data is to what extent entrepreneurial activities flow from or are owned by local people and to what extent they simply reflect favourable economic geography and the desirability of the centre. Enterprise benefits may or may not be shared with residents; indeed, the employment picture shows that there are needs to be met in the inner boroughs, as in the outer. But in Newham and Waltham Forest, the number of enterprises is substantially lower than the average, and the survival rates are 4% lower. There is also a potential vulnerability in terms of the higher rates of public sector employment in these sectors. Given the trajectory of shrinking resources for local authorities, this presents a likely challenge for the outer boroughs.

Image 2: employment and enterprise in East London compared to London averages.⁶

WHY NOW?

The four boroughs have been successful but there is a persistent human need in terms of the untapped potential of people who could do more work, earn more money, and, in turn, spend it, supporting local businesses. In parallel, there is a business need, particularly to the east of the study area, in terms of businesses that are less likely to last, which in turn has a knock-on effect in employment and economic resilience. The Host Boroughs Economic Model 2.0 explains that the predicted population growth is expected to outstrip employment growth, so there is a risk that the employment rate will fall and unemployment will stay high over the next 15 years, in their base case scenario. The benefits are not spread evenly. In particular, modelling based on current trends suggests that less than half of new jobs will be filled by local people, with a similar number (46%) going to commuters and 8% to migrants. The report goes on to say, "Synergising the links between engaging with the disenfranchised and increasing the proportion of local people attaining local employment should be a key strategic aim across the Host Boroughs."⁹ Essentially, intervention is necessary to counteract the effect of the area gaining jobs, but also gaining people – often better qualified – faster.

The Olympic Park development represents an opportunity to seek synergy between new enterprises and local recruitment. LLDC and Allia have been in conversation about the possibility of a Future Business Centre on or near the Olympic Park, which would support this. Conversations have explored how a Future Business Centre might fit in current or forthcoming stages of development. And, as stated above, with rising prices there will most likely be a displacement effect of rising rent pushing businesses, especially smaller ventures, further East.

It seems that there is both a need and an opportunity to do more to bridge the gap between local people, meaningful enterprise and meaningful employment – something that the Future Business Centre could help do.¹⁰ Alongside this need, there is a particular opportunity and a timely case for linking enterprise and employment in East London. A key remaining question, pursued in the next section, is what might grow well in the current market context?

KEY MESSAGES

Substantial and on-going investment in the City Fringe, Olympic Park, and Canary Wharf, as well as increasingly into the Royal Docks in Newham, combines with improved and improving transport infrastructure as well as economic clustering and the attractions of the Park to make East London a desirable location in which to live and work. East London is a significant and emerging location in the capital.

Employment is weaker in East London than the rest of London, with poorer results across all four boroughs. The picture for enterprise is more mixed, with a contrast between apparent strength to the west in the inner London boroughs, but weaknesses to the east.

With the growing popularity of East London, prices are likely to rise and smaller businesses may either find it harder to start because of the costs or may be crowded out. Now is the time to harness the entrepreneurial energy, particularly of Hackney and Tower Hamlets, to improve employment prospects in all four boroughs.



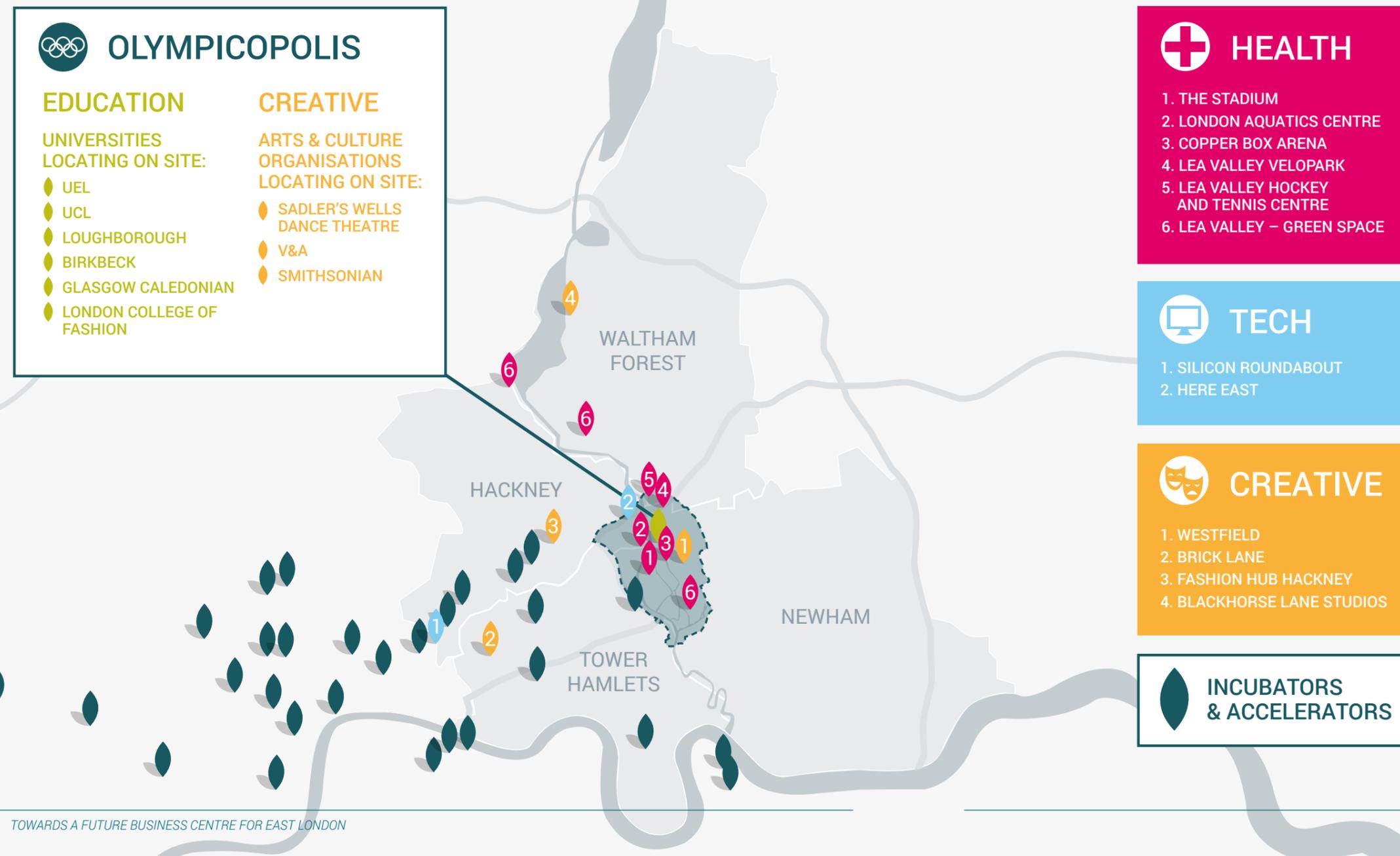
MARKET POSSIBILITIES



INTRODUCTION

Whilst all successful enterprises add to economic growth, not all are equally beneficial for employment, particularly meaningful employment. Having analysed the needs relating to enterprise and employment in the four boroughs surrounding the Olympic Park, this research has also considered what the opportunities are relating to market trends in specific sectors - tech, creative, health and services - and how these relate to the particular needs outlined in the previous section. These insights are exploratory and indicative, not exhaustive. The recommendation is not that Future Business Centre in East London focuses exclusively on these sectors, but rather that these sectors are strategically significant and also act as examples of the how the dynamics of current market trends can be engaged and in doing so find the overlap between need, opportunity and the market.

Image 4: Context: Local opportunity



INCUBATORS AND ACCELERATORS IN LONDON

London is the European capital of start-up incubators and accelerators.¹¹ In 2014, these incubators and accelerators increased the 2-year survival rate for start-ups to 92%, from the average of 75.6% for all small businesses.¹² Despite the growth in number of programmes, demand remains high. Here East offers incubation services for start-ups. Whilst the supply of incubators and accelerators has increased in the last few years, it is still being outstripped by demand. Key characteristics of the current ecosystem of incubators and accelerators:

- Rise in corporate run accelerators in London: including Microsoft, Telefonica and Barclays
- ¼ of incubators and accelerators in the UK are run by Universities and Business Schools¹³
- Over 600,000 businesses were expected to launch in 2015 in the UK, up from 440,000 in 2011.¹⁴ By increasing the 2-year survival rate from 75.6% to 92%, an increase in effective incubators and accelerators would have a significant overall impact on the economy, particularly regarding employment.

The Beyond Business Story

In the last 5 years, Beyond Business - part of the Bromley-By-Bow Centre - has incubated 25 social enterprises, of which only 2 are currently not trading. These enterprises have a diverse focus including education, health, employment support, and business services. Whether working with, or for, underserved groups in East London, these social enterprises employ a total of 191 employees (fte). Despite the fact that many of the enterprises have grown to the point where they are offering services across London, all the businesses are still located in the boroughs of Hackney, Newham and Tower Hamlets. Demand for Beyond Business from aspiring social entrepreneurs continues to grow:

“We had over 500 enquiries and 200 expressions of interest per year for our social enterprise start-up programme. We put 28 business plans together and put 10 forwards for investment. Having run this programme for a few years, we were worried that interest would dry up – but the opposite has happened.”

Rob, Bromley By Bow Centre

TECH, HEALTH AND CREATIVE SECTORS IN EAST LONDON

The Olympic Park and the surrounding boroughs are strategic locations for the technology, health and creative sectors. Olympicopolis, Here East and the wider Olympic Park are fast becoming leading destinations, particularly for the creative and tech sectors. Alongside these, on the edges of the Olympic Park are vibrant centres of commerce, retail and creativity – many of which are also undergoing substantial development. The combination of these factors is serving to pull businesses east.

Alongside these factors, businesses are also being pushed east. Rents are increasing centrally forcing small businesses to seek more sustainably priced workspace. The combination of these push and pull factors, alongside current trends, suggest that East London is likely to experience enterprise-led economic growth over the next few years. Alongside the general increasing opportunity for incubator and accelerator programmes that this provides, there are also particular opportunities related to the tech, health and creative sectors for meaningful employment through meaningful enterprise. As the tech sector is more complicated relating to enterprise and employment, more attention has been paid to this sector. Also, this report briefly considers the particular opportunities in the services sector relating to the ongoing development in East London, particularly the Olympic Park.

TECHNOLOGY

East London and the tech sector are intertwined. Alongside the well-established Shoreditch, including Silicon Roundabout, Here East is fast becoming a leading tech and innovation hub. There is an increasing spillover effect from these centres, as evidenced in the rapid growth of tech related companies in the four boroughs. The tech revolution began centrally and is now moving east. Whilst there is a complex relationship between revenue growth and employment growth in the tech sector, there is a compelling market case for incubating and accelerating tech ventures that have a high probability of meeting local needs through meaningful employment.

Market trends

- * There is expected to be an additional £12billion growth in the London tech sector over the next ten years, including the creation of an additional 46,000 new jobs.¹⁵
- * There was a 92% increase in new digital companies incorporated in inner London between 2010 and 2013.¹⁶ Some of the fastest growth is now in East London.
- * London has been ranked the number one city in Europe for supporting both start-ups and scale-ups in the European Digital City Index.¹⁷

“Tech is the sector that has completely changed the recruitment sector. Google and Apple have changed the way companies recruit – changing from conventional approaches to new ways of hiring. Tech does not care who you are, where you are from, or what your qualifications are.”

Mohsin, Birkbeck,
University of London, Careers and Employability Service

The challenge for meaningful employment through meaningful enterprise in the tech sector in East London

Tech companies: number, turnover and employees in the four boroughs¹⁸



The data suggests that the rising technological tide does not necessarily lift all boats. As the examples of Tower Hamlets and Newham suggest, it is possible for a significant increase in revenue to be correlated with a decline in total employment. This is the enduring challenge of tech-related economic growth and its potential relationship to economic inequality. However, the corresponding opportunity is to identify the types of tech companies where there is a stronger correlation between increased revenue and increased employment.

The opportunity for meaningful employment through meaningful enterprise in the Tech sector in East London

Predicted areas of employment growth for tech specialists between 2014 and 2024¹⁹



There will be significant growth in employment for certain tech specialists over the next decade. The highlighted roles are particularly relevant as they do not necessarily require either higher education or corporate experience, and therefore have a lower barrier to entry for potential employment. Most of these roles are present in business-to-business tech companies offering products and services across sectors. As it relates to meaningful employment through meaningful enterprise, focusing on business-to-business ventures increases the likelihood of connecting enterprise and employment growth. “There is a 20,000 people shortage of developers currently in the tech sector.” Dan, Good Jobs.

HEALTH

What is understood as the Health sector is currently undergoing expansion. It still includes the traditional routes to market through the NHS and private health care providers but increasingly also includes preventative aspects relating to diet, fitness, and general wellbeing. Perhaps the most significant trend in the market is direct interaction with the consumer, rather than through the traditional channels. Across the UK, there is increasing health-related need due to demographic trends, notably in terms of an ageing population and the effect of lifestyle factors, such as obesity. In East London, there is particular need, with the highest pollution levels in the UK and lower than average life expectancy and quality. For example, males living in the most deprived areas spend 30% of their lives in poor health compared with 15% for those in the least deprived areas.²⁰ Hackney, Tower Hamlets and Newham are in the bottom 10% of local authority areas in England and Wales for life expectancy.²¹

Market trends

- * The UK market in digital health is expected to expand from £2billion to £2.9billion by 2018.²²
- * In 2015, the membership of fitness organisations in London exceeded 1.5 million with a 5.8% rise.²³
- * By 2017 it is estimated that 1.7 billion smartphones worldwide will have an m-health (mobile health) app installed.²⁴

Health and Tech opportunities²⁵

- * The fastest growing market in health relates to digital technology
- * There is an expected 35% increase in the UK market for Health apps by 2018
- * In Health analytics, a 24% growth by 2018
- * Wearables technology is becoming a key part of personal fitness and health

Health sector - challenges

The standard involvement for employment in the health sector for low skilled workers is in social care. Within some areas of this market, there is a well-documented culture of low-paid, zero hours contract work leading to significant problems for both the provider and recipient of care.²⁶

Whatever the ebb and flow of political will in this regard, there is the opportunity to create sustainable enterprises with a different model and purpose that stands to benefit the provide and recipient of care.

CREATIVE INDUSTRIES

The creative industries are clearly one of the key strengths of the London economy, particularly in terms of employment. Included in the industries are advertising, architecture, arts & culture, craft, design, fashion, games, music, tv & film and creative technologies.²⁷ With the obvious exception of architecture, the majority of these sub-sectors have lower barriers to entry for employment in terms of higher education and corporate experience than many other sectors. Olympicopolis presents a unique opportunity, with a new leading centre for culture and creativity on the Olympic Park.

Market trends

- * The UK creative industries are the fastest growing part of the economy, with 8.9% p.a. growth, representing £84.1billion to the UK economy.²⁸
- * There are 2.8 million jobs in the creative economy in the UK, 29% of which are in London: over 900,000 jobs.²⁹
- * The CBI predict that the UK could become the leading global creative hub by 2025.

Creative sector – opportunities

Olympicopolis – with UCL, University of the Arts London, the V&A, Sadler’s Wells, as well as the prospect of the Smithsonian, all supported by Foundation for Future London - could become one of the leading cultural and creative centres in Europe, with a range of possible related enterprise opportunities. Of these, there is a particular affinity between fashion and East London: “The heart of the fashion industry is the East End”, London College of Fashion. With the recent announcement of the Fashioning Poplar enterprise creation project at nearby Poplar HARCA, the likelihood is that the affinity between fashion and enterprise creation in East London will only increase.

New Tech and Creative Cluster

There are well known benefits from sector-based clusters, particularly evidenced by Tech City in Shoreditch. With Here East becoming a hub for the creative and tech sector, and in light of the development of, and the corresponding effect of, Olympicopolis, there is an opportunity for related incubator and accelerator programmes to make the most of new synergies on and near the Olympic Park.

SERVICES: FROM IDEATION TO INCUBATION?

The on-going development of the Olympic Park presents an opportunity for the creation of service ventures to meet the existing and future needs throughout the Park. By engaging with all the key stakeholders, Future Business Centre East London can diagnose the particular opportunities for meaningful employment through meaningful enterprise and subsequently design business solutions. This presents an opportunity for ideation alongside incubation, helping local entrepreneurs design specific solutions that meet local needs.

For example:

Connected Communities: "There is an opportunity for businesses to add value to the future residents of the park related to the smart and connected communities infrastructure established by Cisco." Andrew, EWS (East Wick & Sweetwater development).

The recent trends around Smart Cities and the Internet Of Things potentially have a significant effect on empowering residents and neighbourhoods. With the new developments on the park, there is a particular opportunity to design commercial businesses to meet demand and have a positive social benefit.

Social enterprises designed for service provision for Park residents: Our Parklife is a successful social enterprise on the Olympic Park, showing the added value in working alongside all the key stakeholders – public and private – on the Park. As the homes are occupied, there will be increasing opportunities to provide consumer-facing services, from painting and decorating to health and wellbeing. These social enterprises could be designed to work alongside existing work readiness and job brokerage programmes, such as Skillsmatch in Tower Hamlets, Workplace in Newham, or ELBA's London Works, to help the long-term unemployed. This could also be in partnership with Beyond Business, the social enterprise incubator at the Bromley-by-Bow Centre, who have an excellent track record in helping start these types of enterprises.

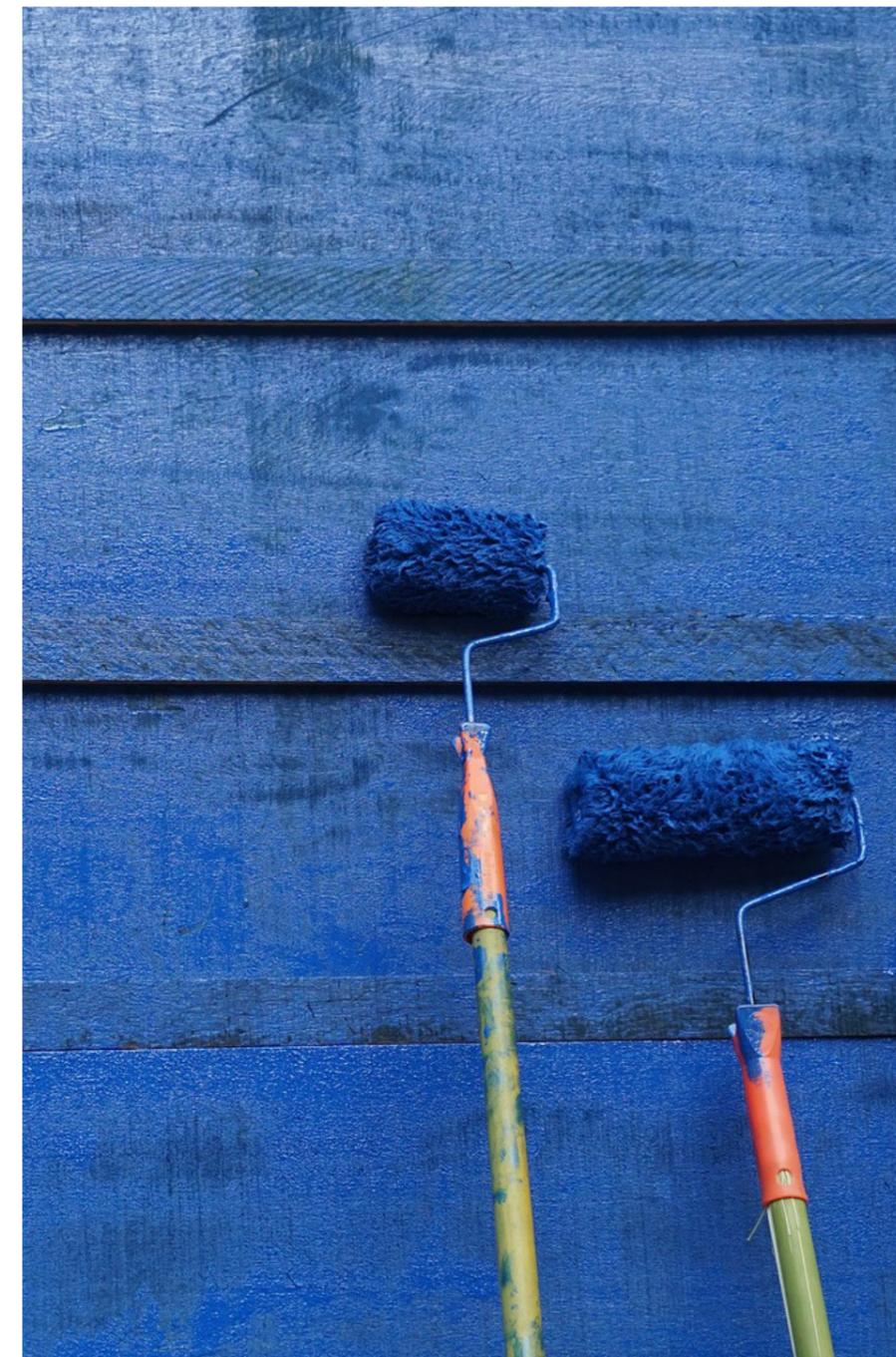


KEY MESSAGES:

Whilst the general economic outlook is mixed for the next five years, it is highly likely that there will be continued enterprised growth in the four boroughs surrounding the Olympic Park. There are likely to be more young enterprises and opportunities for them than there is sufficient support.

Accelerators and incubators can improve business survival rates substantially. A key role may be to provide space for ventures emerging from programmes with a close thematic fit, such as the Beyond Business programme at Bromley-by-Bow Centre, YearHere and Brand Amplifier, as well as taking referrals from other routes.

Tech, creative, health and service sectors could all offer fertile opportunities for enterprises to contribute to meeting local enterprise and employment challenges. East London is particularly strong in tech, although this has mixed implications in terms of employment. The creative sector is growing fast across London. Both have lower barriers to entry than some sectors in terms of qualifications or corporate experience. Health is well-aligned with the needs of East London and the overlap with digital technology is promising. The on-going redevelopment of the Olympic Park presents a series of opportunities for service-based social enterprises to meet specific needs. These sectors should probably be seen as promising spaces for potential impact rather than exclusive targets or a remit to only operate in these growing sectors.



THE FBC MODEL



CURRENT IMPACT:

Allia Future Business Centres provide a combination of managed workspace, structured acceleration and incubation programmes offering free workspace, skills training and inspiration for start-ups, early stage ventures and entrepreneurs who want to make a positive social and environmental impact.

FBC'S FINANCIALLY SUSTAINABLE MODEL:

The financial model for Future Business Centres is particularly relevant in terms of social impact as it enables a longer term, more sustainable impact than the majority of other socially minded incubators and accelerators, which are mostly dependent on grant funding.

Allia's new-build 35,000ft² Future Business Centre in Cambridge cost approximately £7.5M to construct in 2013 including fit-out and fees. This did not include the land, which was paid for by a specific grant. The capital was raised from 3 main sources:

- Allia's charitable bonds: interest-free and low interest 5-6 year term bonds, secured by lending part to Places for People Homes (housing association) with a charitable yield created as a grant
- European Regional Development Fund (40% of costs)
- Allia secured bonds of 3-5 year term paying socially minded investors 3% per annum, serviced from the rental income

It now operates sustainably at an approximate £700k pa turnover at 90-100% occupancy with rents below market average to support impact entrepreneurs. The business model then enables Allia to support pre-start and early stage ventures with free space and business support programmes as well as covering depreciation and the interest on the secured bonds.

In the East London context and with current prices it is too early to say whether a new build could be achieved through a similar mix of grant and bonds. Other solutions such as a long lease of an existing building, or a low-cost conversion, preferably with assistance from a sympathetic vendor, owner or co-investor and cross-subsidy from market rent tenants, will be needed in order to enable the affordable rents required by employment-focussed local businesses.

What investors in Future Business Centre Cambridge say:

“Interserve is a company that values more than just money, and is actively involved in creating social value where we work. Our aims therefore aligned perfectly with those of the Allia Future Business Centre. We invested in this enterprise hub because we share Allia's desire to grow businesses that benefit local communities and the environment, while also providing employment opportunities and help for people who want to start up or expand a social or environmental business. We are delighted that the centre continues to thrive, create new jobs and is home to so many exciting ventures.”

Tim Haywood, Group Finance Director & Head of Sustainability, Interserve PLC

Cambridge:

In late 2013, Allia opened Future Business Centre Cambridge. By early 2015, the centre was approaching 100% occupancy, full of social and environmental ventures driven to make a positive impact on people and planet. Whilst home to a range of impact ventures, Future Business Centre Cambridge has fostered a cluster of environmental tech ventures (energy & utilities; carbon reduction; renewable energies; agri tech, building technologies; etc.) developing a particular expertise in supporting business in this growing sector.

By 2016:

- 100% occupancy
- 300 ventures supported with one-to-one business advice
- Home to 70 enterprises
- Contribution to the creation of 200 new jobs

Note: these figures were achieved over a period of 2 years leading up to opening, and then once open

Social Incubator East

An Allia/Cabinet Office funded programme, Social Incubator East supports ambitious entrepreneurs who are committed to driving their businesses forward to create real, scalable, lasting social change. The programme helps social ventures to grow by providing world class training in collaboration with the University of Cambridge Judge Business School, plus 12 months of on-going regular business advice and coaching, free shared workspace and support to access loan finance.

By 2016:

- Engaged with more than 300 potential entrepreneurs through world class training at Social Venture weekends
- 50 have been selected for a year-long programme of support
- 19 growing enterprises have so far graduated from the programme

Alchemie Technology

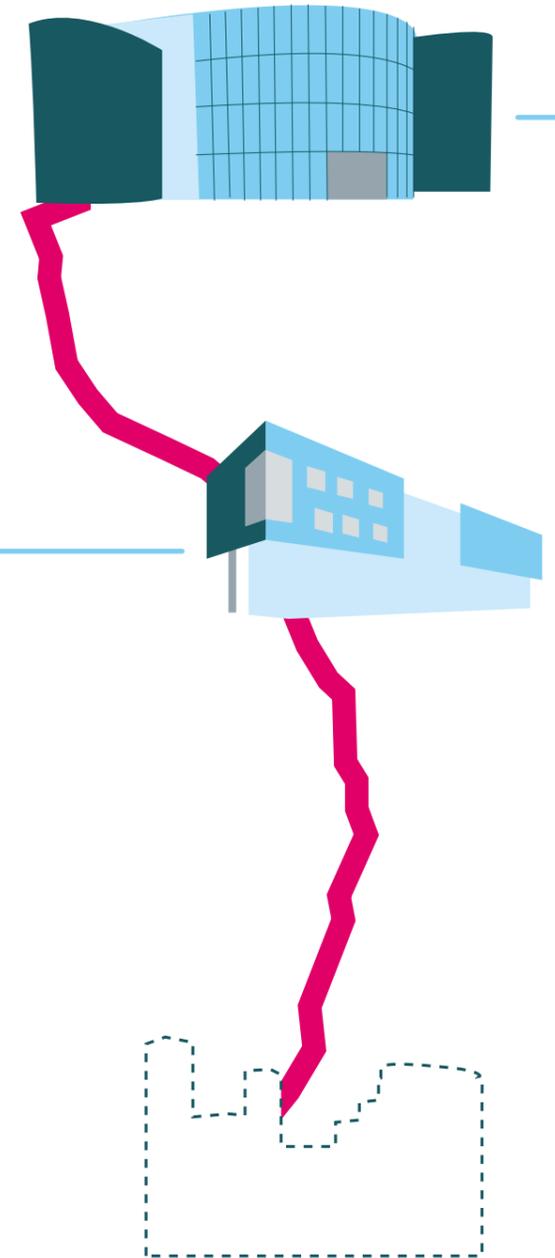
Alchemie Technology create sustainable, resource efficient, industrial inkjet solutions developed to deliver a return on investment for their customers. Since joining FBC, Alchemie has gone from pre-start up to a business employing 6 people, expecting to rise to 10 in 2016.

“The support we have had through Future Business Centre has been invaluable and we would wholeheartedly recommend them to other start-ups because of the support and the opportunities that being part of the Future Business Centre network and innovation/support ecosystem provides.” Alchemie Technology

Green Air Cars

Green Air Cars is a premium chauffeur service specialising in airport transfers and long distance journeys in East Anglia, the South East and London from their base near Stanstead Airport. They use hybrid or fuel efficient vehicles that have a lower environmental impact and they offset 200% of vehicle emissions to create significant carbon reduction for their customers. Green Air Cars benefitted both from business support from the Start-up and Grow programme and as a tenant within the incubator space. When the company joined FBC, they had 6 employees. They have grown to over 20, and expect a further 20% growth in 2016.

“Through the coaching provided we have been able to attract the right new customers, and we have seen 90% sales growth.” Justin, Green Air Cars



Peterborough:

The Future Business Centre in Peterborough opened in August 2015 at the ABAX stadium (the home of Peterborough United Football Club) in the city centre. Peterborough is a very different context from Cambridge, without a research focused university or science/innovation park. The city has embryonic entrepreneurial activity without the same established ecosystem of support and infrastructure as Cambridge. A vastly different demographic also creates different local needs not least around skills and aspirations. The Peterborough FBC sought to adapt its model to meet the particular needs and opportunities in Peterborough building on key strengths in its environment capital agenda, Future Cities demonstrator status and ambitions around creating a circular economy. Early tenants include Peterborough Reuse, one of the first circular economy ventures within the city.

INTENDED IMPACT: WHAT DOES 'GOOD' LOOK LIKE FOR FBCEL?

The Transformational Index is a tool that helps organisations to quickly identify their intended social impact and to measure progress in a way that balances a commitment to values with a focus on results. It has been used with over 160 social enterprises, social investors, charities, and foundations to describe and measure the social impact of their work. The process involves a workshop that enables an organisation to 1) clearly describe its core impact, 2) understand how that impact fits together, and 3) develop credible and practical measures.

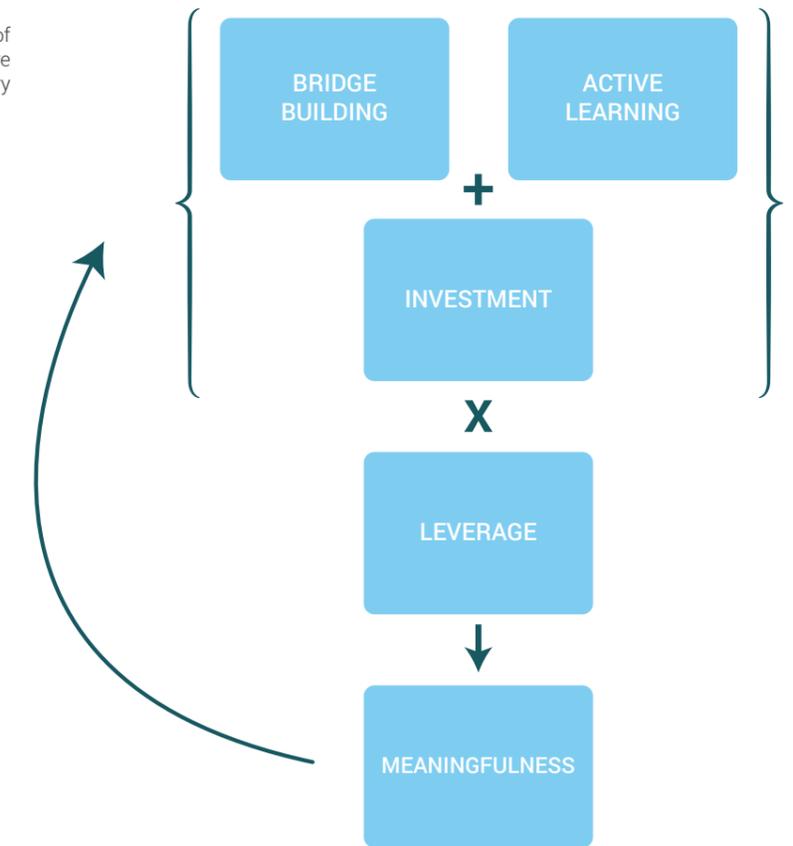
1) Selection of Indicators of Transformation

Allia chose, from a large selection, the following five indicators of transformation to describe the impact of Future Business Centre. Allia then described what these specifically look like for Future Business Centre.



2) Developing a Model of Transformation

Allia developed the following model of transformation to show how the Future Business Centre makes a difference, its theory of change.



3) Creating a Measurement Framework

The following measures were developed in order to show evidence and gain insight and understanding on the impact of Future Business Centre.

Indicator	BRIDGE BUILDING	ACTIVE LEARNING	INVESTMENT	LEVERAGE	MEANINGFULNESS
Measures	Demographics of entrepreneurs and tenants Gender Ethnicity No. of employees in the ventures from four boroughs % of employees in ventures who were previously unemployed	Number of new product developments and innovations for ventures. Ongoing satisfaction with the support services from the tenants and responsiveness to suggestions for improvement	Number of ventures supported Combined turnover of ventures Funding/investments or contracts secured 1:1 meetings Skills training events No. of entrepreneurs in hatchery Feedback from participants	Quantity and depth of partnerships, both in Olympic Park and surrounding boroughs Survey of tenants Contribution of FBC services to business growth and social impact Contribution of other tenants to cross fertilisation of ideas and solutions	Number of total jobs created, how many are local and how many are London living wage or above 2-year business survival rate Changes towards more intentional social and environmental goals achieved through the ventures – stories
What good looks like	High number of employees from the four boroughs, including an increasing % of those who were previously unemployed.	FBCEL responds effectively to the changing needs of the tenants and supported businesses.	FBCEL offers high quality support with a variety of services to a significant number of enterprises and can demonstrate impact on business growth and development.	FBCEL makes the most of the particular opportunities related to the developments in East London, connecting these to the businesses it supports. Builds collaborative opportunities with other organisations.	Supported businesses make more of a social and environmental impact, particularly in hiring locally and creating meaningful jobs for those who need them.

WHY MEASUREMENT MATTERS

For a venture to remain committed to social and environmental impact as a key focus, understanding and measuring that impact is crucial. For a social venture, to measure impact badly – or not at all – is to run the continual risk of mission drift: unintentionally replacing the original intent with what is more easily measured – financial success. Over time, what is measured becomes what matters.

MINIMUM VIABLE MEASUREMENT

The Transformational Index approach recognises that the goal for an organisation is minimum viable measurement. This refers to an organisation measuring enough to understand to a satisfactory level whether it is making the difference it intends to, and to what extent. This requires discerning what is crucial for an organisation's impact, hence the Transformational Index method.

The Future Business Centre has a credible model of transformation that can be evidenced using this measurement framework. The next section looks at how this model might work in the context of East London.

What do we mean by meaningful enterprise and meaningful employment? In line with their social mission, Allia and its Future Business Centres prefer businesses that contribute to a better world and employment that enables entrepreneurs and employees to feel that they are living in it. Ideally both go together; so, for instance, a responsible business should tend to look after its employees. Likely characteristics in employment terms would be:

- fair pay, with London Living Wage seen as a minimum threshold, both in terms of good practice and to fit with LLDC's Living Wage zone. It is also a matter of increasing political consensus: see, for example, the 2014 cross-party report from the London Assembly Fair Pay: making the London Living Wage the norm.
- good terms and conditions - these should be accepted by the worker rather than imposed upon them. One would expect to see some protection for workers including, for instance, sick pay, pension and holiday provision and some stability or predictability in terms of the hours worked.
- prospects of advancement and progression - training and development of staff, with the potential for them to improve their skills and their job prospects over time, if they so wish.

The characteristics of meaningful enterprise might include:

- an intent to make a positive contribution - this is true of social enterprises but is not a characteristic that is limited to them. For instance, a health firm could be privately owned and could have a sense of positive purpose in terms of providing goods or services that benefit those receiving them.
- treating staff well, not only in the terms and conditions offered, but also including diversity in recruitment and reach into groups that might typically struggle to access work.
- a sense of corporate responsibility - the organisation sees itself as a stakeholder in the wider community and is aware of its effect on others, seeking to mitigate adverse effects and looking to increase positive ones.

Meaningful enterprise and employment is thus a yardstick for the kind of businesses Allia would like to see in a Future Business Centre. Supporting these to grow is in keeping with its purpose and stands to have a greater social impact and benefit in terms of enterprise and employment.

KEY MESSAGES

Future Business Centres are having a significant social and environmental impact, strengthened by the presence of Social Incubator East. It does this by attracting enterprises with positive purpose and providing them with access to support, learning, resources and networks that enable them to grow financially as well as socially and environmentally. The impact of the model can be measured credibly using the framework outlined above. Importantly, the FBC model shows financial sustainability without on-going subsidy, meaning that impact can endure over the longer term.

The recently established Future Business Centre in Peterborough indicates the flexibility and adaptability of the model to meet local needs and opportunities and shows promise in terms of impact. Work is required to customise the successful FBC model in a new location so that it not only strengthens enterprises – of which there is ample evidence – but it also employs locally.

Whereas the Cambridge Future Business Centre has gravitated towards environmental tech companies, one in East London might consider how tech, health, creative and service businesses have potential as meaningful enterprises generating local employment. Combining the employment and enterprise needs with market opportunities could increase the positive intended impact of a Future Business Centre.



FIT

How could human need, market opportunities and the FBC model be connected to best effect in East London? The previous section explained the FBC model, evidenced its track record and articulated its intended impact. This section seeks to determine the most promising intersections of the Future Business Centre model with opportunities in East London. It does this in spatial terms, as well as considering service delivery and partnerships, as well as its significance in this context.

MIGHT A FUTURE BUSINESS CENTRE FIT?

FBC's intended impact is one that could contribute to meet the needs identified in East London. Indeed, the volume of need is such that a Future Business Centre in any of the four study boroughs could benefit local enterprise and employment. Different locations could work and Allia is open to exploring a range of possibilities.

There is a balance to be struck in terms of the optimal mix of factors for locating a Future Business Centre. Spaces closer to central London tend to be more expensive, putting pressure on the financial model for accessible workspace (or requiring increased subsidy). In contrast, locations further east, whilst generally cheaper, may currently struggle to be attractive to some of the more innovative firms and approaches that FBC hopes to house and support.

At the same time, there is a creative energy that flows from the City Fringe, Canary Wharf and increasingly the Park and the organisations located there (e.g. universities and other cultural institutions, Here East, etc.). This is a valuable ecosystem to draw on and FBC could both complement and engage in it. The Park is becoming more attractive through Olympicopolis, building on its existing assets: well-located to serve the east London boroughs, it is effectively at a crossroads point between them and has superior transport links; it is an attractive environment with destination qualities, particularly around the sporting and leisure offer, as well as retail. And whilst the enterprise measures are more positive in Hackney and Tower Hamlets, the employment situation still shows clear evidence of need relative to London, so proximity to the boundaries of the boroughs (on and around the Park) can potentially serve more budding entrepreneurs and communities. Potential synergies and partnerships are another reason to be close to this. It is also the case that the economic drivers of increasing investment and land values are likely to mean that action will keep moving east; securing accessible workspace on the borough boundaries and near the Park is better done sooner rather than later. One or more FBC initiatives in or in proximity to the Park area make good spatial sense in terms of reaching/being most in reach of entrepreneurs, communities and partners. Locations beyond but close to the Park could include Hackney Wick, Fish Island, or Stratford.

WHY A BUILDING?

It has been demonstrated that incubation and acceleration programmes have consistently superior outcomes for the enterprises that use them. They are more likely to thrive and survive, to gain investment, and, in most cases, to employ more people. But these results might not necessarily require a building. So why is there a need for a physical Future Business Centre East London in proximity to the Olympic Park?

Accessible - Firstly, as the increasing appeal of the Park area converts into increasing prices, it will become more difficult to introduce workspace at costs that are accessible to smaller businesses. Although there is some present and some planned, the demand for shared, smaller or flexible spaces is likely to outstrip supply. Without a "bottom rung of the ladder" for enterprises, workspace will tend to become less affordable as market forces take effect. In contrast, a physical Future Business Centre can make supported workspace accessible for the long term.



Sustainable - there is a business case for having security over a building for the long term. The best prospect of financial sustainability is through a building for the Future Business Centre because most of the activities included in the model, from stimulation to acceleration, are predominantly costs. Start-up businesses cannot afford these services and the argument for providing them is based on the socio-economic benefit that the enterprises bring. However, paid for space creates a clear revenue stream. Without this, the alternative is to fund support services on an indefinite basis. Decentralised or outreach services can be effective, but they are not sustainable without an income. Conversely, the FBC enables Allia to utilise rents from the rest of the building to support the accelerator and incubator space for very early stage entrepreneurs without external funding or corporate sponsorship.

Intentional - lastly, a physical space for FBC means that it controls the environment in a way that is not possible with shifting venues, and it can create a critical mass and culture. Active clustering in a stable location helps to embed the centre in local community, business, government and investment ecosystems, increasing the opportunities for contact and having a greater positive impact on the business and social outcomes of resident businesses.

CO-LOCATION OF BUSINESSES FROM DIFFERENT SECTORS

By having similar aged businesses from different sectors working side by side in Future Business Centres, Allia creates an ecosystem where ideas from different perspectives are shared and new initiatives are birthed. Whilst economists have long understood the benefits of same sector clustering, the benefit of clustering for different businesses at same stage of life-cycle is under-researched yet in Allia's – and other similar incubators and accelerators – experience, this significantly increases the likelihood of innovation and problem-solving. "One of the best things about Mass Challenge is industry agnostic cohorts. We continually see the cross-fertilisation of ideas." Jenny, Mass Challenge

It is therefore proposed that a building entails the prospect of a greater and more sustainable impact.

WHAT ARE THE NECESSARY ECOSYSTEM COMPONENTS THAT WILL SUPPORT FUTURE BUSINESS CENTRE EAST LONDON?

Allia is well aware that Future Business Centre East London (FBCEL) will be an adapted version of the model it has designed in Cambridge and customised in Peterborough. East London has a distinctive context in terms of need and markets; it also has a rich set of potential partnerships. Impact necessitates partnership working; indeed, this is intrinsic to the Future Business Centre model. The chosen impact indicators of bridge building and leverage require connections with other organisations – to refer start-ups, to support them, to engage them and, down the line, to accommodate them. Since Future Business Centre is conceived as a space that organisations move into and onwards, there is through-flow to be maintained. Allia can enable but not create this – it needs others and is keen to work with them to enhance the existing enterprise support ecosystem.

The numbered sections and diagram on the following page show the suggested components and interventions that would support FBCEL.

1 NURTURING START-UPS

Nurturing social enterprise in a more intensive way has a sound social and financial logic: growing enterprises that stand to have a positive impact on the local area increases the social impact of the Future Business Centre by giving a good start to early stage ideas. Besides increasing the likelihood that they will not only survive but grow, this stands to create a pipeline of future tenants who may want to remain within the Future Business Centre until they outgrow it. At other Future Business Centre sites, Allia has secured grant financing to run these activities, making the incubator a tenant. The preferable option in East London is probably to team up with existing organisations that have their own revenue streams so this can be sustainable from the outset. Based on the research, there is interest and this is a possibility.

2 REFER SMALL ENTERPRISES TO FUTURE BUSINESS CENTRE EAST LONDON

A range of organisations referring suitable enterprises will help to embed the Future Business Centre in existing East London networks. Some of these might be support agencies, other incubators – notably Beyond Business at the Bromley by Bow Centre – or universities. This is a relatively easy way to open a conversation with other organisations that requires FBC and potential referrers to understand the purposes of and potential fit with the other. This in turn could lead to deeper collaboration. Several stakeholders pointed out the importance of reaching the right businesses, which is partly a function of finding the right partners as well as creating a culture and environment, which attract impactful enterprises.

3 TAP INTO LOCAL LABOUR SUPPLY

In order to meet its employment potential, the Future Business Centre needs to make it preferable for enterprises to access local labour. Busy small businesses are likely to default to whatever is easiest when they start hiring more staff beyond the original partners or directors. Without support, this is unlikely to be those on the fringes of the labour market, or, in other words, enterprise success might happen without socio-economic inclusion.

a WORK WITH EXISTING PROGRAMMES AND ORGANISATIONS

There are existing services in East London, many with public sector backing, which offer high quality support to enterprises. Some examples are shown next to 3(a) in the diagram and linking enterprises to these stands to benefit local people in terms of increased employment as well as widening the pool of job ready people enterprises can reach. The challenge to the work of these organisations is how to balance an employer facing service, where the best candidates have the best chance, with up-skilling and preparing those who are further from the labour market. For larger employers, it is possible to design customised schemes as routeways to work, training people for a particular job. For smaller businesses, which lack the volume, this is harder. There is also the challenge of making the jump to full time permanent hires when the opening stages of a small organisation, including its revenues, are uncertain.

b CREATE A COMMUNITY TEMPING AGENCY

The idea of a community temping agency is to make a virtue of flexibility. Flexibility, whether in terms of hours or contract term, is often a requirement of employers but it can come at the expense of the employee, demonstrated, for example, in low wage zero hours contracts. Small and growing businesses of the type FBCEL hopes to attract are likely to need some flexibility as they grow; likewise, organisations based on and using the Olympic Park have needs that expand and contract, not least through major events and venues. A community temping agency could be owned co-operatively, reducing the margin a commercial firm would expect and increasing wages to at least London Living Wage. Members could be trained in customer service as well as other areas, so on the days that they are not on an external contract, they are helping to run the agency. This could offer more continuity for workers seeking to join temporary jobs together. Employers might receive favourable terms if they are willing to offer training and invest in people, improving their job prospects. Some workers might gain expertise in the Olympic Park itself, moving between different functions at different venues or events. A community temping agency should undertake outreach into local communities, working with local people to engage and up-skill those who otherwise would not get jobs.

4 ACCELERATOR SUPPORT SERVICES FOR VENTURES

In many ways, the heart of the model is the accelerator programme, services and ecosystem that FBCEL creates. Small businesses frequently lack critical resources they need to grow, such as expertise, trained workers, capital, or supply chains. FBCEL will improve access to these by bringing together the services and support that help businesses grow in line with its intended impact. Whilst Allia, has significant experience in this area, the hope here is that other organisations will contribute, animating FBCEL and working with resident enterprises. Support might range from group interventions that appeal to a range of enterprises – surgeries, workshops, or briefings on marketing or finances, say – to more targeted interventions such as a coaching. Based on experience at other Future Business Centres, it is possible to have a blended model: some interventions are free at point of access (funded from elsewhere or delivered as one or both of pro bono support or a business development cost); others are paid for, as enterprises begin to pay for previously discounted services (the CIPD and Get Set for Growth have elements of this in their models) and build relationships with providers. It may be in the interests of some support services to locate at FBCEL, particularly if it gives them a ready route to market, which means that they would also be contributing to the financial sustainability of the project by paying rent. This also lends itself to a different understanding of anchor tenants – not large ones necessarily, but potentially smaller providers that provide services that early stage enterprises need. FBC Cambridge has resident accountancy and IT firms that have picked up substantial work from the tenants; a design firm with a bias towards socially or environmentally impactful projects could also be valuable.

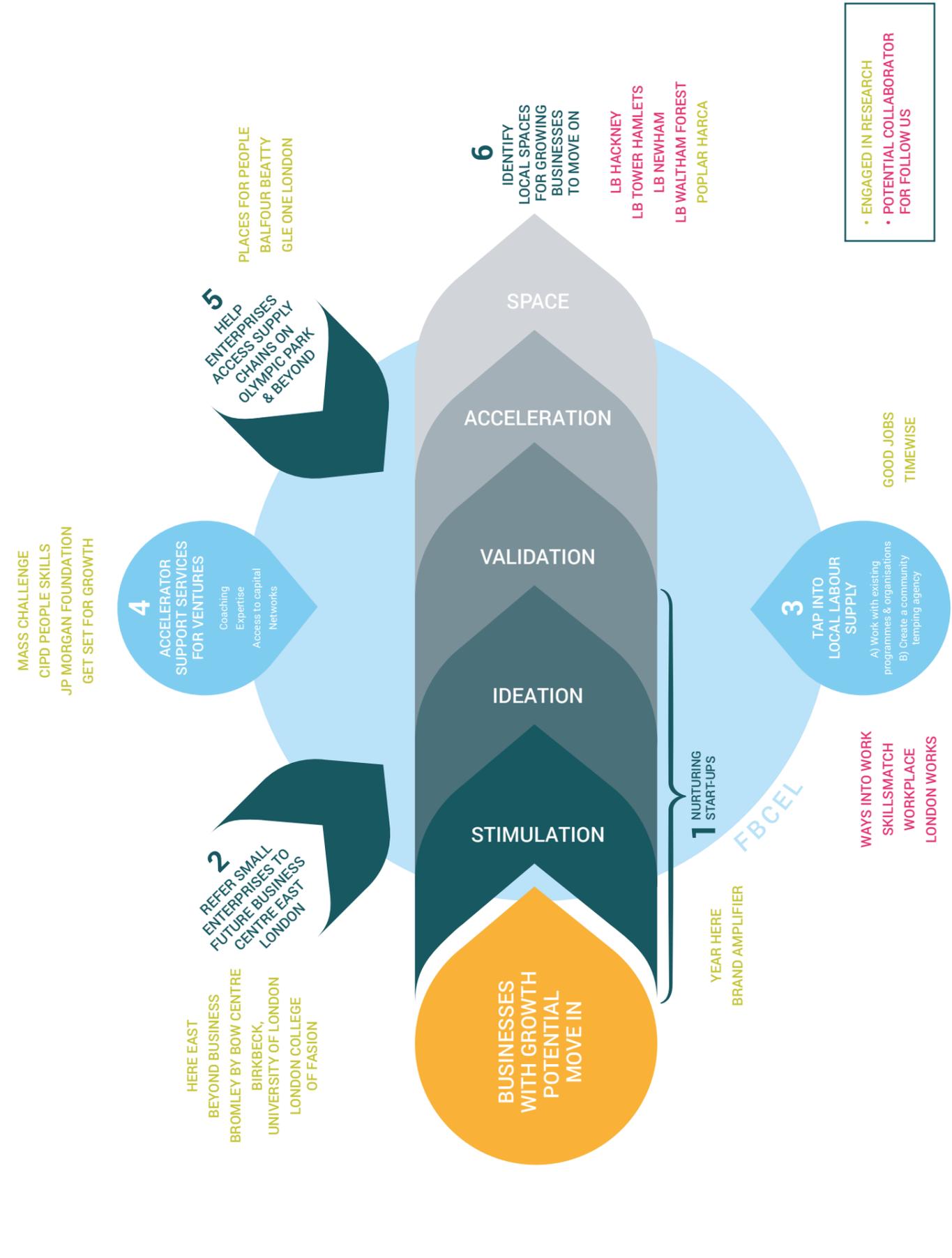
5 HELP ENTERPRISES ACCESS SUPPLY CHAINS ON OLYMPIC PARK & BEYOND

Accessing the supply chains of larger organisations is one of the most effective ways for small businesses to grow – based on the experience of GLE/One London, revenues can double or treble based on a single contract, with employment following a similar trajectory. As East London increases in desirability and larger businesses locate there, particularly around the Olympic Park and in Stratford, as well as Canary Wharf, the supply opportunities are substantial. Taking the Olympic Park as an example, the universities, the Financial Conduct Authority, OCS (a major facilities management firm), Westfield and West Ham Football Club, as well as the Olympicopolis organisations will all need a range of services. For some, organising local suppliers is purely pragmatic but there are also ethical and reputational motivations for using local supply. Business-to-business growth is more promising in East London, where incomes are lower than average. It also gives FBCEL additional flexibility around its location, in that b2b offers do not require high street locations, something that restricts choices of location. By working with the likes of Get Set for Growth, GLE/One London and others, Allia can help enterprises in FBCEL to expand in line with their potential.

6 IDENTIFY LOCAL SPACES FOR GROWING BUSINESSES TO MOVE ON

Identifying spaces for move on – and perhaps establishing new ones – may seem like a more distant prospect but it is fundamental to the social impact of FBCEL. As a thought exercise, imagine 20 businesses that start with five employees and grow to 10 over two years – 100 new jobs. Over the course of 10 years, assuming the same pattern and a suitable flow of enterprises that use FBCEL, growing and recruiting locally, 1000 jobs would be created. Conversely, imagine that either businesses want to stay put in FBCEL, because they do not want to move away but cannot afford anything nearby, or that they move away but the distance is such that they shed local jobs because employees cannot afford the money or time costs of the commute. This could substantially undermine the social impact of FBCEL. The ideal is to keep businesses relatively local as their operations expand. There is unlikely to be a single solution but there are a range of overlapping possibilities: some enterprises may grow in such a way that they can afford and justify higher cost accommodation; some may move on to local spaces, say on Hackney Wick or at Here East. There is also potential for collaborating with local authorities, perhaps on vacant retail units to regenerate town centres, or on meanwhile spaces. Establishing partnerships and destinations will enhance the vibrancy of the small business ecosystem, so that FBCEL helps as an engine of growth in East London.

The Future Business Centre has a special role to amplify the impact of the other service providers related to enterprise and employment in East London. It does this by providing a physical location, which acts as a hub around which other partners can collaborate. Effectively the shared focus around a space could increase collaboration within the existing ecosystem.



WHAT MIGHT FIT IN A FUTURE BUSINESS CENTRE?

Whilst Future Business Centre East London should be open to any meaningful enterprise, there is good reason to focus on the sectors and related opportunities discussed earlier – tech, creative, health and services. These sectors are significant growth sectors in the economy, which increases the likelihood of enterprise growth and sustainability, and therefore subsequent impact on employment. They also relate to either existing strengths in East London – tech and creative, or particular needs – health and services. All four sectors are also connected to opportunities related to the Olympic Park ecosystem with destinations – notably Here East – but also Olympicopolis, and the world class sports facilities.

Future Business Centre Cambridge has developed an expertise related to a cluster of environmental tech companies. Pursuing clusters based on aspects of sectors particularly relevant for the Future Business Centre model in East London could produce a similar amplifying effect.

A potential tenant, for example, could be 'Cracked It', a social enterprise that works with young people who need a second chance and have been involved in gangs, crime and anti-social behaviour. The enterprise trains these young people to repair cracked iPhone screens. Its mission is to use tech to improve the employability of the next generation, and illuminate enterprise as a credible route into work. 'Cracked It' is a growing enterprise in need of office space and advice as it seeks to expand its offer and grow its customer base. Clearly 'Cracked It' has been designed in light of a specific set of challenges for disadvantaged young people. Other enterprises that would fit the Future Business Centre in East London might not be as focused on a particular social challenge but would aspire to make a positive difference in terms of meaningful enterprise and meaningful employment.

POTENTIAL IMPACT

Whilst there are many successful incubators and accelerators in London, Future Business Centre could offer a focus on meaningful enterprise and its local impact, particularly relating to employment. As a result, a crucial part of the potential impact relates to businesses that move on from Future Business Centre staying in the local area. Therefore, a healthy enterprise ecosystem in East London, with accessible move on spaces is vital.

With a continual flow of high impact enterprise through Future Business Centre – and a large proportion of those businesses remaining local, there is in terms of impact a cumulative effect on the local area. Along with the other service providers – public, private and third sector – Future Business Centre could have a complementary and unique role to play with a high and enduring impact.

KEY MESSAGES

There is a strong rationale for a contextualised Future Business Centre – a Future Business Centre East London – with a physical base, as this is intrinsic to its sustainability and impact.

The existing opportunities, networks and relationships that Allia already enjoys and has developed through this report, combined with need in the four boroughs, mean that the area on and around the Olympic Park is a promising location for a Future Business Centre East London. This is also the nexus for much of the activity and energy; being close to this as well as the economic clusters arising is likely to be advantageous.

Future Business Centre East London both requires and complements an ecosystem based on close relationships and partnership with other stakeholders. The key features of this are to reach out from the Future Business Centre into the local labour market, preferably those who have struggled to find and retain work, into the networks of entrepreneurs, into the ecosystem of support providers and to possible sources of more affordable space in the four boroughs. These endeavours are likely to work best in collaboration with others, building on the best of what exists and potentially creating new collaborative interventions.

This report and its underpinning research and stakeholder engagement have demonstrated significant interest and support for a Future Business Centre East London based on the need and opportunities in East London, as well as the potential of the model to be adapted for increasing positive impact.



NEXT STEPS



PROGRAMMING AND PARTNERSHIPS

- Explore applicability of existing FBC programmes in East London, in partnership with interested organisations, such as JP Morgan Chase Foundation, Beyond Business, Year Here, Mass Challenge, YTKO, GLE One London and Brand Amplifier.
- Develop a further understanding of the local authority service provision and support for enterprise and employment in the four boroughs
- Develop and design specific enterprise opportunities with interested partners, such as the community temping agency. The agency could be developed in conversation with Good Jobs, Time Wise and Talent Rocket, amongst others.
- In light of this report, test the commercial feasibility of a long term building in East London. For a suggested framework, see 'What, practically, could a Future Business Centre look like in East London?' in the appendix.

LOCATION

- Find a temporary location to make a start in delivery, and move to a permanent location later. Explore possibilities with LLDC and surrounding boroughs.
- Explore a range of longer term locations based on:
 - later phases of the Park, with a view to co-location alongside community uses which should be more cost-effective
 - locate on the Park fringes, which might be cost effective but still enable delivery impact to the new communities in the Park as well as the surrounding boroughs
 - track and explore integration with development sites, such as Hackney Wick, which could include some affordable workspace

FUNDING

- Explore possible funding approaches to a long-term building. For example, raising capital through a charitable bond supplemented by grants from foundations, other benefactors, and European funding, or working with an institutional investor that purchases a building and offers a long lease with favourable terms.
- Secure grant funding for the short-term provision of outreach services to businesses in East London, in partnership with other organisations.
- Work with other organisations seeking space that offer complementary services and are financially sustainable.

INDICATIVE TIMING

- April to August: clarify delivery plan, develop partnerships, seek interim/next stage funding
- September to December: seek interim location, design outreach services and support
- January 2017: open interim location and start offering outreach services and support
- On-going: continue to seek permanent location

CALL TO ACTION

This report has outlined the need, opportunity, and timeliness that make a compelling case for a Future Business Centre in East London in the near future. Allia welcomes engagement with organisations interested in partnering in service provision, becoming a tenant, offering patient capital, supplying grant funding, or connecting Allia with an important contact – all forms of collaboration which stand to achieve the intended impact of this promising intervention.

APPENDICES



APPENDIX 1: STAKEHOLDERS CONSULTED

Organisation	Crosscutting East London role	Incubator, accelerator, workspace	SUPPORT SERVICES		SECTOR EXPERTISE		
			People	Enterprise	Creative	Health	Technology
Birkbeck			✓			✓	✓
Brand Amplifier		✓	✓				
Bromley by Bow Centre/ Beyond Business						✓	
CIPD People Skills			✓	✓			
Cracked It			✓				✓
EWS	✓						
Get Set for Growth				✓			
GLE One London				✓			
Good Jobs (Citizens UK)			✓			✓	✓
Here East	✓	✓			✓		✓
JP Morgan Chase Foundation				✓			
LLDC	✓				✓	✓	✓
London College of Fashion		✓			✓		
Mass Challenge		✓		✓			
Poplar HARCA		✓					
Timewise			✓				
Year Here		✓	✓	✓			
YTKO			✓	✓			

APPENDIX 2: WHAT MIGHT A FUTURE BUSINESS CENTRE LOOK LIKE IN EAST LONDON?

Based on Allia's experience operating business space over 10 years, a sustainable high-impact centre should aim for the following features:

- At least 20,000ft² (1800m²) of lettable units (implying 25-30,000ft² min total area)
- Office space for 30-40 tenant businesses at any time
- A 'Hatchery' open plan space for accelerator and incubator cohorts
- A minimum of 50% of the businesses having a mission-led purpose focussed on local employment and social impact
- In-house business support plus service companies (design, IT, marketing, accounting etc)
- Café and sufficient mingle/informal spaces to encourage collaboration and community
- Conferencing and meeting room spaces for internal and external use
- High environmental credentials and commitment to environmental principles of operation

ENDNOTES



- 1 See www.future.london
- 2 Below the London average age of 37, according to Local Plan 2015 to 2031, 2015, London Legacy Development Corporation
- 3 37-55% of the resident population of each borough is non White, compared to 30% as the London average. ONS, 2009.
- 4 Host Boroughs Economic Model 2.0, 2013, Oxford Economics
- 5 See, for instance, www.growthboroughs.com (Accessed 15/3/2016)
- 6 All data taken from London data store unless otherwise indicated.
All accessed January 2016.
Employment Rate
 - Employment rate (%) (2014)
 - ONS Annual Population Survey 2014**Unemployment Rate**
 - Unemployment Rate (2014)
 - ONS 2014**Youth Unemployment Rate (18-24)**
 - Youth Unemployment (claimant) rate 18-24 (Dec-14)
 - DWP/GLA link Dec 2014**Proportion of working age people with no qualifications (%) 2014**
 - ONS 2014**Achievement of 5 or more a*-C grades at GCSE or equivalent including English and Maths, 2013/14**
 - Dfe Statistics 2013/14**Two-year business survival rates**
 - Two-year business survival rates (started in 2011)
 - ONS business demographic**Number of jobs by workplace and Number of active businesses, 2013**
 - The Greater London averages consultants' calculation. Total active businesses via the London Data Store by 33 (number of London boroughs plus the City of London)**Household median income**
 - Modelled Household median income estimate 2012/13
 - GLA estimates modelled gross unequivalised annual household income**Percentage of part time jobs relative to all jobs**
 - All numbers consultants' calculation based on numbers from the 2014 ASHE data sets on Gross Annual Pay. <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-400776>**% of employment that is in the public sector (2013)**
 - Business Register Employment Survey
- 7 i.e. the proportion of all economically active residents aged over 16 who are unemployed.
- 8 Host Boroughs Economic Model 2.0, 2013, Oxford Economics
- 9 Host Boroughs Economic Model 2.0, 2013, Oxford Economics
- 10 What constitutes 'meaningful enterprise and meaningful employment' will be discussed later in the report, in the FBC model section.
- 11 The Rise of the UK Accelerator and Incubator Ecosystem, Telefonica 2014.
- 12 Ibid.
- 13 <http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/11283107/All-of-London-start-up-accelerators-and-incubators.html>
- 14 <http://www.telegraph.co.uk/finance/business-club/11692123/Britain-hits-record-number-of-startups-as-more-aspiring-entrepreneurs-take-the-plunge.html>
- 15 <http://www.telegraph.co.uk/finance/businesslatest-news/10901320/Londons-tech-sector-to-create-46000-jobs-by-2024.html>
- 16 <http://www.techcityuk.com/investors/>
- 17 <https://digitalcityindex.eu>
- 18 These figures are from [techmap.london](http://www.techmap.london) and include the broadest definition of technology.
http://www.techmap.london/#?coll=%7B%22sector%22%3A%5B%22digi_tech%22%2C%22lifesci_health%22%2C%22pub_broad%22%2C%22other_scitech_manf%22%2C%22other_scitech_serv%22%5D%2C%22boroughs%22%3A%5B%22osbl_district_borough_unitary_region__waltham_forest_london_boro%22%2C%22osbl_district_borough_unitary_region__newham_london_boro%22%2C%22osbl_district_borough_unitary_region__tower_hamlets_london_boro%22%2C%22osbl_district_borough_unitary_region__hackney_london_boro%22%5D%7D
- 19 <https://www.thetechpartnership.com/news-events/news/the-tech-partnerships-forecast-shows-bright-opportunities-for-the-uk-tech-industry/>
- 20 <http://www.kingsfund.org.uk/sites/files/kf/how-healthy-are-we-oct-2014.pdf>
- 21 <http://www.standard.co.uk/news/health/east-london-among-worst-parts-of-country-for-life-expectancy-as-people-in-the-city-live-five-years-10226588.html>
- 22 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461479/BIS-15-544-digital-health-in-the-uk-an-industry-study-for-the-Office-of-Life-Sciences.pdf
- 23 <http://www.leisuredb.com/blog/2015/6/19/2015-state-of-the-uk-fitness-industry-report-published-yesterday>
- 24 <https://www.accenture.com/us-en/insight-consumer-healthcare-market-high-performance-business-research-2013.aspx>
- 25 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461479/BIS-15-544-digital-health-in-the-uk-an-industry-study-for-the-Office-of-Life-Sciences.pdf
- 26 <http://www.independent.co.uk/life-style/health-and-families/adult-social-care-under-strain-with-carers-demoralised-by-low-pay-says-care-commissioner-10447683.html>
- 27 There is clearly some overlap between the mainstream descriptions of the tech and creative industries sectors. This report uses these descriptions, recognising there is a crossover.
- 28 The standard definition of creative industries includes IT, software and games – which are often counted among the technology sector. This report has used the standard definitions and therefore there is inevitably some cross over in the data. <http://www.thecreativeindustries.co.uk/resources/infographics>
- 29 Ibid.

