



INNOVATION &  
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CAUCUS

# BRIDGING THE 'INFORMAL' TO 'FORMAL'

Using coworking spaces as 'bridges' to  
improve the uptake of Business Innovation  
Support Services in England.

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## EXECUTIVE SUMMARY

This report addresses a persistent gap in the UK's business support system: how to reach early-stage founders. Whilst much policy attention is drawn to start-up and scale-up stages, pre-seeds and early-stage founders are largely invisible to existing programmes and underserved by generic training programmes.

The business support that is available, is underutilised by pre-seed and early-stage founders, particularly in peripheral regions. Many never seek-out business support at all, instead relying on personal experiences, friends and family. This results in many potential businesses failing to start-up, impacting both regional growth and UK economic productivity.

Local Growth Hubs (LGHs) have long been designated by the UK government as the first point of call for all businesses seeking advice irrespective of stage of growth or maturity. Available in each of 41 regional geographies, they are a critical component of both regional, and the English, business and innovation support services (BISS) ecosystem.

Coworking spaces have proliferated rapidly since emerging in the USA in 2005. They are widely recognised as an innovative product offering commercial office space, but two distinctive segments are emerging: corporate providers of high quality, fitted out, flexible office space, targeting predominantly corporate tenants, located in major urban hubs and large cities; and independent, locally embedded spaces in towns and villages in post-industrial, rural, and coastal regions. These cater to individuals, microbusinesses and small to medium sized enterprises (SMEs) from their local area. This report focusses on the latter segment.

Interviews with CWS owner/managers, entrepreneurs and LGH advisors from the North East, West Midlands, and South West regions, illustrate that LGHs and CWSs currently operate in parallel even though the desire to support local businesses is a point of commonality:

- » LGHs provide online resources and short programmes of training in common business fundamentals to business founders, delivered by themselves or third-party organisations. Yet awareness of LGHs among early-stage entrepreneurs is often low. The experience of founders with *formal* business support providers highlights challenges related to terminology, lack of relevance and issues with the modes of delivery. The consequence is a “leaky” early-stage pipeline where founders disengage and do not pursue their entrepreneurial aspirations.
- » Awareness of CWS among founders and start-ups inevitably arises from a search for meeting rooms and workspace. But independent CWSs also frequently function as communities of nascent founders, micro-businesses and SMEs forming an *informal* source of business and innovation support. This is accessible at any time, is responsive to the enquirer, and barriers around terminology can be lessened by other means of communication such as demonstration effects, and repeated observation of professional activities and behaviours by others in the space. This is invaluable at very

early stages of the innovation journey, often well before founders are ready to engage with formal providers.

The majority of LGHs view CWSs as commercial real estate; CWSs view LGHs as a hub from which referrals arise. LGHs do not recognise the broader value and contribution CWSs offer to the local business environment in its function as an informal provider of support; many CWSs feel little need to build a stronger link to LGHs beyond making members aware of its existence and forwarding them the latest LGH newsletter. Yet, through our fieldwork we found examples of CWSs which function not simply as workspace, but as *local, social infrastructure*. Their internal programmes of support provide strong evidence of impact that enables them to win bids for contracts from their local councils to provide similar programmes to other entrepreneurs in their area.

A subset of CWSs of this nature should be better integrated into local BISS networks in every region. This does not require new national programmes or statutory change but the establishment of *selective* local partnerships using existing assets. Many independent coworking spaces, especially in areas beyond cities, operate fragile business models due to their commitment to flexible pricing and access for all. Stronger integration into the business support ecosystem can help stabilise CWS revenue streams and so preserve the unique way they support entrepreneurial journeys and contribute to local economic resilience.

LGHs, councils and the UK government, need to recognise the distinctive manner in which some CWS can/do support entrepreneurship and seek to build stronger connections with these. Such LGH-CWS partnerships have clear mutual benefits and make for a more valuable experience to pre-seeds and founders. Without new access pathways, current reforms in small business support risk improving support only for founders who are already confident, visible, and connected, reinforcing rather than reducing spatial inequalities.

Our findings contribute the first qualitative evidence that bridging the respective offerings from LGHs and CWSs can create low-friction pathways for businesses at the early stage of their entrepreneurial journey. We propose CWSs be more systematically integrated into the UK's BISS ecosystem.

## Policy Recommendations

### Encourage LGHs to leverage CWSs as place-based outreach and delivery hubs

LGHs struggle to engage early-stage founders effectively due to large regional remits, constrained budgets, increasing reliance on digital-first provision and operating predominantly under a response-based mode of engagement. While efficient, online delivery of standardised support often fails to translate *information* the formal provider gives, into *knowledge* actionable by the receiver, and can inhibit the development of trust-based relationships that are critical in the early stages of venture formation.

LGHs should shift their perspective of CWSs from being solely space providers, to being an active participant in the local BISS ecosystem. They should partner with select, locally embedded CWSs regarding them as place-based hubs for both LGH outreach and light-touch service delivery. This should include the regular co-location of LGH advisors within CWSs (e.g. drop-in surgeries open to members and the wider community), alongside strengthened operational relationships between LGHs and CWS operators to blend formal and informal support.

This integrated model would improve LGH's early engagement with underserved founders, enhance trust and relational depth, and enable entrepreneurs to convert information into practical, actionable insights. It would increase the effectiveness and uptake of formal business support while allowing LGHs to extend their reach and impact cost-effectively, by leveraging existing local innovation communities. For CWSs, working with LGHs collaboratively to develop a structural frame of formal support which complements the provision of informal support they already provide to their members can have reputational effects, heighten numbers of referrals, and enhance the operational sustainability of the CWS. It also means, through the presence of the LGH, the CWS will be able to comprehensively guide member businesses to the full portfolio of programmes, grants and funding that exist, and not just those that the space and its community are aware of.

### **Address the technical language barriers/deterrents around business and innovation support**

The language and expression commonly used by business practitioners in marketing materials and course content may not resonate with novice founders and can even act as a deterrent to taking up business support and training programmes. CWSs seem more cognisant of this potential barrier. They help novice entrepreneurs acquire the *language of business*: regular peer interaction, and the accumulation of interpersonal trust, can lower the fear of showing ignorance about common business parlance.

LGHs and CWSs should collaborate to redesign introductory materials and entry points using plain, inclusive language that resonates with pre-start, and seed stage founders (as well as established businesses). Armed with a better understanding of business vocabulary, novice entrepreneurs can feel more confident to approach formal providers for further, possibly more specific or specialised advice later down the line.

### **Adopt a selective, criteria-led approach to partnering with CWSs to avoid dilution of LGH capacity.**

LGHs receive significantly less funding than they did historically. A digital-first approach enables them to maintain their geographic reach but may reduce the quality of their engagement. Closer use of, and interaction with, CWSs can assist but selectivity will be important to avoid diluting LGH capacity because not all CWSs are equally equipped to support early-stage entrepreneurship.

A selective, strategic approach based on regional mapping and the application of clear criteria should be employed. Suggested criteria include CWS operators that: are demonstrably embedded in their local economy, actively curate entrepreneurial communities within their space, attempt to connect with untapped entrepreneurial potential in their area, and if possible, provide progression space for growing firms. Additionally, CWSs whose owner/manager purposefully builds relationships with other anchor organisations in the region (e.g. the local authority/council, schools, colleges and if available, university) demonstrates the space's potential to truly embed themselves in the wider local ecosystem.

Strategic partnerships with such CWSs can enable LGHs to achieve deeper qualitative engagement with entrepreneurs, strengthen inclusive local innovation ecosystems, and improve the overall effectiveness of business support delivery despite ongoing funding constraints.

### **Work with CWS to develop stronger outcome focussed metrics to improve accountability of BISS actors and attest to the impact of regional business support**

Current LGH performance frameworks prioritise counts of engagements and interactions with businesses rather than assessing whether these interactions lead to meaningful business progress. Among CWSs, data collection practices are inconsistent: while some track member growth and progression, others do not systematically collect such data. For both organisations, these weaknesses limit accountability, obscures their impact and impedes understanding about what forms of support are most effective.

Policy-led pilots (supported by institutions such as Innovate UK) should be established to identify what metrics have been collected by both organisational categories, devise and test a set of outcome-focused performance metrics that can be gathered from across LGHs and CWSs respectively over a framed time period e.g. 1-2 years. These metrics should move beyond input-outputs metrics and activity counts to track business and ecosystem *outcomes*, including business starts and survival, progression of founders in CWS into formal or specialised support programmes, attainment of external funding, participation of underserved groups in support programmes, and wider multiplier effects.

Shared outcome metrics would strengthen accountability and value for money by linking public support to demonstrable business progress rather than volume of interactions. They would also enable comparative learning across LGHs and CWSs, improve evidence-based policymaking, and support the development of more effective, inclusive local innovation and entrepreneurship ecosystems

## 1. Introduction

The UK continues to struggle with stagnant productivity growth and stark regional inequalities, with wide disparities in productivity between London and the South East vis-à-vis other UK regions [1]. Small to medium sized enterprises (SMEs) with 0-49 employees, dominate the business landscape accounting for 99.2% of the business population [2]. By supporting innovation and small business growth, policy has the potential to address the UK productivity challenge and 'lift' all places, including old/post-industrial, rural and coastal areas (we refer to these collectively as peripheral places). Yet in these places, unlike core city-regions, the business environment is more challenging; entrepreneurs and small businesses are widely dispersed, often hidden by working from home, business networks are shallow, skills and knowledge bases can be relatively depleted and there is often limited local social capital available. Consequently, policy implementation often (inadvertently or otherwise) disproportionately benefits economically stronger places and organisational actors.

There has been renewed interest in business innovation support services (BISSs) long viewed as critical for early-stage business growth, and now, the role it can play in place-based development strategies. However, BISS provision has been criticised as 'insufficient and fragmented' [3], complex and overwhelming. In 2023, only 26% of UK SMEs sought external advice in the previous year [4]. Most entrepreneurs only seek formal business support when needing highly specific advice (e.g. sources of grants and funding, required documentation for importing/exporting) [3]; by implication, such businesses are already relatively established. Pre-seed founders and early-stage start-ups are always directed to their LGHs. Even the recently launched government Digital Business Growth Service (DBGS), which seeks to pull a wide range of resources and BISS actors together through a single visible web-based access point, asks the online enquirer for their postcode and then directs them to their LGH. However, the creation of the DBGS is unlikely to sufficiently address why many early-stage founders never approach their LGH.

Good advisor/advisee relations are critical for effective delivery of business support. This requires a degree of trust and the ability to communicate wants, needs and potential solutions. New entrepreneurs however may not feel equipped to understand what they need, or have the language to express it, to/understand the advice from an actor working in a 'formal' capacity. There may also be a reluctance to share a business idea, with an unknown actor for proprietary reasons. Unsurprisingly, most SMEs utilise informal sources such as family networks and social circles [5]. Yet these sources potentially have limitations in the support and advice they can offer. Entrepreneurs would benefit from being able to access to a wider pool of social capital. Exposure to the experiences of others can raise an entrepreneur's openness to external suggestions, enhance their social/psychological capacity and self-confidence in the variety of business activities needed for commercialisation [6]. Moreover, entrepreneurial actors/founders need to develop these capabilities at the start of their business journey, before they are ready to apply to formal schemes.

In this regard, it may be easier for founders to cultivate good advisor/advisee relations from a base of informal support which increases in intensity/frequency as familiarity between advisor and advisee and business prospects grow. In time, informal support mechanisms may enhance entrepreneurial confidence to reach out and use formal BISSs. The core policy question is therefore: *how can founders be supported such that they are more ready, willing, and able, to engage with formal provision?*

In the UK, CWSs are being increasingly used by businesses at all levels of maturity, including founders and start-ups. They are a potential source of informal business support and have great potential to assist the economic development of peripheral regions [7]. But CWSs remain regarded as purely commercial office space and have attracted little attention for their business support function across British policymakers. This is in stark contrast to other nations such as France (*Tiers-Lieux* policy) or Ireland (Connected Hubs initiative). Better connectivity of CWSs into the local ecosystem of business support via LGHs could help to reduce this deficit.

Whilst all CWSs offer shared workspaces on low cost/flexible terms, many of those in peripheral areas strongly emphasise the role of highly localised, cocreated community support and knowledge sharing, distinguishing them from commercial flexible office spaces in urban hubs. CWSs have experienced growth in provincial towns/cities, rural and coastal areas, accelerated by the rise in remote, flexible and hybrid working [8, 9]. Whilst the community sharing and informal mentoring aspect characterises such CWSs, some (not all) additionally and purposefully incorporate a range of training/learning events into their service provision depending on the needs of their community [10]. In this way, CWSs are providers of informal BISS.

Better connectivity between CWSs and local BISS providers could enable a smoother transition for entrepreneurial actors to move from informal support towards formal support and raise their aspirations and confidence to apply to larger, comprehensive support schemes. Indeed, in peripheral places the relationship could be mutually beneficial in terms of enhancing the ability and efficiency of LGHs to reach and support start-ups and SMEs, while also improving the service and support that CWSs can offer their members. The basic business model employed by independent CWSs makes for a precarious existence. Their openness, flexibility, and low-cost access make them both attractive, and vulnerable to unpredictable income streams. Becoming known as a CWS which offers genuinely strong and differentiated business support can help.

This hypothesised scenario motivated this study. We explore the existing relationships between CWSs and LGHs, identify key challenges and offer some potential policy solutions.

The remainder of the report is set out as follows. First, we provide some contextual background on LGHs and CWSs. We then outline our research approach, followed by our key findings and illustrative cases of how LGHs and CWS work together to support local, place-based

entrepreneurship. We provide our policy recommendations regarding how to build bridges between the two organisational types and conclude.

## 2. Contextual Background

### 2.1 Local Growth Hubs (LGHs)

Launched in 2014, LGHs are regional business support centres that provide free advice and resources to SMEs across England<sup>1</sup>. The 41 hubs are managed by either Mayoral Combined Authorities (MCAs) or the LGH's respective Local Authority with funding provided by central government<sup>2</sup>.

Whilst LGHs are aligned with local growth plans, their purpose is to be locally responsive to local economic and business priorities. Their provision combines general advice, some business mentoring and triaging enquiries to relevant third parties (e.g. Chambers of Commerce, finance providers, NatWest's Entrepreneur Hub, Barclays Eagle Labs, university/college-based courses for skills, private/public incubators, professional service firms and so on (see Figure 1). Where there is a particular regional 'need gap,' the LGH may themselves commission bespoke programmes from third parties directly for broad provision to multiple businesses. These services are free to the user, accessible both online and/or in-person, and sensitive to regional specificities (see Table A1 for a summary of LGH support services).

### 2.2 The Efficacy of LGHs

LGHs are a *formal* means of business support in that their *primary purpose* is to support business establishment and growth. There are many public and private providers with this primary purpose, which makes for a complex BISS landscape. Nevertheless, strategic advice from formal business support providers is regarded as being critical for enhancing the performance of the most radical innovative businesses [14]. Many formal programmes that LGHs can signpost enquirers to, such as Innovate UK's Scale Up Programme, Knowledge Transfer Partnerships and No Limits platform are targeted at more *established* businesses [11]. Feedback from LGHs' own follow up surveys of their users, report that users feel the LGHs have a positive impact. Indeed, the former Department for Business, Energy, and Industrial Strategy (2022) estimated such support enhanced employment by 14% and average business turnover by up to £953,000 in one year.

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<sup>1</sup> Scotland, Wales, and Northern Ireland do not have local growth hubs but instead have separate initiatives to support local businesses through their devolved government arrangements therefore our consideration is for England only.

<sup>2</sup> See <https://www.growthhubfinder.co.uk/>

However, formal business support services have also been described by as 'insufficient', 'fragmented' [3] and long associated with a lack of visible access points and appropriate delivery infrastructures [12]. Indeed, the efficacy and accessibility of existing formal support provision has been a longstanding concern [5]. The UK government's response has been to establish the online Digital Business Growth Service (DBGS) in June 2025. This collates a wide range of resources and contacts to BISS actors into a single online access point. For pre-seed business, early-stage entrepreneurs and start-ups, following the 'Starting a business' link on the DBGS webpage (and providing their postcode), directs them to their LGH.

LGH's are supposed to be the first point of call for potential and new entrepreneurs/founders. The business support provided to pre-seed businesses by LGHs (or their designated third-party partners), follows a template of standardised content. For example, the LGH may provide free access to simple factsheets and/or asynchronous videos that raise business *awareness* of common, fundamental business requirements and principles e.g., the basic skillset business owners need, which legal structures a business can adopt, the necessity of a business plan, market research and appropriate marketing channels. This online provision is a flexible format that is accessible at a potential founder's convenience.

In addition, LGHs may also run synchronous (virtual or in-person) programmes delivered to a group of potential founders within a condensed time period. Yet issues often arise around the timing and relevance of the delivery of these programmes. Costs to the LGH of programme delivery often require them to be delivered to a cohort of potential business owners at a scheduled time/date, which may not suit all those who wish to attend, while there may also be a lack of synchronicity between the delivery of a particular topic and the stage of readiness any single potential founder is at (i.e., there are issues around the relevance of content and its timeliness to an individual).

Programme content is also typically presented in broad terms and not tailored to the specific context and/or needs of the potential founder/early-stage business owner. There remains a significant cognitive gap for potential entrepreneurs to bridge when taking *generic principles and information* from fact sheets or short courses, into their context-specific business setting. In other words, there are challenges for potential business owners and start-ups when applying core business principles, such that information becomes *knowledge* through application. So, while the collation of information accessible via a single online digital portal (i.e., DBGS) may simplify the initial step to accessing formal support, the advice/guidance provided is not always as useful or effective as it could be. Consequently, potential entrepreneurs may abort, or be deterred from, seeking advice from formal providers, especially in the early ideation and pre-seed stages of their business journey.

Instead, potential entrepreneurs may prefer to draw upon a combination of their prior experience and knowledge of their industry (possibly from previous employment) and/or *informal sources of business support* such as family, friends and wider personal and professional social networks [6]. For novice entrepreneurs, or entrepreneurs entering a new

sector outside their professional experience, these social networks may be limited and further exacerbated in areas outside of densely populated city-regions. We proffer CWSs may offer expanded social networks to entrepreneurs and SMEs.

## 2.3 Coworking Spaces (CWSs)

The CWS<sup>3</sup> sector has experienced phenomenal growth since its founding in 2005 and was estimated to number 42,000 spaces globally in 2024 [13]. The UK CWS sector (with approximately 4152 spaces) is the second largest in the world (the US has 8420 CWSs) [14]. Within the UK, CWSs remain concentrated in London and core cities, (see Table 1), but peripheral areas are experiencing rapid expansion [15], with estimates that these places now account for more than 2000 CWSs (Coworking Café, 2026). This is concomitant with the rise in remote, flexible and hybrid working [9] - especially since 2020 and the relocation of some desk-based workers to locations in suburbs, market towns, rural and coastal areas.

**Table 1. Number of Coworking Spaces by location as Q4, 2025**

Location	Number of CWS	Location	Number of CWS
London	1200	Bristol	61
Manchester	128	Leeds	60
Glasgow	68	Cardiff	43
Birmingham	66	Belfast	43
Other cities with between 25 to 42 CWS include: Aberdeen, Brighton, Edinburgh, Liverpool, Newcastle, Nottingham, Oxford and Warrington.			

Source: Coworking Café (2025).

Within the sector there are two clear sub-divisions which largely correlate with location. In city-regions, CWSs are generally corporate providers (e.g., WeWork and International Working Group – IWG, brands) [16]. These providers typically offer a small proportion of hot desks within a core offer of flexible office space; they seek corporate tenants to 'maximise real estate returns' [17] and dependent on the location, may be able to specialise by sector (e.g. architecture and construction, financial services, healthcare related businesses).

Outside core cities, provision of coworking by corporate providers is weaker due to the lower density of the working population. Independent CWS providers dominate. To survive,

<sup>3</sup> 'Coworking' has become a fashionable term adopted by other hospitality organisations to rebrand and market some facilities and services they already previously provided e.g. business service offerings in hotels, wi-fi access in pubs and cafes. We do not consider these organisations in this report.

independents need to be open and accessible, with flexible (low cost) fee structures. They are less able to have a specialised sectoral focus and attract a more diverse clientele than corporate CWSs providers. This diversity within a single space provides potentially rich opportunities for informal, unstructured knowledge exchange and learning from each other as well as potentially forming local supply chains among the CWS member businesses. Managers of independent CWSs deliberately facilitate these processes by providing a range of initiatives, training and learning events, and social activities in their spaces [10]. Independent CWSs are also typically embedded within the wider locale beyond their own space, building relationships with local businesses and suppliers, and frequently offering the use of their space to host social, cultural and charity events [18]. In this sense, independent CWSs are more likely to uphold the original fundamental values of 'coworking' (community, openness, collaboration, sustainability, and accessibility [19]) than their corporate provider peers.

The *deliberate fostering* of a collaborative community of professionals at a highly granular, place-based level, is critical to the resilience and survival of independent CWSs in peripheral regions [20]. Whilst the availability of attractive and well fitted-out space, at relatively low cost and on flexible terms initially attracts users to CWSs, it is the vibrancy of the *specific* CWS community, and its function as a source of informal business support that is key to the *retention* of member users – users need to find 'their tribe'.

CWS users can access ad-hoc advice and/or be signposted to external business support, including formal BISS providers by the CWS manager or other coworkers. Interactions and knowledge exchange within CWSs is largely informal, spontaneous and provides entrepreneurs with 'quick' tailored responses and/or advice that can be accessed with relative immediacy or frequency. By embedding themselves within a CWS community, novice and potential entrepreneurs can observe and learn from the behaviour and activities of other business users and enhance their own capabilities. The supportive entrepreneurial culture can also enhance the individual entrepreneur's social/psychological capacity and self-confidence in a variety of business situations, which is required as they progress down the road towards commercialisation [6].

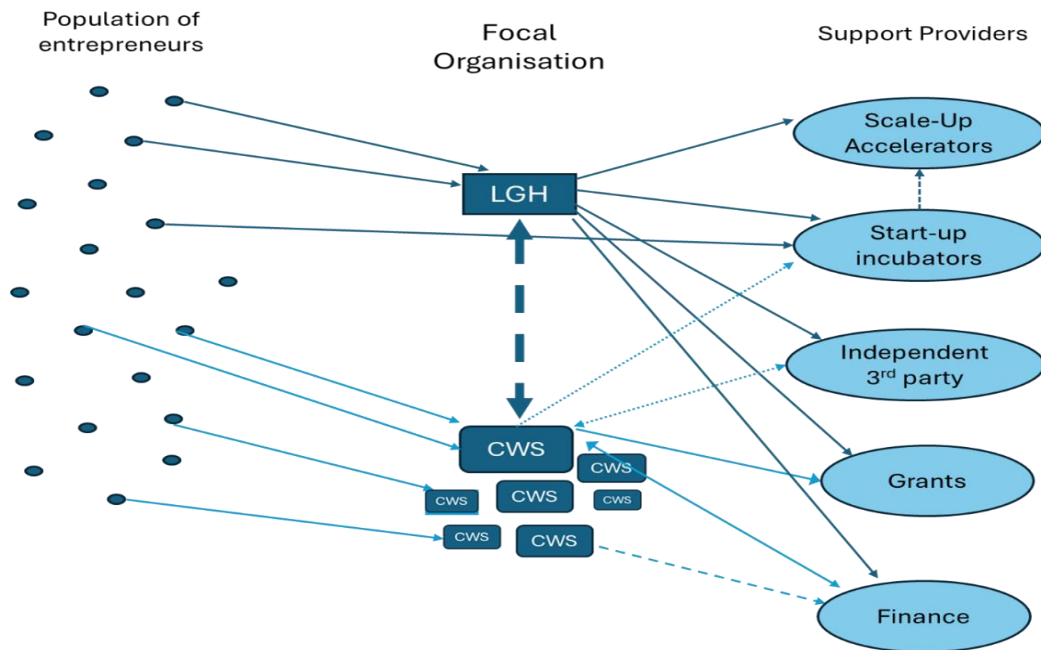
## 2.4 Building Bridges Between Local Growth Hubs (LGHs) & Coworking Spaces (CWSs)

At first glance, given the overlap in the support and provision both LGHs and CWSs can offer entrepreneurs and SMEs, it may be perceived that the two are substitutes, yet as indicated in the previous sections, they are also fundamentally distinct. But are they completely separate actors or can the two be positioned as complements in the entrepreneurial journey?

Figure 1 depicts our highly simplified conceptualisation of the connections between entrepreneurs, the LGH, CWSs and other actors in the local BISS ecosystem. Entrepreneurs can reach a wide number of other organisations that reside in the local business ecosystem via LGHs. Alternatively, they can by-pass the LGH altogether, and become aware of the other

BISS actors, and develop the confidence to approach them directly, or through the connections they gained from within the CWS. Our focus, however, is the nature of the relationship that exists between the LGH and the CWSs in their region (represented by the thick, broken, doubled-headed line) and how this pathway between informal and formal support may be fostered.

**Figure 1: Conceptual representation of relationships between entrepreneurs (and SMEs), LGHs and CWSs other BISS actor categories within a region.**



Source: Authors own

### 3. Research Approach<sup>4</sup>

The evidence base for this report draws on a series of semi-structured interviews. Three English International Territorial Level (ILT) regions - the North-East (NE), West Midlands (WM), the Southwest (SW) - were purposefully chosen based upon their distinct socio-economic geographies and associated challenges.

A Google map search was utilised to identify all CWSs in those regions, since no comprehensive national database of CWSs exists. We discarded those operated by corporate providers because their users are normally established businesses or corporations. We employed 'cold calling' email contact to approach the remaining CWSs in each region, with a request to the CWS manager/owner for an in-person visit, an interview with owner and/or manager, and their cooperation in advertising a request for users of the space to participate in focus groups in person, in the space.

It was important for us to visit the spaces in person where possible, because both prior research and our own experience have revealed that the sense of community, positive, open culture and environment that characterise true CWSs (as opposed to those who use it as a marketing term) are only confirmed by 'being there'. Between the interviews, focus groups and in-person visits, we were able to reassure ourselves that the spaces we report our findings from, were true CWS rather than just office space.

Our research was motivated by the recognition that pre-seed entrepreneurs and early-stage start-up businesses are directed to their LGH as the first line of support, so we stipulated that focus group participants should be pre-seed, seed or early-stage businesses (following the characteristics within the Innovate UK definition) [21]. The interviews with CWS owners, managers and users were conducted between July and September 2025. This peak summer holiday period, alongside the strict selection criteria, accounts for the relatively small number of participants.

In total, eleven CWSs participated in the study (three in both the NW and WM, five from the SW). The sample included CWSs in provincial city and town centres, rural and coastal areas. The CWSs were typically not specialised in any particular sector or technology<sup>5</sup>. Table 2 provides a comparative overview.

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<sup>4</sup> Ethical approval for the study was granted by the University of Bath Research Ethics Committee on 17/06/2025 (SSREC number 8192).

<sup>5</sup> Touring the spaces, we observed micro manufacturing units as well as service providers.

From across these CWS, we conducted interviews with 15 owners and managers, 14 entrepreneur/SME users. Following the in-person fieldwork we conducted online<sup>6</sup> interviews with each CWS's respective LGH - 6 LGH representatives in total (see Table B1 for further details).

Our findings report on:

- A. The perspectives of the LGHs on their outreach to and support of entrepreneurs; their relationship to CWSs in their region.
- B. The perspective of the CWSs on their support of entrepreneurs using their spaces; the CWSs relationship to their LGH.
- C. The viewpoint and experiences of entrepreneurs about business support from LGHs and CWSs.

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<sup>6</sup> The exception was one LGH representative, who actually worked from the CWS and was present on the day of our visit.

Table 2: Profile details of coworking spaces in the field study

	Type	Location	CWS Desks	Serviced Offices	Industrial Space	Meeting/Event Space	Onsite Café	Business Support	Event Provision	Relationship with LGH	Relationship with Local Government
<b>CWS1</b>	Ind	Rural	✓			✓	✓	Informal	Members	Advice on REPF grant Now no connection	Informal engagement
<b>CWS2</b>	SE	City	✓	✓	✓	✓	✓	Formal (public)	Members Local Business	Signposting to LGH	Business Support provision Enterprise scheme
<b>CWS3</b>	Ind	Rural-City	✓	✓		✓	✓	Formal (private)	Members Local Business	LGH has desk in CWS LGH has used CWS for events	LG Building Lease
<b>CWS4</b>	COS	City	✓	✓	✓	✓		Informal	None	Signposting to LGH	No engagement
<b>CWS5</b>	Ind	City	✓	✓		✓		Informal	Members	No connection	LG Building Lease
<b>CWS6</b>	Ind	Town	✓			✓	✓	Formal (private & public)	Members Local Business Public	Partnership to deliver Business Support & Training LGH has used CWS for events	Partnerships on Business Support
<b>CWS7</b>	Ind	Rural-City	✓	✓		✓		Formal (public)	Members Local Business	Signposting to LGH LGH has used CWS for events	LG Building Lease Close Collaboration
<b>CWS8</b>	SE	Coastal	✓	✓		✓	✓	Formal (private)	Members Local Business	No connection	Advice/Guidance on ERDF grant
<b>CWS9</b>	Ind	Rural	✓	✓	✓	✓	✓	Informal	Members Local Business	Previous LGH collaboration on digital transformation programme Now signposting to LGH	Informal engagement
<b>CWS10</b>	SE	Rural	✓	✓				Informal	None	Signposting to LGH	Informal engagement
<b>CWS11</b>	Ind	Coastal	✓			✓		Informal	Member events	Signposting to LGH	Council CWS Network
<b>Key:</b> Ind – Independent COS- Community Owned Space SE – Social Enterprise											

## 4. Findings On LGH-CWS Relationships:

### 4.1 LGH outreach and support of entrepreneurs

#### 4.1.1 Regional Funding, Digital Technology and LGH Business support

LGHs have experienced significant cuts in funding since the loss of European Regional Development Funding (ERDF). Whilst LGHs based in larger city-regions and/or Combined Authorities have access to relatively more resources than those serving more peripheral places, even these are more resource constrained compared to a decade ago. Over all, LGHs have fewer staff and resources, host fewer 'roadshows' and in-person business engagement activities. Some lack a physical site of their own within their region with all employees working remotely. Nevertheless, the mission of LGHs to support local businesses remains.

LGHs are agnostic regarding the companies they support in terms of size and stage of growth. Digital advances and new work practices introduced during the COVID-19 pandemic has enabled LGHs to have a wide reach with a reduction in costs associated with in-person meetings. LGH's now rely predominantly on their websites as the first point of access, and visitors either have to self-navigate their way through a series of webpages and/or complete an online questionnaire as a means of triaging their enquiry to the appropriate advisor. Any subsequent individualised advisory service is also largely delivered remotely:

*'We do offer face to face appointments - primarily those are done these days on [Microsoft] Teams. Back in the day, they would have been done by somebody getting in the car and going out to the business' (LGH5/1).*

While this is economically efficient from the perspective of the LGH and potentially more convenient for established businesses, we suggest it raises barriers for novice entrepreneurs and early stage businesses, who may find navigating the webpages complex or confusing, who may not be familiar with the terminology/language used (see Section 4.3.2), or who may not know what they do not know/ what they need/ want, to know. Longer serving LGH advisors recognised that even historically, when a more proactive in-person approach to engaging with SMEs was used, the issue of absence of knowledge, ignorance, or lack of understanding about what is meant by needing 'business support' was pervasive and remains significant today:

*'when we started, we did a series of what we called 'town takeovers' ... it was kind of deliberately provocative...we went to lots of towns, walked around the industrial states, the high streets, talked to loads of businesses and 90% of them were like, "no, no, I don't need business support" and we'd go, "oh, OK. So have you got any problems?" "Oh, I've got loads of problems." "So why don't you need business support, then?" "Oh, no, maybe I do" ...and that's still very much the case to be honest.... [10 years ago] when we started [the LGH walkabouts] we asked people about whether they had any state aid previously, 80% of our*

*businesses said they hadn't... it basically meant they hadn't had business support before, and that was after 20 years of business support EU funded [in our region]. Now, I think that figure is about 55%. So, we've made a lot of inroads into the market... but there's still an awful lot of people out there who just haven't linked with business support' (LGH3/M1).*

Structural issues formed by the combination of reduced budgets, digital advancements and changes in work practices means LGHs operate predominantly in 'reactive' mode (responding to enquires) rather than 'proactive' mode (going out and seeking individuals/organisations to offer support). They seek to stimulate enquiries by leaving leaflets in local spaces (cafes, business/science parks) or by attending events hosted by others e.g. Local Chambers of Commerce, university hosted business events etc., However, one CWS manager commented:

*'If they [LGH] just did an advert and said, "come and ring the growth hub", and "do you want to think about starting a business?", [the businesses in the our CWS] wouldn't go anywhere near it.....I think start-ups use a different route...it's friends and family [for early business support] ...' (CW2/M2).*

This confirms earlier research that entrepreneurs draw on friends and family for early support and advice and CWSs communities form an extended network for entrepreneurs to draw upon.

The move by LGHs to web-based provision and the modularisation of introductory online sessions increases the flexibility in the timing and type of support provided. On the other hand, the remote nature of support precludes verbal and responsive, timely, informal (and tailored) feedback mechanisms associated with in-person contact.

#### **4.1.2 In what ways do LGHs engage with CWSs and how do they perceive them?**

Relationships between LGHs and CWSs vary by specific LGH-CWS relationship but can be described predominantly as shallow.

Independent CWSs are themselves, SMEs. Hence, the CWS founder may have approached their LGH when starting out. The LGH may have provided information on sources of finance or grant funding and support for developing grant proposals – a number of the CWSs had received public funding from different programmes (e.g. ERDF, Strength in Places Fund, Local Growth fund, Rural England Prosperity Fund). The LGH may also have provided regional insights on the level of demand for flexible desk/office space in their area and passed on the CWS's details to businesses looking for space to rent, hold meetings, or run events in:

*'we've certainly had some people who've set up CWSs coming to us...for advice and for a pipeline of willing businesses that might want to locate there for some period of time...if someone has a workspace inquiry, we will always run through CWS options available to them'. (LGH3/1).*

The relationship between LGH and the CWS may continue in on an ad-hoc basis. For instance, the LGH maybe approached by the CWS for advice covering issues associated with marketing, or how to reduce their energy costs in efforts to become more sustainable.

In another dimension to their relationship, several LGH advisors, now enabled to work remotely, choose to work from different CWSs as they move around their region to meet clients. CWSs provide free wi-fi access, plenty of open social spaces to meet, and often good cafés (which may be open to the public). Often the LGH advisor arranged to meet clients in these open spaces (for non-sensitive meetings) as opposed to renting a desk for half/ a whole day. This demonstrated that LGHs are aware of CWSs in their area yet only see them as 'space'.

Extending this notion of space, over the last few years, the advisor in LGH2 has used CWSs across its region to host weekly business clinics and has occasionally rented out meeting rooms and event spaces for larger business events (including conferences and an annual technology festival). These activities are open to all businesses within the region, not just to those that reside within the CWS. This use of the space by the LGH promotes a symbiotic outcome, it raises the profile and visibility of LGH2 and makes more businesses aware of their services. For the CWS host, it makes meeting and event attendees aware of, and potentially curious about, the CWS and potentially drives new users to it.

However, it was interesting that despite using CW space, LGHs, because of their *de facto* operational mode being responsive/reactive, rather than proactive, did not seem to recognise that CWSs themselves are a pool of collocated entrepreneurs and businesses they might proactively approach to offer their services. When we raised this in our interview LGH5 was reflective:

*'we do have a lot of commercial CWSs in the city centres... perhaps we could be going and proactively engaging in those spaces....we wouldn't normally go into those because we're not going to pay for a for a pass to those places, but maybe we could be reaching out to the people who operate those premises and saying look, is there any value in us say coming...every few weeks and meeting the businesses who use those spaces and making them aware of the growth hub because a lot of those people I'm guessing are probably growing businesses' (LGH5/1).*

It was clear that the LGHs' perspective of and relationship with the CWSs in its area (the dotted line in Figure 1) is that CWS offer offices, meeting rooms and event space to others – CWSs are real estate, not part of the business support ecosystem.

A slightly stronger LGH-CWS relationship was observed in CWS3 (for details see Case Study 1 below) where the LGH rents a hot desk in the CWS on a regular basis. Their regular presence means tenant businesses in the space have built up social capital with the LGH advisor and feel able to approach them for advice with comfort and ease. It also meant other local

businesses knew that the advisor could be found in the physical space if they needed/wanted to meet the in person. This may also have been near and more convenient than travelling to a LGH office elsewhere, given the relatively large geographic coverage of this particular LGH.

In larger areas such as those covered by LGH4 and LGH5, the LGH tended to place an emphasis upon managing their relationships with other formal business support providers (such as NatWest Accelerators or Barclays Eagle Labs, rather than CWSs. This is understandable. CWSs in such areas are more plentiful and variable in the level of business support they offer, and it is not feasible nor necessarily desirable for resource constrained LGHs to establish/maintain close links with all CWSs. Nevertheless, where there is a relative density of business activity (compared to rural and coastal areas) CWSs may not only be able to employ a degree of sectoral specialisation but may be catering to particular types of founders/businesses. For example, we found CWSs in the NW and WM, that were supporting a greater proportion of ethnic minority businesses that the LGHs have typically had little engagement with. Whilst such businesses rely heavily on social capital within their ethnic communities, LGH's could attempt to find those specific CWSs and take a proactive, relationship building approach in order to find connection points into those ethnic communities. For instance, LGH4, had a campaign to 'reach out' to ethnic minority and female entrepreneurs, and LGH advisors regularly visited and worked closely with a set of community hubs that provided space to ethnic businesses.

## 4.2 Experiences of Entrepreneurs with LGHs and formal BISS providers.

### 4.2.1 Low awareness or perceived need for LGH services among entrepreneurs.

Among the entrepreneurs in our sample, there was generally a low level of awareness of their local LGH and its role/services. This is problematic, since LGHs operate largely in 'responsive' mode. Among entrepreneurs that were aware of LGHs, most had not used their services. There were several reasons put forward. Some of this is attributable to a problem common to all entrepreneurs and SMES – insufficient time and/or resource to pursue inquiries (with the LGH).

Many of the entrepreneurs had prior experience as an employee/ business owner in the sector they were currently operating in. This led them to identify gaps in the marketplace and/or weaknesses/dissatisfaction with the strategic business and operational models of their previous employers. The reason for 'branching out' was to be independent and profit from addressing these gaps or to do things better. These entrepreneurs felt they understood their markets and were confident leveraging previous professional contacts (i.e. their existing social capital), although they would outsource ancillary services to professional services (such as accountants) as required.

In other cases, the issue of not using BISS more was less to do with the LGH, and more to do with administrative bureaucracy of the initiatives on offer. Some entrepreneurs had approached the LGH for guidance regarding access to grants and loan-finance from public bodies such as

the British Business Bank but found the process bureaucratic and time-consuming, and felt the risks associated with the personal guarantees required to secure a loan were just too high to complete an application. In particular, founders of service companies preferred to use bootstrapping for their short-term financial requirements but acknowledged their capital costs were low relative to manufacturing start-ups.

We also found entrepreneurs were turning to AI platforms for guidance, rather than formal BISS organisations such as the LGH:

*'Truthfully, I would engage with ChatGPT as my first port of call, and you would be quite surprised how much that will do' (CW1/mb3).*

AI platforms have become cheap, accessible, easy to use and enable entrepreneurs to get sufficiently satisfactory answers about other organisations, processes and procedures to address their enquiry instantaneously, rather than being delayed by having to search for and within, appropriate websites or having to make an appointment with an advisor. However, the greater provision of web-based interfaces by LGHs enables the AI platform to signpost the enquirer to them (among other BISS providers).

### 4.3 CWS perspectives on, and experiences with LGHs

#### 4.3.1 CWS critiques of support and training provision from the LGH and/or third-party providers to entrepreneurs and SMEs.

CWSs support their user communities and are highly responsive to their needs. Whilst internal informal mechanisms such 'lunch and learn' sessions, or a presentation by a specific member to the rest of the community of their skills and/or services can be useful, occasionally, the CWS may have felt the need to employ an external, formal BISS provider. Several of the CWSs in our sample, and many of the business owners we interviewed, have however described the provision they received as generic and not particularly helpful.

When engaging a formal BISS provider, the standard practice is to provide a highly structured programme of fundamental business principles in a time condensed format. For example, a programme provided via the LGH might consist of business planning and strategy, personnel and human resources, marketing, financial management and legal considerations delivered over six-weeks. This structured timing helps the training provider to deliver the course in a time-efficient manner. For the receiver, it can be problematic, especially if the entrepreneur is at the start of their journey, and they may have little experience in which to contextualise the principles that are being delivered. Consequently, whilst the entrepreneur receives information, it is not considered useful and its relevance may be obscured, set aside, and forgotten about. Yet, as the entrepreneur progresses along their pathway to establishment, they may need to draw upon aspects of that programme content again.

The standardised content in provision is to be expected if targeted at, and delivered to, novice entrepreneurs and new business start-ups, but the delivery of principles without contextualisation in line with the needs of the audience, can have wider negative consequences. One CWS manager recognised a broader demand for financial skills awareness among its' members. The manager contacted their LGH for a business support provider to come into the CWS and deliver a course. The CWS manager provided details on audience demographics, the set of financial challenges/barriers they were facing and asked whether an appropriate course could be delivered and received assurance that it was. A trainer was dispatched to provide a series of three sessions but the first one...

*'...was a car crash. I had already explained that everyone attending wanted to establish service businesses, not products, yet the trainer spent an hour looking at spreadsheets and cost adjustments to widgets... in the end [my members] spoke up and said 'none of us intend to sell physical products but bespoke services' and the trainer just glossed over it and said they could send a different spreadsheet later' (CWS11/M1).*

The disillusionment with the session led several attendees to express doubts over their own ability to establish a business and risked damaging the CWS's reputation as a supportive environment in which to start new businesses. The CWS manager cancelled the remaining sessions and both they and their members became more averse to requesting such services in future.

Indeed, across our sample of CWS managers, there was significant scepticism of the added value LGHs provide:

*'I think the difficulty we've had is none of our businesses really have anything to do with the LGH - they don't see it as relevant to them.... they're [the LGH] all the people who think they know how to run businesses, but who have never run businesses' (CW8/M1).*

#### 4.3.2 Terminology and Language Barriers

Some CWS managers noted that those with low levels of business literacy such as first-time founders, those from lower socio-economic groups, young people and others newly (re)entering the workforce found the terminology and language used by LGH and other BISS alienating and a barrier to seeking help. For example, at the most basic level, potential and novice founders did not always view themselves as 'entrepreneurs' in the definitive sense<sup>7</sup>, but

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<sup>7</sup> In the 'definitive sense' being an entrepreneur is someone who starts and runs a business or startup, using their own ideas, time, and resources, while undertaking risks to bring products/services to market.

associated the term with high profile entrepreneurs in the popular media (e.g. Richard Branston or Deborah Meaden), nor did they feel resonance with materials targeted towards “businesses/business owners”:

*‘Yeah, a lot of our users ...don't identify as a “business” because they haven't got the business yet. They don't even see themselves as entrepreneurs. They're not “start-ups” because they haven't started up yet. So, for a lot of these things that are advertised or marketed [they think] ‘it doesn't apply to me.’ (CWS2/M2).*

This can make online resource provision by LGHs appear unrelatable/irrelevant to the enquirer. We illustrated a similar issue earlier, when citing a LGH manager’s historical experience of asking businesses whether they needed any business support, which the business owners denied, but when asked if they had any problems, admitted they had plenty.

In addition, where LGHs run or outsource courses, the delivered content (in this specific case, an introduction to finance’ course), may include terms such as ‘marginal cost’, ‘discount rate’, which although fundamental, well established and widespread, can appear technical and overly jargonistic:

*‘...I still don't feel like it was basic enough, because often when you get a finance person to deliver a finance session..., it can still be a little bit too intimidating.’ (CWS11/M1).*

Recognising how language was proving to be a barrier to entrepreneurship, the managers of two different CWSs developed their own communication toolkits to design educational marketing materials and to attract people into their spaces using different, ‘simpler’ language.

One of the benefits of CWS communities is that the users of the space can help each other out e.g., providing lay-person explanations based on personal experience, or observing exemplars, or benefiting from demonstration effects, learning-by-failing, turning to people in the CWS community for further assistance with quick response times.

#### **4.3.3 Criticisms of LGH performance metrics**

Several CWS owners/managers were sceptical of the metrics LGHs were required to collect around business support for pre-seeds and new founders describing them as a ‘box-ticking’ exercise to satisfy auditors rather than measuring any real impact on the businesses and the local economy. Several of the LGHs described how they recorded their performance - LGHs are required to record the types of interaction (‘assists’) that had with enquirers, as ‘light’ (<30minutes) or ‘medium’ (30 minutes up to 6 hours) with an annual target for each type of assist. LGH5-1 said that they primarily address one-off interactions - having put an enquirer in touch with a business support provider that is the end of the LGH’s role. Whilst the LGH does request feedback on its own performance from the enquirer, they had no responsibility to track

outcomes of their intervention for the enquirer, and they do not manage 'client accounts' or follow the journey of the enquirer.

CW2/M2 provided us with a typical scenario:

*'it's about more about inputs rather than outputs, and there's a lot of measures of input because government are paying for things, and they want to know that you're [the LGH, business support providers] are doing stuff. So, they put in effort - 'yes I spent four hours with [a potential entrepreneur].' The fact that the entrepreneur didn't start their business, went and got a job, went to college or whatever afterwards, is irrelevant to the funders. They just want to say, if we're going to put that money in, we need to see that you're doing something' (CW2/M2).*

CWS6/ M1 was similarly critical of the system for tracking the use of grant funding:

*'I think [one of] the reasons why we probably struggle as a business landscape is we've created zombie businesses in terms of just grant hopping...there's a lot of businesses that go through Innovate UK and stuff, who've never made a commercial penny, but they've always got grant money' (CWS6/ M1).*

CWSs, which had received public funding and/or LGH support, also felt the metrics they themselves were required to report, did not capture the actual impact the CWS had on the businesses it supported, or any multiplier effects on the wider regional economy:

*'...what we've kind of come to terms with is that GVA (Gross Value Added) is a terrible metric ... it doesn't measure the full picture ...there's no interest in how we measure success in communities, and that is part of why we're [the local area] is not compounding the value [of the spending]. ...We measure job growth [from our members], we measure campaign growth, we measure [member] satisfaction, we measure those kinds of things, people that engage with our events. I would love ... that they [the local council and national government] understand what we're measuring, how we measure it, what that success looks like over a long-term period, and where spaces like this can play a role' (CW3/M1).*

Data systematically collected over a period of time on the number of actual starts by gender, disability, unemployment status, ethnicity and metrics that capture whether public money is removing barriers to business entry, would surely be useful to public funders to understand the effectiveness of their investments. However, most CWSs would need either additional resource, or incentives to collect such data, due to the extent of their current responsibilities to various stakeholders, and small core administrative teams.

#### 4.3.4 Types and levels of CWS and LGH interaction

Whilst CWSs in our sample were aware of their LGH, the level of engagement varied widely. For owners/managers of small CWSs, the administrative and operational responsibilities of running their CWS, meant the cognitive, emotional and resource demands were too great, so they simply did not reach out to LGHs:

*'... it's always that thing of proactivity, isn't it? Like it's not going to be top of my list [to approach the LGH] when I've got 20,000 other things to do just to keep our heads above water' (CW4/M1).*

Hence some CWS had no contact with their LGH at all. Even when they were in receipt of newsletters from LGHs and councils, they did not use, act upon, or sometimes even circulate that information to their members.

Other intermediate level interactions have been examined in section 4.1.2 - ways in which LGHs engage with CWSs; the experiences of the CWSs from the other side of those interactions are easily inferred. However, we present case studies from interviews with the owner/managers in two of our CWSs to show in more detail, how CWSs can help bridge the gap between informal to formal business support by being better integrated into the regional BISS ecosystem.

## 5. Case Studies

The two cases in this section illustrate the nature of stronger CWS-LGH relationships, and the distinctive value of CWSs over other forms of BISS in terms of how they support local entrepreneurial growth. We do not suggest that all CWSs should operate in the same way, nor should the LGHs and local councils seek to build relationships with all CWS in their region to the extent shown below. We present the cases to explicitly show CWSs are not just units of real estate, or even just another type of business advisory agent acting in an episodic manner, but that the combination of physical facilities, the deliberate cultivation of open communities and the provision of both informal and formal support, in an ongoing manner means CWSs are important forms of social infrastructure.

### 5.1 Case Study 1: CWS3

#### Profile of CWS3

**Type:** Independent/B-Corporation (B-Corp)

**Location:** Rural City, Midlands

**Facilities:** 12-14 coworking desks (approx.), multiple serviced small office units, breakout rooms/video conferencing, Wi-Fi/monitors, café, onsite administrative support.

**Events:** Regular talks by business leaders.

**Activities:** Informal networking & social events (e.g., 'Thirsty Thursdays')

#### 5.1.1 Business Support within the CWS

CWS3 is part of a network of nine independently operated coworking spaces across England and Wales, all owned by the same parent company. As a certified B-Corporation, the parent organisation is committed to supporting entrepreneurs and start-ups and actively fosters a collaborative culture. Members are encouraged to share knowledge, experiences, and contacts, with informal social events such as breakfast clubs helping to build connections. They have curated online workshops, one-to-one surgeries, as resources for their members. But the CWS manager also plays a key role ensuring they get to know all members, to facilitate connections between them that they may not surreptitiously find for themselves.

CWS3 also has some more structured offerings such as free two-day events and a six-week "start-up club" programme tailored to their members' needs. The programme emphasises practical application, supported by ongoing mentoring, and includes specialist talks, workshops, and one-to-one sessions delivered by experienced business leaders. The CEO's

strong local and national networks attract high-quality external speakers to contribute on topics ranging from marketing and exporting to emerging issues such as AI adoption. Sessions are recorded.

*'We see our startup club as trying to **empower** entrepreneurs to understand **how you make a decision**... as opposed to being just facts and information [about what you need to consider]...so the support is very practical...it's not theoretical... it's not "what to do in five steps", but "what can help me to get to where I need to be tomorrow?".... We put a lot of trust and faith on the ability of the entrepreneur and the belief that they've got the ideas... our role is to try and help them to process that, understand it better, and put in place a plan... a big part of our startup club programme is as much about telling [the potential founder] not to do it, or to do something different, rather than just churning out startups and doing it [i.e. providing the programme] for the sake of it. '* (CW3/M1).

### 5.1.2 Relationship with LGH and wider regional actors

CWS3 has close links with the LGH, partly due to an LGH advisor operating from within the CWS. The LGH runs monthly business support surgeries and, when funded, additional workshops and innovation programmes at CWS3, open to all businesses across the region. While the advisor is conscious of avoiding any perception of preferential treatment for resident entrepreneurs, they recognised that their presence in the CWS enables easy referrals and raises awareness of LGH services:

*'Sometimes it's just they [resident businesses] just need someone to talk to.... there's a couple of businesses, one in the building, and they are looking to grow.... every now and again they'll pop in...for a little conversation... it's just a bit of a sounding board for [micro businesses]...whereas if you were in your kind of council space, you don't get to be part of those conversations.'* (LGH1/1).

The relationship is reciprocal, with CWS3 members also referring entrepreneurs (based outside the CWS) to the LGH advisor. Both the CWS and the LGH view their roles as complementary in supporting small businesses from the local area.

CWS3's relationship to the local council is also strong, due in part to them being the operator of a council owned building and because the contract requires them to meet local economic plan targets such as retaining businesses in the local area and reducing outbound commuting so they meet on a regular basis.

With reference to Figure 1, in the relationship represented by the dotted line, CWS3 is more than just an operator of space, but is one of the organisations within the local BISS ecosystem that the LGH can direct its enquirers to for high quality business support:

*'the CW3's part of the contract [with local authority] is that they provide business support... they're not just running a building... they're doing other sort of incubation support... we don't need to be doubling up what the growth hub team do...'* (LGH1/2).

## 5.2 Case Study 2: CWS6

### Profile of CWS6

**Type:** Independent

**Location:** Provincial Town, Northeast England

**Facilities:** 60 coworking desks (approx.), breakout rooms/podcasting facility/video conferencing, Wi-Fi/monitors, coffee shop, administrative support.

**Events:** Regular talks by business leaders (including a TED talk)

**Activities:** Informal networking (e.g., 'lunch & learn' for coworkers)

**Business Support Programmes:** Parent Company programmes, Retail Bank entrepreneurial network support and advisory service and Business Support programme, Local Authority Incubator & Accelerator programmes.

### 5.2.1 Business Support within CWS6

The owner of CWS6 has a primary business as a digital services consultancy. He originally set up CWS6 as a space for technical, digital, and creative start-ups (businesses related to his own), but CW6 now welcomes a broad mix of entrepreneurs. Whilst registered as a private company, CWS6 effectively operates with a strong social mission and has a strong commitment to supporting female founders, ethnic minority entrepreneurs (both under-represented in the local entrepreneurial community), and provides a carefully designed welcoming, neuroinclusive environment. Sustained entrepreneurial support is central to its mission, offering peer-to-peer mentoring, networking and early-stage feedback.

*'If we don't set up those start-ups in the right way, they are not going to scale and grow...and that's why we've set up the business support programme... to do that injection early on as possible. ... I've always said...for businesses to do better, then you need to put them with other people in business [in a] hub together... our regional business support programme initiatives are 'for founders by founders'...you take a person with an idea to start a business, and put them in an environment where there are other [entrepreneurial] people already doing stuff... and see how they get on'. (CW6/M1).*

This approach works for members:

*'one of the brilliant things here [in CW6] is if you fully immerse yourself within the [CWS] community, straight away you get a group of critical friends ... it is a camaraderie of 'how can I help you?' (CW6/mb1).*

Organisational members of the CWS include other BISS providers: the local Chamber of Commerce and a branch of a well-established retail bank's entrepreneurial network, giving SMEs access to extensive networks and additional support programmes.

CWS6 hosts regular informal social and business activities, e.g., for members, internal 'lunch and learn' type activities, and a variety of business speaker events (including a recent TED talk) that are open to CWS members and the wider community. CWS6 also engages the wider non-business community by running events for local schools and colleges to inspire disadvantaged young people.

### **5.2.2 Building bridges with the LGH and forging wider links into the regional business ecosystem**

CWS6's CEO is a well-connected regional business leader, serving on the local authority's business board and as a governor of a local college. The personal drive of the CEO has led CWS6 to become a significant part of the local business ecosystem. The CEO maintains both strong personal, and organisation-level, ties with the LGH, with CWS6 regularly hosting LGH business talks and showcase events in the space.

*'We work quite closely here with growth hub... so [name of a CWS member], he's one of the business advisors for them. So, [name], she works really closely with me because I'm also on the [local enterprise] board as well. So, I work quite closely with the [LGH] business solutions team.' (CW6/M1)*

CWS6's resources, capabilities, experience and social network have enabled it to win bids for local authority funding to deliver incubator and accelerator programmes for the area, for the past two years. These programmes are tailored to local businesses and structured to support the entire start-up journey from ideation through to early growth stage.

*'We've got [a six-month incubator programme] ... my biggest push on the incubator is I want the business coming through here, making money. If we identify that it's not a revenue type [of idea], it's not going to make money [we'll] pull support, ...or we pivot that business and re-have that conversation. ...We have those tough conversations with the founder. ...[we will] actually help them build: teach them Sigma, teach them how to get to MVP [minimum viable product], to teach them how to do sales as well...you know, teach them how to do the uncomfortable things, like picking up the phone to people'. (CWS6/M2).*

Income from these programmes is important because they cross-subsidise CWS6, as in common with many CWSs in peripheral areas across the UK, desk rental income alone barely covers variable costs. This integrated model of workspace, professional services and structured entrepreneurial support through in house and council funded programmes makes CWS6 distinctive within the local ecosystem.

### 5.3 Summary

These two cases illustrate that some CWSs are recognised - (by their LGHs, local councils and/or authorities) as more than commercial office space. In both cases, the CWSs demonstrate distinctive value within local business support ecosystems by acting as organisational bridges between informal, CWS community-based support, and formal providers such as Local Growth Hubs, retail banks' entrepreneurial support networks, and Chambers of Commerce. Both CWS3 and CWS6 have become trusted organisations for providing high-quality, ongoing support.

Both cases also demonstrate how CWSs form locally embedded social infrastructure. Through sustained, internal community-based support combining peer interaction, informal mentoring, and structured programmes integrated into daily working life, these coworking spaces help pre-seed and early-stage founders interpret advice, test ideas, and make informed decisions – including critical ones such as not to continue with an idea that is unlikely to generate revenue, or to pivot. This relational, place-based model is unique in the way it provides *continuity and transition* across what is normally a fragmented business support landscape. It lowers barriers for early-stage and under-represented founders, supports higher-quality, more inclusive business development than episodic short form training programmes or digital-first support approaches that are becoming increasingly common.

## 6. Conclusions & Policy Recommendations

LGHs are a valuable part of the formal BISS ecosystem across England, and many offer an excellent service, despite operating under tough financial constraints and reduced resources. Yet, their reach to potential/new entrepreneurs, start-ups and SMEs especially in peripheral places, remains limited. Enhancing LGH engagement with this business constituency could help to improve the efficacy of the general BISS landscape [3]. In this regard and given the growth and spread of CWSs, many of whom host start-ups/SMEs and provide informal business support services, there is an opportunity to examine the CWS-LGH relationship and explore whether it could be enhanced to the benefit of both organisations, and their regions more broadly.

Our research found a general lack of connection between LGHs and CWSs. Lack of awareness, resource constraints (time and money) and scepticism from both sides contribute to this outcome. At the same time, our cases highlight some idiosyncratic and novel practices observed in some CWSs, and in their relationships with external bodies, including LGHs and their local authorities. These cases demonstrate the potential of CWSs to act as 'bridges' between informal and formal BISS provision, and possibly opportunities for targeted collaboration with formal BISS providers.

Not all CWSs are the same, and not all would be appropriate to function as 'bridges' to LGHs. Indeed, it is appropriate for the nature of the relationship to differ across CWS contexts, with some remaining relatively arms-length, but stronger relationships between a selective subset of CWSs and LGHs could be mutually beneficial as illustrated by our case studies. There remains a need for greater policy attention to the potential of building stronger bridges between the two. We offer the following recommendations:

- » Web-based provision and online modularisation of introductory training by BISS enhances the flexibility in the timing of the provision of support, potentially better aligning with founders' requirements. However, it only offers 'information'. There remains a role for in-person interactions to share experiences, contexts, and informal mentoring so that through shared learning processes, 'information' can become 'knowledge.' The informal setting of a CWS serves this purpose. As such, a complementary relationship between CWSs and formal information providers such as LGHs should be encouraged.
- » CWSs can help new founders become familiar with the terminology and technical language of business and develop their business language skills through their everyday interactions and highly responsive nature (i.e., being able to answer questions about terminology 'on the spot'). At a regional level, LGHs and CWS could collaborate to develop non-jargonistic terminology which is more accessible for those founders starting with minimal business knowledge and which can be used on LGH webpages, and the foundational/ introductory support services that are provided.

- » LGHs and LGH advisors could make more regular use of CWSs across their region (as part of their daily work, alongside scheduled meetings with businesses from inside/outside the CWS and even hosting business events). This would enhance their visibility and reach to entrepreneurial actors in the region.
- » CWSs should be viewed as a regional resource in which the LGH might more easily and proactively search for businesses in need of their services. Reaching out to entrepreneurial actors in regions where businesses are highly dispersed is time-consuming and inefficient, hence the predominantly responsive operating mode currently adopted by LGHs. CWSs offer a 'micro-cluster' or pool of potential clients who could use the LGH and BISS services. Proactive engagement (through better marketing/regular liaisons) with CWSs would enhance the reach of LGHs and may facilitate a 'bridge' between the two organisations.
- » Limited LGH resources necessarily means selective partnerships with CWS should be developed. We suggest a pilot study could encourage LGHs and local councils to build stronger connections with CWSs in their area that: have a strong connection and embeddedness within their region, seek to do more than provide low-cost, flexible workspace, that not only seek to build a community within their spaces, but to connect to their internal community to the wider community in which they are situated. CWSs, that have already started to introduce more structured and formalised support services to their members, are most likely to fulfil this 'bridging' role. If the CWS additionally has grown on space for entrepreneurs they have supported, this would be ideal as the support can remain in the background, but ease as the start-ups businesses become established. Regional mapping exercises of CWSs might assist in identifying suitable candidates.
- » Some CWSs could also be viewed as a strategic resource that LGHs could leverage, to find and support entrepreneurial actors from specific sectoral foci or under-represented groups. For those with larger ethnic groups, some CWSs have built excellent connections into their wider community by identifying individuals as 'community bridge builders' to find and encourage individuals with business potential and overcome any idiomatic language barriers. LGHs could approach CWS managers and ascertain whether their membership would benefit from a visit/information session on LGH services for founders.
- » LGHs and CWS could collaborate to develop a set of metrics that would better inform strategic place-making and regional growth. While LGHs should continue to focus on collecting traditional metrics on inputs and outputs, policymakers and funders would be better served by having access to additional measures focussed on *outcomes*. CWSs are often in a position to collect such metrics on more focussed and granular outcomes, but will need additional resource, or incentives to do so. This detailed contextual data would provide a clearer picture on the impact of public funding on specific types of businesses and whether it aligns with (regional) public policy goals.

Coworking spaces play a distinctive bridging role within local ecosystems. Recognising and strategically leveraging coworking spaces as embedded partners within local business support ecosystems offers policymakers a cost-effective way of improving early-stage entrepreneurial outcomes and inclusive regional growth.

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You are also welcome to email us if you have any questions about this report or the work of the IRC generally: [info@ircaucus.ac.uk](mailto:info@ircaucus.ac.uk)

Thank you

The Innovation & Research Caucus

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## APPENDIX

### Appendix A: Table A1: Type of LGH Support Services

Local Growth Hub Support Services	Types of Support
Business Advice & Strategy	<ul style="list-style-type: none"> <li>. One-to-one consultations with expert advisors</li> <li>. Support with business planning, sales, and marketing</li> <li>. Guidance on scaling and growth strategies</li> </ul>
Leadership & Workforce Development	<ul style="list-style-type: none"> <li>. Training in leadership and management skills</li> <li>. Workforce upskilling and reskilling programmes</li> <li>. Employment and skills toolkits (e.g., SEMLEP Toolkit)</li> </ul>
Access to Finance	<ul style="list-style-type: none"> <li>. Help identifying grants, loans, and investment opportunities</li> <li>. Export finance guidance for international trade</li> <li>. Support navigating funding applications</li> </ul>
Innovation & Technology	<ul style="list-style-type: none"> <li>. Support for adopting new technologies</li> <li>. R&amp;D collaboration opportunities</li> <li>. Digital transformation advice</li> </ul>
Sustainability & Net Zero	<ul style="list-style-type: none"> <li>. Green business support guides</li> <li>. Resources for energy efficiency and carbon reduction</li> <li>. Accreditation schemes like the Sustainable Business Alliance</li> </ul>
International Markets	<ul style="list-style-type: none"> <li>. Help with exporting and finding overseas markets</li> <li>. Access to Department for International Trade services</li> </ul>
Regulatory & Legal Guidance	<ul style="list-style-type: none"> <li>. Advice on compliance, health and safety, and employment law</li> <li>. Support for businesses dealing with disability and health-related workplace issues</li> </ul>
Networking & Events	<ul style="list-style-type: none"> <li>. Regular online and in-person events</li> <li>. Peer-to-peer learning and mentoring</li> <li>. Access to local and national partner networks</li> </ul>
Sector-Specific Programmes	<ul style="list-style-type: none"> <li>. Tailored support for specific industries (e.g. manufacturing, tech, creative)</li> <li>. Case studies and best practice sharing</li> </ul>
Source: <a href="https://www.growthhubfinder.co.uk/">https://www.growthhubfinder.co.uk/</a>	

## Appendix B: Table B1: Interview & Focus Group Participants

Participant Identifier	Participant Role
CW1/M1	CWS Owner
CW1/M2	CWS Manager
CW1/mb1	Entrepreneur: Ecological Consultancy
CW1/mb2	Entrepreneur: Ecological Consultancy
CW1/mb2	Entrepreneur: Career Counselling & Talent Solutions
CW2/M1	Regional Property Director (CWS)
CW2/M2	CEO (CWS)
CW2/mb1	Entrepreneur: Business Coaching
CW3/M1	CEO (CWS)
CW3/M2	CWS Manager
CW3/mb1	Entrepreneur: Funding Advisor
CW3/mb2	Entrepreneur/ Founding Director: Architect
CW3/mb3	Employee: Architect
CW3/mb4	Business: Construction Safety
CW3/mb5	Entrepreneur: Building Services Engineering
CW4/M1	CWS Manager
CW4/mb1	Entrepreneur: programmer
CW4/mb2	Employee: due diligence officer
CW5/M1	CWS Manager
CW6/M1	CEO (CWS)
CW6/M2	CWS Manager
CW6/mb1	Entrepreneur: Media & Marketing
CW7/M1	CWS Owner
CW8/M1	CWS Owner
CW9/M1	CWS Owner
CW9/mb1	Entrepreneur: Mining Tech
CW10/M1	CWS Owner
CW10/mb1	Entrepreneur: Charity Consultant
CW11/M1	CWS Owner

In addition, online interviews were conducted with 6 LGH representatives from across the three regions (LGH1-1, LGH1-2 (2 from one region); LGH2-1; LGH3-1; LGH4-1 and LGH5). To maintain anonymity, we do not identify the LGH identifiers with regions.



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