

Supporting Scottish Businesses through Rural Enterprise Hubs and Coworking Spaces

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Rural Enterprise Hubs are important locations for giving rural businesses a home to grow, network, collaborate and attain new knowledge and skills. This Policy Spotlight explores their wider role in rural development, showcases best practice from elsewhere, and provides recommendations to increase and improve the stock of Hubs in Scotland

Key Takeaways

- Rural Enterprise Hubs help businesses to establish and grow.
- They provide opportunities to network, learn and collaborate.
- They improve tenant wellbeing by helping to overcome social isolation and giving tenants the tools to succeed.
- Business support can be provided through a Hub network.
- Community benefits from Hubs go beyond merely the tenants.
- Creating a joint identity/brand and network of Hubs in Scotland, will help users find a Hub and benefit from their services.



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What are Rural Enterprise Hubs?

Scotland's National Strategy for Economic Transformation envisions a scenario "where economic power and opportunity are distributed fairly across our regions, cities and towns, rural and island communities" and "Scotland has the infrastructure, resources, skills and talent to ... seize opportunities". The focus of this Policy Spotlight is on an intervention designed to help address many of these issues – Rural Enterprise Hubs.

Rural Enterprise Hubs are defined as "the provision of workspaces to multiple tenant businesses, which are co-located with additional services such as shared equipment, meeting rooms, co-working spaces, and business advice or support" ². They can be private, public or third sector run and are varied in size (roughly 4 to 60 office provisions) ³. Successful clusters/networks of Rural Enterprise Hubs can be found in Northumberland (where much of the research reported here was based) and in Ireland ⁴.

In a recent evaluation of rural business support in Scotland, one gap highlighted was "the need for accessible business Hubs in rural areas"¹. When compared to other countries/regions, the stock of Rural Enterprise Hubs in Scotland is limited, and an easily identifiable brand or network of Hubs doesn't yet exist.

Why working from home doesn't work for all

Rural areas have high levels of micro-businesses (businesses that employ 0 – 9 people) yet these smaller enterprises can often lack the resources or skills to grow⁵. Many microbusiness owners have no option but to work from home environments, resulting in social isolation, a lack of business contacts and networks, and limited ability to hire employees or to access customers⁶.

Despite the scale-up potential that micro-businesses have, and their importance to the rural economy as a source of employment ("29% of people in accessible rural areas and 36% of people in remote rural areas"¹), rural micro-businesses are often disregarded in growth strategies and attention is instead focused on 'core' urban areas⁷.

Due to the COVID-19 pandemic, a radical restructuring of work patterns and workplaces occurred, with large swathes of the workforce having to work from home. While many people faced difficulties in adopting homeworking practices, others enjoyed the freedom and flexibility offered by remote work patterns. By avoiding commuting to city centres, they saved money, time and reduced their carbon footprint.

In January 2022, 36% of workers in Britain suggested they would continue to include some form of home/flexible/hybrid work going forwards⁸.



The benefits Rural Enterprise Hubs bring are numerous

- They give rural entrepreneurs an **opportunity to leave home-working environments** (permanently or temporarily through co-working).
- They provide a **stimulating business environment** where tenants can **seek advice or collaborations** with fellow tenants.
- They provide **access to networks** – informally through day-to-day interactions and formally through **networking events** hosted at the hub.
- They become destinations to seek **business advice**, and platforms for **business support provision** to be delivered through.
- They provide **facilities** (meeting rooms, coworking spaces, cafes etc) and **services** (including high-speed broadband connections) to help businesses operate and grow.
- Over time Hubs **become part of and enrich entrepreneurial ecosystems**, providing spaces for businesses to experiment with growth, attain new knowledge, access networks and form new collaborations.
- They can **link to universities and colleges** to provide graduate students with a route to establishing a business, helping to **keep young people in rural areas**.



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Wider community benefits

As well as assisting businesses to thrive, Rural Enterprise Hubs have also been shown to improve tenant wellbeing⁹. Hubs provide communities to businesses which often suffer from social isolation and give business owners tools to become more competent and autonomous.

Rural Enterprise Hubs come in two main forms¹⁰;

- ‘Hive’ Hubs which typically house office-based (knowledge intensive) businesses (Business-to-Business) who benefit from expanded networks and collaborations, similar to many Business Centres.
- ‘Honey Pot’ Hubs which house businesses that sell products or services directly to the general public (Business-to-Customer) who benefit from the collective draw of the hub (providing access to new customers). These Hubs have been shown to be important infrastructures to foster the growth of Arts & Crafts sectors¹¹ – a particularly important sector for rural development.

In some instances – especially in remoter communities – Rural Enterprise Hubs also provide important community facilities and services such as a library and IT provision, Citizens Advice drop-in sessions, spaces for community groups to meet, after-school clubs and childcare provision. In this sense, Hubs can act as the heart of place-based community wealth building.

Hubs can also help contribute to public sector organisation budgets through collecting rents from tenants. For example, Northumberland National Park faced budgetary cuts and had to reduce its staff numbers, leaving empty spaces in its headquarters. A Hub was created, and the National Park now receives monthly rents as a new form of income that helps supports its work.

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Eastburn, Northumberland National Park, Hexham

Where do we go from here?

The provision of Enterprise Hubs in Scotland is steadily growing. There are examples of established Scottish Hubs pictured in this document, but more could be done to encourage the creation of Hubs as a means of supporting rural economies and as places for encouraging community wealth building.

Examples of best practice can be found in Ireland and England (for example, Northumberland and Devon), where group identities/brands have been created to co-promote a network of Hubs. This makes it easier for potential users to find a hub near them and for Hub Managers to share best practice.

- The public sector could look to establish their own Hubs using existing infrastructures.
- Alternatively, the private or third sector could be encouraged to set up Hubs through awareness raising or small capital funding.
- Hubs can be a mechanism to help deliver other policy targets around rural business support provision, entrepreneurial ecosystem development, start-up creation and growth, and to address wider agendas around the provision of community facilities and services.
- Providing Hubs with a digital platform to advertise themselves and share best practice has proven highly beneficial elsewhere.

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