November 2016

National Association of Community Enterprise Centres

Review of Analysis of Performance and Impacts of Community Owned Enterprise Centres in Ireland

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National Association of Community Enterprise Centres

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ACKNOWLEDGEMENTS

First Western was delighted to be asked by NACEC to conduct this review and analysis of the performance of Community Owned Enterprise Centres. This review follows on from the second review of performance of the sector undertaken in 2013.

We are pleased to see that overall the performance of the Centres has improved since 2013 and continue the trends identified in the survey at that time. Key metrics such as occupancy levels, numbers of jobs and level of new start up businesses have all increased as has confidence and positivity in economy and future conditions. The sector plays a key role and provides valuable support, incubation and enterprise space to businesses across Ireland.

We would like to thank the executive committee of NACEC, especially the Chairman Joe Kelly for their guidance through this process, encouraging all centres to get involved in the process and their work in reviewing the results of our research and findings.

This review presents a very comprehensive picture of the operational performance of centres over the past 3 years and collates the collective outlook for the sector for the period ahead. It would not have been possible to gain this data without the cooperation of the centres that replied to the survey and provided us with follow on information where required.

We wish NACEC and its members well in the future and hope that this report can assist in highlighting the need and importance of Community Owned Enterprise Centres in Ireland

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1. Impacts of Community Enterprise Centres

The survey of the Community Enterprise Centres commissioned by the National Association of Community Enterprise Centres (NACEC) in conjunction with Enterprise Ireland, sought to establish the impacts that the centres have had not only in their own communities but also their impacts in relation to the growth and development of individual enterprises and job creation and maintenance across Ireland. Based on the data acquired the following are the important impacts of the sector to date:


INVESTMENT & DEVELOPMENT NEEDS
High speed reliable broadband connectivity
nacec
National Association of Community Enterprise Centres
Support for their enterprise and entrepreneurship development function
Small flexible office units including hot desks
"Local economies are highly dependent on Enterprise Centres as hubs of entrepreneurship and job creation."
Specific purpose workspace such as for food production
"RIGHT NOW a key issue facing Community Enterprise Centres is having the RIGHT KIND OF SPACE to meet the needs of clients and prospective clients when the client requires it."
HOW THE SECTOR HAS PERFORMED
From 2013 to 2016
602 New Businesses
Employing
2,000 People
From 2013 to 2016
Occupancy levels in excess of 70% increased by 24%
Business failure rates reduced by 31% since 2013 to 9% per annum
"Enterprise Centres that are at or almost at 100% capacity are reporting of turning away business and not being able to fulfil their incubation function."
136 businesses relocated
To larger premises employing 916 people
60% of businesses who leave Enterprise Centres have continued to grow and employ more people
85% of jobs in Enterprise Centres are in private sector companies

Table 1: Employment Analysis by Industrial Sector

Category	Sept 2016	Sept 2016 %	July 2013	July 2013 %	Change
Agriculture, Forestry, Food	409	12%	203	5%	7%
Manufacturing	210	6%	219	6%	0%
Mining / Quarrying	6	0%	2	1%	-1%
Electricity, Gas, Water	27	1%	55	1%	0%
Construction	74	2%	72	2%	0%
Wholesale / Retail	251	7%	194	5%	2%
Transport / Storage	57	2%	100	3%	-1%
Financial Services	130	4%	243	7%	-3%
Property Services	69	2%	31	1%	1%
Education / Training	363	11%	252	7%	4%
Healthcare / Social Work	219	7%	468	12%	-5%
Professional Services	338	10%	189	5%	5%
Information Technology	452	13%	746	20%	-7%
Community / Social / Personal Services	509	15%	388	10%	5%
Other	242	7%	556	15%	-8%
TOTAL	3,356	100%	3,718	100%	
Average Jobs per Centre	61		59		

September 2016 – Base of 55 Centres provided data
September 2013 – Base of 63 Centres provided data

Based on the 55 centres providing data on job numbers this figure was extrapolated to give an estimate of total employment of over 4,600 jobs present in all 90 member centres of NACEC.

The Role of CEC's in the wider Economy

CEC's are increasingly being looked at as the first point of contact for people wishing to enter self employment and start a business. This is evidenced by the wide range of services offered by many CEC's such as information and advice on support schemes and services and the local referral function that they serve within their host communities. Additionally many provide low cost space such as hotdesks which allow persons to test a new business idea and also receive guidance and mentoring support from the CEC. It is very relevant therefore to examine the role played by the sector in the development of jobs, enterprise and economic activity in the wider economy that service. The following are the results of a short survey carried out in November 2016 across 35 NACEC member centres. The findings have been extrapolated to represent the estimated actual impact of the 64 respondents to the main survey.

Question	Response
How many non tenant businesses have you or your CEC assisted in the period 2013- 2016?	13,740

How many jobs were created in these businesses in the period 2013 - 2016	Full time – 8,854 Part time – 3,808
Can you give an estimate of the jobs you helped create in non tenant businesses in the period from the establishment of your CEC up to Jan 2013?	Full time – 12,916 Part time - 4,349

It is acknowledged that this is a very basic level of data capture, it does display a significant off site impact and role that Enterprise Centres play in the development of their local economy. They have a large job creation role and business development function through:

- Supporting and advising existing and new businesses
- Signposting these non direct clients towards sources of support and advice
- Supporting sectors such as retail and personal services that are not eligible for direct state supports. Never the less these sectors play a crucial role in the fabric of local economies through provision of valuable services, circulation of spend and employment.

Therefore the true impacts and value / benefits of the presence of a Community Enterprise Centre is very much higher than the actual numbers of jobs and enterprises that are housed on their site.

2. Recommendations

Business Development Support

The operational and business environment of Community Owned Enterprise Centres has improved considerably since 2013. Most notable improvements have been in the overall occupancy rates and the situation where centres are now operating at an average breakeven point on commercial activities without public funded support. However there are some centres mostly in areas outside of the larger urban areas that are still struggling with low occupancy, low demand for space and hence facing financial challenges in terms of attaining breakeven.

There are now higher levels of business confidence, increased confidence in the future economic outlook and in terms of a more positive outlook for start up enterprise rates. This is leading to increased demand for serviced space. However centres are still cautious and see issues such as the increasing operational costs, uncertainty over future funding supports that would allow them to grow to a sustainable economic base as real challenges.

On investment and infrastructure two key priorities were identified:

1. The necessity to invest in re development of enterprise space to cater for current and emerging needs of clients. The trend of increasing demand for office space, IT ready space and small flexible office space such as hotdesks has continued. There is also a higher demand and need for food production standard space recoded by CEC's
2. The lack of quality high speed broadband in many areas, not just rural was cited time and time again as a key factor to enable centres to attract new clients and retain existing. The lack of quality high speed broadband is placing centres at a competitive disadvantage compared to areas where it is present.

The success of the current Enterprise Ireland Business Development Manager Programme is evident from the results of this survey and review. The longer terms impacts of the programme are also relevant when the quality of business spinouts, employment impacts and business support impacts of the enterprise centres are examined.

Given that there is large levels of concern around the potential for operational costs to rise, that centres are collectively in a breakeven situation and the large necessity for re investment in upgrading of space to make it fit for purpose it is recommended that a further 3 year rollout of the Enterprise Ireland CEC support programme is delivered. This will enable Centres to continue to employ full time management that will:

- **See Centres further develop sustainable revenue streams to leave Centres in an on-going profit situation**
- **Manage any reinvestment programmes to redevelop space in line with emerging needs**

- **To work within their local economy to generate new clients, now jobs in their local economy and mentor and support the large numbers of emerging and start up enterprises that are being created annually.**

It is recommended that a 3 year support programme for Business Development support be continued at a cost of €2,250,000. That is 30 centres per annum receiving support of €25,000 over a 3 year period.

Capital Investment Requirements

The 2016 survey has found a continuation in the demand requirements for space most specifically:

- Office space including smaller office type units and hot desk type space
- Food production and food standard units
- Space suitable for IT and Digital business

With 84% of centres showing occupancy rates in excess of 70%, this confirms that present level of demand. Many centres are turning away new clients due to no space available.

Centres have stated that there is a need and an appetite for capital upgrades to meet current business needs and future needs to ensure that enterprise workspace available is fit for purpose for the local economy. Many centres still carry relatively high borrowings and are in general risk adverse towards additional borrowings. A key challenge faced is also the availability of capital finance from banks.

It is recommended that a capital support programme is introduced to support the redevelopment or conversion of existing space into enterprise space to meet current and emerging demands. All cases for support should be justified by the Centre on a needs basis. Support for new enterprise space should only be given, where a justified needs exists backed by a solid business case. The key areas for investment are, and estimated costs for the sector are:

Item	€
Energy efficiency measures (BER certs, Energy reduction measures)	€3,000,000
Space upgrades (conversion to office, conversion to smaller office units)	€3,500,000
Space upgrades to make existing space more suitable for potential clients based on a changed demand type. (Mainly refer to making units applicable to specific business types, especially those involved in IT and Food)	€2,500,000
Total	**€9,000,000**

Executive Coordination for NACEC

NACEC has evolved to become a strong representative body for the community enterprise centre sector. It is run on a voluntary basis by a small executive management committee who are all managers of member centres. The workload has increased in the past years and is now becoming more important than ever, as it is evident that a coherent national platform and strategy is required to promote the sector, advocate and advertise the good work it does and the excellent services it offers to the small business community.

Support towards its operation and executive functions is recommended as the increasing workload is proving difficult for the small executive board to do alongside their normal roles. The support would go towards:

- **Provide support, advice and services to members of NACEC and their managers**
- **Develop policy proposals and responses for the sector**
- **Develop and manage national initiatives and projects that are of benefit to the sector and its clients.**
- **Build on and implement a programme of continuous professional development for management and staff of community enterprise centres.**
- **Support the active promotional activities undertaken by NACEC**

It is recommended that Enterprise Ireland provides support to allow NACEC contract support services to assist with the annual workload. An annual contribution of €25,000 is recommended.

Training and Development

Continued professional development of the managers and business development staff of centres needs to be maintained. In the past a highly successful post graduate level 9 programme was run with Waterford Institute of Technology. It is imperative that a wide range of training and development options are available to enterprise centre managers at an affordable cost. This is a real need to ensure managers are aware of the latest trends and can deal with the many complex issues in the business environment including:

- Entrepreneurship
- Globalisation and international trade
- Finance for small business and new finance models
- Best business support mechanisms

It is recommended that NACEC work with leading training providers to identify and develop appropriate skilling programmes for its members. NACEC in conjunction with Enterprise Ireland should secure a small training support fund of €100,000 for the sector to support the cost of training and professional development for enterprise centre managers.

3. Headline Survey Findings

NACEC commissioned a detailed survey to allow a review of the performance, impacts and future development needs of the sector in September 2016. Over 90 community enterprises centres were invited to respond to the survey. By mid October when the survey closed responses were received from 64 centres, giving a total responses rate of 71%. The data and findings in this report are based on an analysis of this survey. It should be noted that in cases not all questions in the survey were answered by all respondents, hence lowering the base number upon which findings are based on. This is indicated where relevant. Performance data is also compared to the results from the impact survey undertaken in July 2013 and allows a tracking of performance over that time.

Staffing of Community Enterprise Centres

- *91% of centres have a manager in place (77%, 2013) funded through a mixture of commercial rental income / grants.*
- *57% of managers are full time compared to 67% in 2013 and the remaining on part time or a contract basis.*
- *Earned rental income and where grant supports are received the EI BDM programme are the most important financial support for management salaries.*
- *Community Employment Schemes are the most common source of public support for other staff at community enterprises centres*
- *There is little sharing of management resources across centres apart from those centres that are owned by the same organisation.*
- *A small number of centres, less than 10 have significant levels of persons employed via state sponsored schemes*

Operational Performance of Centres

- *Occupancy levels have improved significantly over the last 3 years. In September 2016, 70% of centres had an occupancy level of 80%+, compared to 23% in September 2014.*
- *The profile of space available for rent in centres has remained broadly the same and reflects a lack of investment in the sector in recent years, despite a recognised increasing demand for more office space, hot desk and specialist space for enterprises such as food.*
- *The sectors of Food, Information Technology and Professional Services are still recorded as the growth sectors in the make up of enterprises*

resident in enterprise centres. This continues the trend recorded in the 2013 survey.

- *Average operational costs of centres have reduced by €28,000 since 2013. Reductions were achieved across the cost centres of Rent and Rates, Wages and Salaries, Bank Interest and Charges, Insurance and Professional Fees, with other cost centres remaining relatively constant.*
- *Average Income has reduced by €24,000 over 2013 levels. However rental income increased by an average of €8,000 with the reductions in income recorded on training income and public supports for operational costs.*
- *Wages and salaries still remain the largest component of centres running costs at 47% of total running costs (45% in 2013). Rental income as a percentage of total income declined stands at 55% compared to 46% in 2013 and 39% in 2012.*
- *Perhaps the most significant change since 2013 has been in the ability of the sector to address long term debt levels. This is not considered the huge challenge as was the case in 2013, but is still a key operational issue. However in line with the average reductions in long term debt, the levels of working capital debt has increased by and average of €22,000 to €71,000.*
- *The average number of jobs in enterprises located at enterprise centres has slightly improved from 59 to 61. Extrapolating the survey data, it is estimated that enterprise centres are home to 4,600 jobs across 1,600 micro and small enterprises. This represents a significant chunk of economic activity and commerce spread across Ireland and many in disadvantaged areas, where other employment opportunities are limited.*
- *A large number of businesses moved out of enterprise centres as a result of expansion since July 2013. These number 300 businesses accounting for 900 jobs, which are not included in the 4,600 jobs above. This confirms that centres are fulfilling their role as an incubation and growth space for new enterprises.*

Tenant Profile

Of businesses that have received support, 81% are Local Enterprise Office clients and 19% Enterprise Ireland clients. This indicates the more micro nature of businesses that use the services of community enterprise centres. The corresponding figure in 2013 was 50% for LEO and EI. It is worth noting that perhaps the change in profile of agency supported businesses reflects an increase in micro business start up rates since 2013, as the economy leaves recession. A contributing factor to the increased presence of LEO

clients in CEC's could be the "Protocol now in place between LEO's and the CEC sector and the enhanced collaborations between both as a result".

Trends in the Sector

- *There is a continuation in the trend of rising demand for office based type space and a decline in demand for manufacturing type space. This indicates that reinvestment in refurbishment and upgrading of space is required to ensure the sector has fit for purpose infrastructure to cater for the needs of current and emerging enterprise start ups. 58% of centres plan to do some element of upgrading to their centre in the next 2 years, compared to 50% in 2013.*
- *Most centres have continued to offer a wide range of other services to clients and other enterprises in their area. Much of these additional services were introduced in the 2010 – 2013 period. Such activities include social enterprises, training services, and virtual office facilities.*
- *Capital expenditure requirements over the next 3 years focus on upgrading of space rather than development of new space. They key focus will be on office space, flexible space such as hot desks and investment in specialist space like food units.*

Issues Affecting Centres

- *Centres still consider their operational environment to be very challenging over the coming 12 months but overall the future operational environment seen as less challenging that in 2013.*
- *Rising operational costs, servicing borrowings and maintaining or increasing critical services like broadband, reinvesting to make space fit for purpose are the most pressing challenges to be addressed over the coming years. A smaller number of centres more particularly in rural areas are still suffering from lower occupancy levels and see the challenge of filling this space as very high.*
- *Of the financial issues of concern to centres, uncertainty of future grant support, increasing rental rates and over reliance on rental income as the main source of income for centres are the areas of greatest concern, Over 40% of centres cited these as issues of major concern.*
- *While centres still foresee significant operational and financial challenges, there is an increased level of optimism in the future outlook compared to 2013. For example 71% of centres see their local economy as improving, 61% see local employment rates improving,*

73% see the levels of new start ups increasing and 67% see demand for workspace increasing.

Investment Needs of the Sector

- *Any capital expenditure requirements focus on upgrading of existing space with a large preference for office space and energy efficiency measures seen as a key area to be addressed. Given the trends in client types and business start up types, there is growing demand for small and flexible office space.*
- *Investment in specialist space, especially food standard space is becoming a bigger requirement for a larger number of centres. With the growth of the food sector in Ireland in recent years, cenres are now seeing a rising demand for production, packaging and handling space for food products.*
- *More significantly the availability of quality high speed broadband has become a big issue for enterprise centres and their ability to attract and retain clients. This is probably the single biggest external factor impacting on their competitiveness at present and predicted to grow in intensity unless better broadband provision can be provided in areas and regions where it is weak.*

4. Introduction

Background to Study

This report was commissioned by NACEC, to determine the challenges, opportunities and threats facing the Community Enterprise Centre sector in Ireland. It is a continuation of the previous surveys undertaken in 2013 and 2010. The report examines how the on-going sustainability of the sector and individual enterprise Centre's can be maintained so that they can continue to serve the needs of their clients and wider enterprise development objectives. The report is a follow on to the survey and review of the operation of the sector carried out in 2013 and compares performance between 2013 and 2016. This survey and review, sought to establish how Enterprise Centres have evolved to cater for the ever diverse needs of the business environment and to identify sustainability factors for Centre's from a financial and local development perspective.

The aims of the research study were:

- To conduct a review of the status of community enterprise facilities in Ireland with regard to funding, sustainability and operational issues, which impact on future viability;
- Examine trends in operational performance since 2013;
- Identify the funding and support needs of centres;
- Research and document the issues facing community enterprise Centre's;
- Establish trends and changes in the market place and how Centre's are responding to them and how well equipped they are to respond to them
- Propose a series of realistic support measures required to ensure sustainability.

Structure of Report

This document presents the findings of the current survey and maps the results under important headline indicators including comparative data from 2008 where relevant.

A series of recommendations and conclusions set out in chapter 2 regarding further support and development needs of the sector. These recommendations take into account current enterprise policy and emerging trends both nationally and globally with respect to Irish enterprise.

Context

The recessionary economic climate since 2008 has impacted on the operation and sustainability of enterprise centres through cutbacks in funding and support programmes accessed by centres; reductions in trading income, reduced occupancy rates of centres; and withdrawal of funding to community organisations that are tenants of community enterprise centres. As enterprise needs change and the profile of start up enterprises change there is a continual need to provide fit for purpose supports, infrastructure and services to ensure a vibrant, efficient and sustainable micro and SME sector in Ireland. Community Enterprise

Centres have been an integral part of the entrepreneurship ecosystem in Ireland for many years, providing much more than workspace but also support, guidance and mentoring to their tenants and clients.

5. Results of Survey of Community Enterprise Centres

Survey Overview

A web based survey questionnaire was designed and issued to members of NACEC[1] in September 2016. The survey was designed to gather data regarding the operation of centres, including financial data, information on facilities and services offered and gather opinions about the supports required to maintain centres, sustainability and viability. It also sought to gather data to allow a determination of the factors that make an enterprise centre sustainable in financial and economic terms. By mid October 2016, 64 respondents from 90 invited had responded giving a rate of response of 71%.

The survey is analysed in the subsections below under the following headings.

- Staffing and Management
- Profile of Centres
- Occupancy, Employment and Business Types
- Revenue and Operational Costs
- Operational Issues
- Sustainability Issues
- Investment Requirements
- Impacts of Community Enterprise Centres

Comparison of Results with 2013 Survey

Comparison of results and findings is given in many cases in this report between the data collected in 2013 and 2016. Some caution needs to be taken in drawing direct comparisons between these two surveys due to:

- A base of 76 responses received in 2013, compared to 64 in 2016, therefore the sample base is not the same.
- Some centres only replied to one survey, i.e. 2013 or 2016, which may cause some inaccuracy in trying to compare like with like data

[1] NACEC – National Association of Community Enterprise Centres

6. Staffing and Management

Key Findings – Staffing and Management

- *91% of centres have a manager in place (77%, 2013) funded through a mixture of commercial rental income / grants.*
- *57% of managers are full time compared to 67% in 2013 and the remaining on part time or a contract basis.*
- *Earned rental income and where grant supports are received the EI BDM programme are the most important financial support for management salaries.*
- *Community Employment Schemes are the most common source of public support for other staff at community enterprises centres*
- *There is little sharing of management resources across centres apart from those centres that are owned by the same organisation.*
- *A small number of centres, less than 10 have significant levels of persons employed via state sponsored schemes*

Centres and Staff

Figure 1: Staff by Type

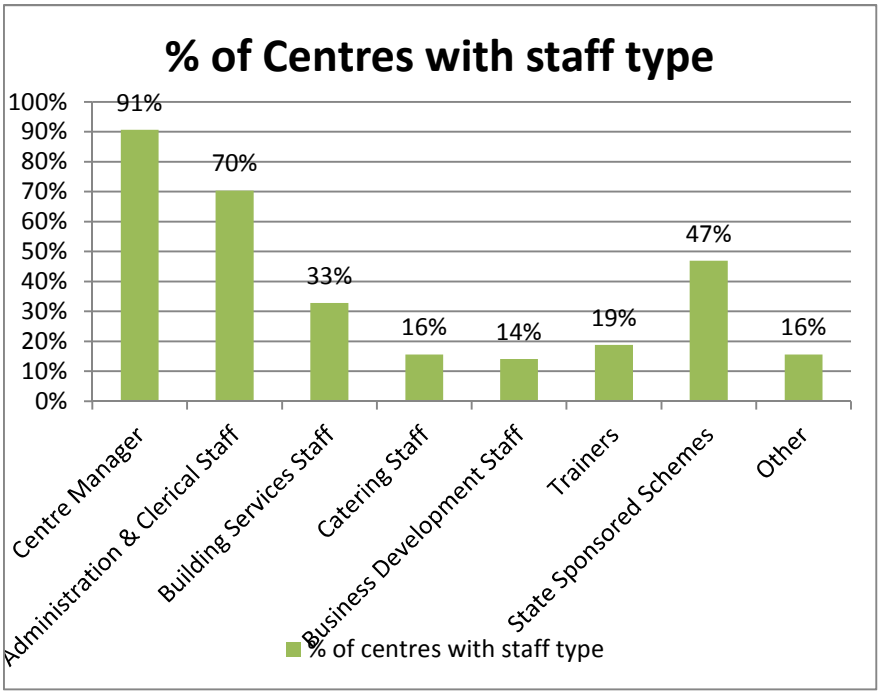
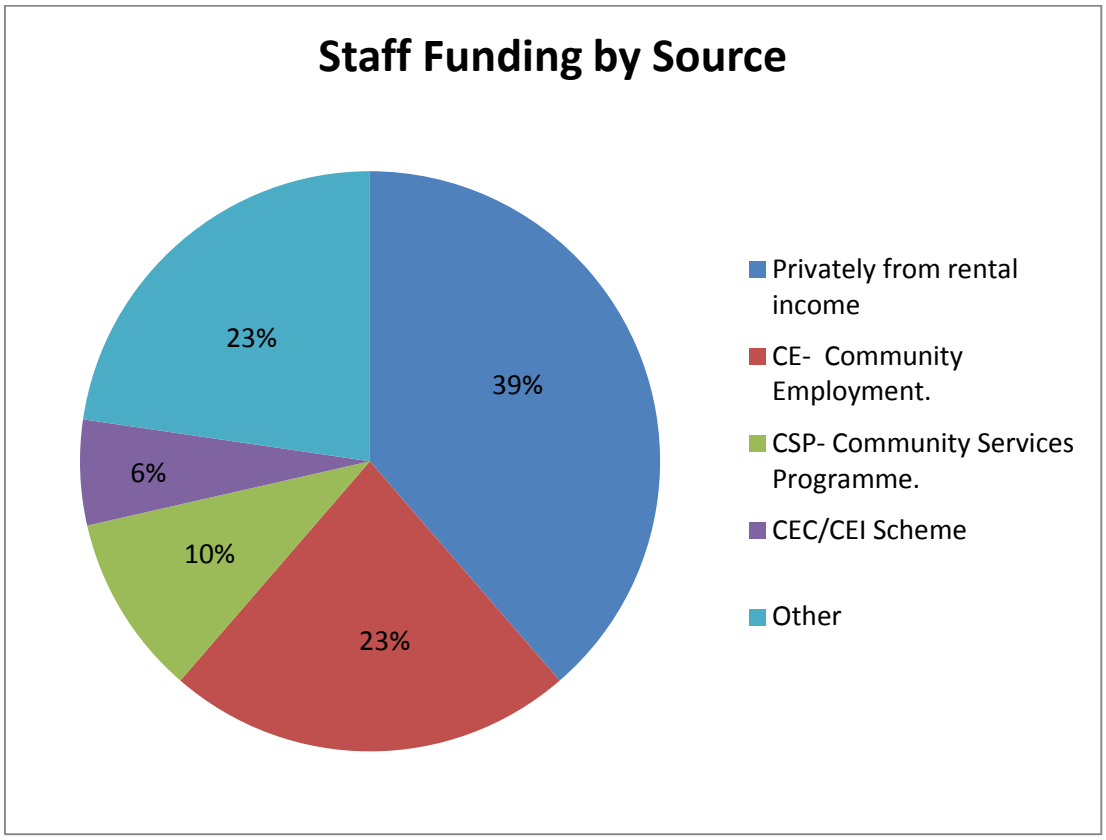


Table 2: Staffing Analysis

2016 Data	Managers	Administrative	Maintenance	Catering	Other
Total Staff	60	115	36	14	270
No of centres with staff type	58	45	21	10	58
% of centres with staff type	91%	70%	33%	16%	91%
Average employees per centre with staff type	1.0	2.6	1.7	1.4	4.6
2013 Data					
% of centres with staff type	77%	56%	46%	6%	25%
Average employees per centre with staff type	1.2	3.3	2.4	3.0	3.9

Figure 2: Funding Sources for Staff



A mixture of funding sources are used to fund staff at centres. The largest component is rental income at 39%, and only 6% of centres reporting the use of Enterprise Ireland BDM programme for manager funding in 2016. This perhaps reflects the current level of centres funded under the programme and not representative of the fully impacts and scale of support of that programme. Other sources of funding such as CE schemes fund maintenance and administration staff for example.

Table 3: Employment Status of Centre Managers

	Total	Full Time	Part Time	Contract	Voluntary	Seasonal
Centre Manager	**67**	**38**	**18**	**6**	**5**	**0**
% by employment status	*100%*	*57%*	*27%*	*9%*	*7%*	*0%*
Administration and Clerical	**134**	**41**	**86**	**2**	**5**	**0**
% by employment status	*100%*	*31%*	*64%*	*1%*	*4%*	*0%*
Building Services	**62**	**6**	**47**	**2**	**5**	**2**
% by employment status	*100%*	*10%*	*76%*	*3%*	*8%*	*3%*
Catering	**14**	**2**	**10**	**0**	**2**	**0**
% by employment status	*100%*	*14%*	*71%*	*0%*	*14%*	*0%*
Business Development	**14**	**8**	**3**	**2**	**1**	**0**
% by employment status	*100%*	*57%*	*21%*	*14%*	*7%*	*0%*
Trainers	**52**	**6**	**22**	**22**	**0**	**2**
% by employment status	*100%*	*12%*	*42%*	*42%*	*0%*	*4%*

Almost all centres employ a manager, however only 57% are full time with the remainder being part time or contract based. Most other roles such as administration and maintenance are predominately part time, with only full time roles appearing in larger centres.

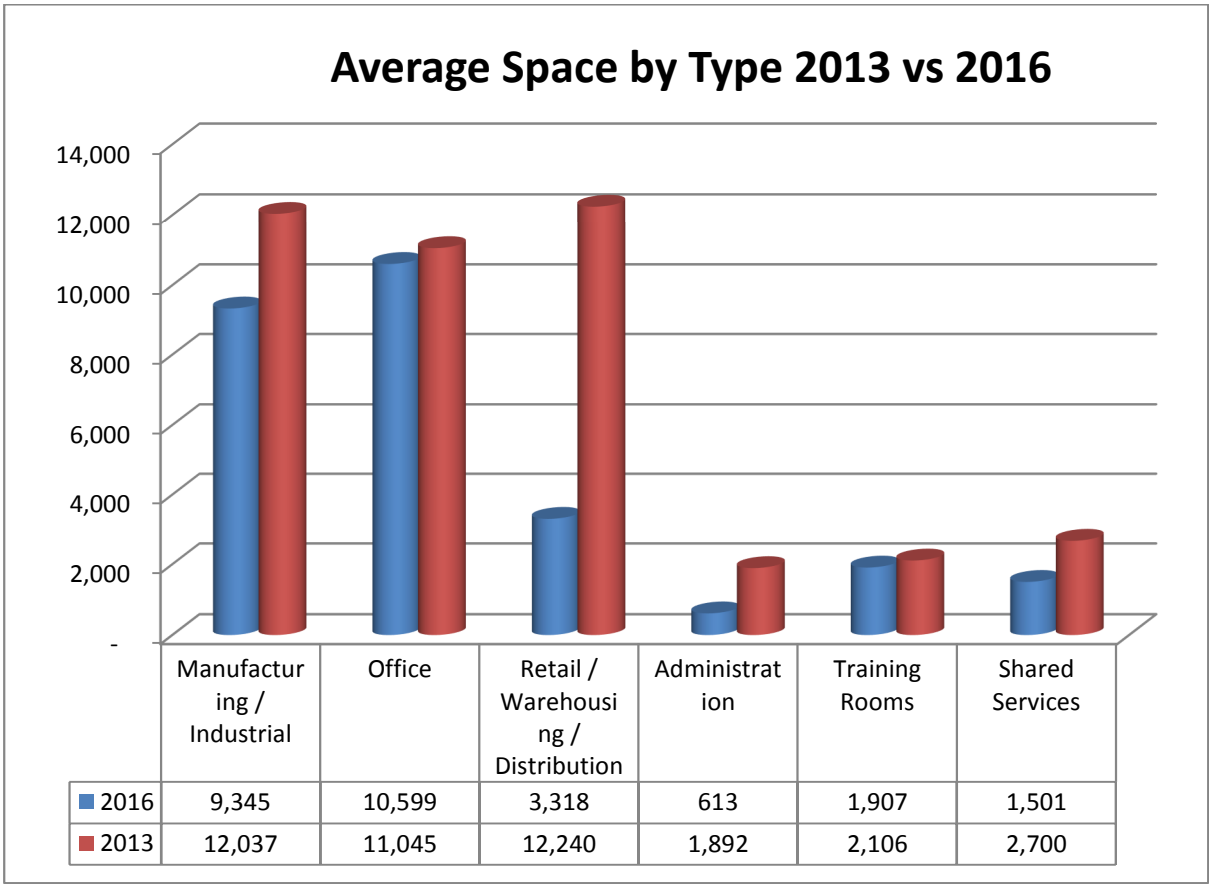
7. Profile of Centres

This section examines the profile of centres in terms of their size, services offered, type of clients served, space available, and their future plans for development or expansion.

Key Findings – Profile of Centres

Figure 3: Square Footage by Category

Would this be better done by %age of space rather than actual Sq. footage?



	Manufacturing / Industrial	Office	Retail / Warehousing / Distribution	Administration	Training Rooms	Shared Services
2016	9,345	10,599	3,318	613	1,907	1,501
2013	12,037	11,045	12,240	1,892	2,106	2,700

The main difference in space allocation has been a decline in the levels of manufacturing space in enterprise centres. This is in line with current demand requirements recorded by the sector with increased demand for office, IT, food and flexible office type space. The large reduction recorded in retail / warehousing space is due to one centre that replied to the survey in 2013, but not in 2016. It is estimated that the levels of space allocated to retail / warehousing has remained relatively unchanged.

Figure 4: Space Breakdown by Type - All Centres

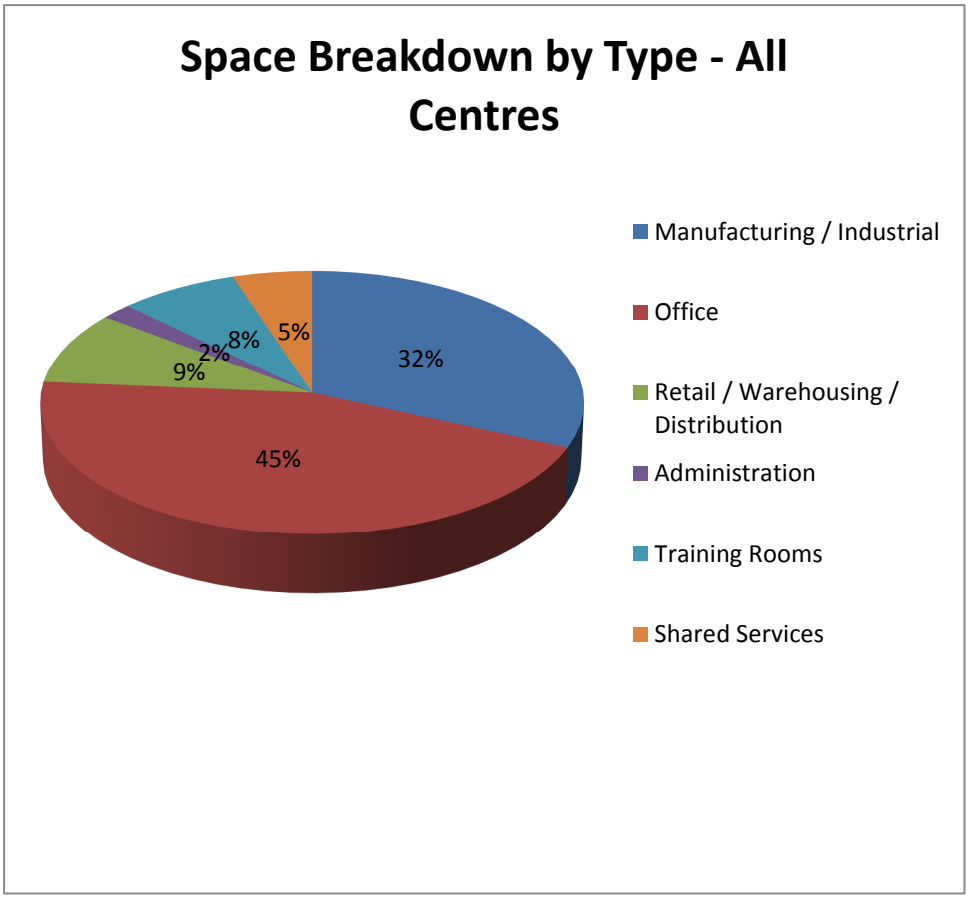
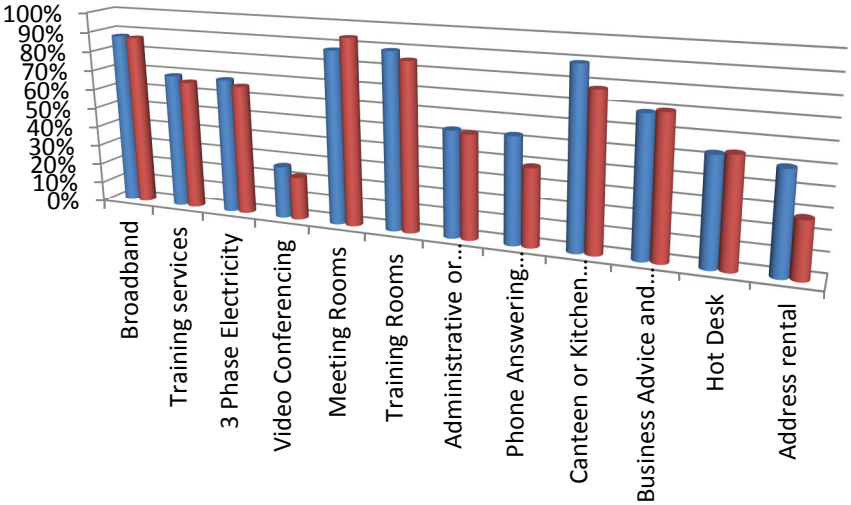


Table 4: Enterprise Space Analysis

Centres by Space Type	Manufacturing / Industrial	Office	Retail / Warehousing / Distribution	Administration	Training Rooms	Shared Services	TOTAL
Total	420,509	593,520	119,455	26,345	101,095	67,567	1,328,491
No of Centres with Space	45	56	36	43	53	45	64
Average Space by Type	9,345	10,599	3,318	613	1,907	1,501	20,758
% of centres with Space type	70%	88%	56%	67%	83%	70%	100%
2013	66%	92%	36%	49%	69%	48%	
2013 No Centres	44	62	24	33	46	32	
Average Space 2013	12,037	11,045	12,240	1,892	2,106	2,700	

Figure 5: Facilities and Services Offered

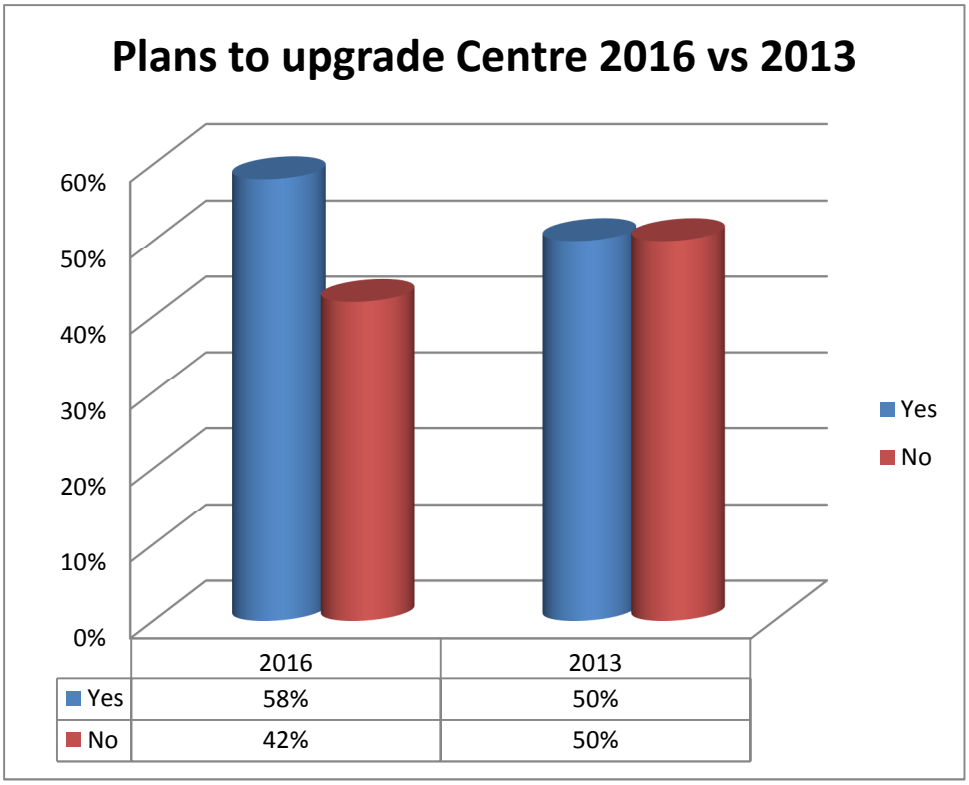


	Broadband	Training services	3 Phase Electricity	Video Conferencing	Meeting Rooms	Training Rooms	Administrative or Secretrial Services	Phone Answering Service	Canteen or Kitchen Facilities	Business Advice and Mentoring	Hot Desk	Address rental
2016%	88%	69%	69%	27%	88%	89%	53%	53%	89%	69%	53%	50%
2013%	87%	66%	66%	22%	94%	85%	52%	39%	78%	70%	54%	28%

There are no significant differences between the range of additional services and facilities offered between 2016 and 2013. Many of the services listed are considered part of the mainstream package that should be available as part of a serviced letting.

It should be noted that Broadband availability has remained largely the same over the 3 years between 2013 and 2016. This issue is now at a critical point in terms of
Many centres citing the poor availability of quality, high speed and reliable broadband being a key decision factor for a client to locate a business at an enterprise centre
The availability of fast, reliable and quality broadband is poor in many areas of the country, most especially in more rural areas away from larger urban centres. This is leading to such centres not being as competitive in terms of their offering compared to area with quality broadband, despite lower rental rates.

Figure: 6: Plans to Upgrade Centre



58% of centres plan to perform some upgrades of a capital nature in the next 2 years to ensure fit for purpose facilities for clients and potential new clients. Very little new build is planned and the most popular refurbishment themes are:

- Conversion to office space, hot desk or small flexible office space
- Conversion of space to suit requirements of IT related businesses
- Development of space to food production standards
- Energy effeciency and building modernisation improvements

- This again confirms the recognition of the need for more office and IT type space to meet the needs of emerging sectors
- It conirms that need for supporting measures to assist the sector to provide fit for purpose facilities so that it can retain its role in the entrepreneural ecosystem in the future.

8. Occupancy, Employment and Business Types

Key Findings

Operational Performance of Centres

- *Occupancy levels have significantly improved over the last 3 years. In September 2016, 70% of centres had an occupancy level of 80%+, compared to 23% in September 2014.*
- *The profile of space available for rent in centres has remained broadly the same and reflects a lack of investment in the sector in recent years, despite a recognised increasing demand for more office space, hot desk and specialist space for enterprises such as food.*
- *The sectors of Food, Information Technology and Professional Services are still recorded as the growth sectors in the make up of enterprises resident in enterprise centres. This continues the trend recorded in the 2013 survey.*
- *Average operational costs of centres have reduced by €28,000 since 2013. Reductions were achieved across the cost centres of Rent and Rates, Wages and Salaries, Bank Interest and Charges, Insurance and Professional Fees, with other cost centres remaining relatively constant.*
- *Average Income has reduced by €24,000 over 2013 levels. However rental income increased by an average of €8,000 with the reductions in income recorded on training income and public supports for operational costs.*
- *Wages and salaries still remain the largest component of centres running costs at 47% of total running costs (45% in 2013). Rental income as a percentage of total income declined stands at 55% compared to 46% in 2013 and 39% in 2012.*
- *Perhaps the most significant change since 2013 has been in the ability of the sector to address long term debt levels. This is not considered the huge challenge as was the case in 2013, but is still a key operational issue. However in line with the average reductions in long term debt, the levels of working capital debt has increased by an average of €22,000 to €71,000.*
- *The average number of jobs in enterprises located at enterprise centres has slightly improved from 59 to 61. Extrapolating the survey data, it is estimated that enterprise centres are home to 4,600 jobs across 1,600 micro and small enterprises. This represents a significant amount of economic activity and commerce spread across Ireland and*

many in disadvantaged areas, where other employment opportunities are limited.

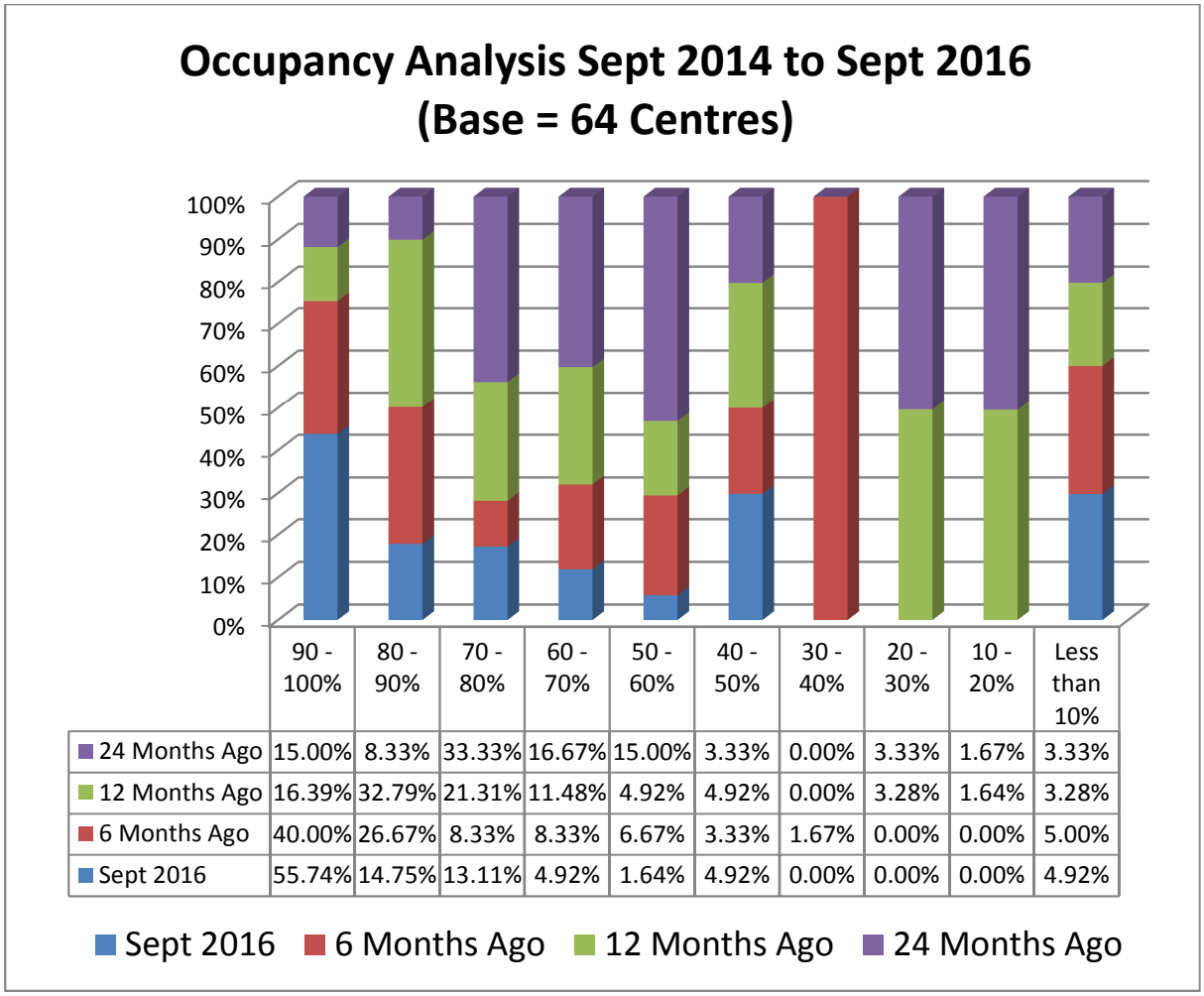
- *A large number of businesses moved out of enterprise centres as a result of expansion since July 2013. These number 300 businesses accounting for 900 jobs, which are not included in the 4,600 jobs above. This confirms that centres are fulfilling their role as an incubation and growth space for new enterprises.*

Tenant Profile

Of businesses that have received support, 81% are Local Enterprise Office clients and 19% Enterprise Office clients. This indicates the more micro nature of businesses that use the services of community enterprise centres. The corresponding figure in 2013 was 50% for LEO and EI. It is worth noting that perhaps the change in profile of agency supported businesses reflects an increase in micro business start up rates since 2013, as the economy leaves recession. A contributing factor to the increased presence of LEO clients in CEC's could be the "Protocol now in place between LEO's and the CEC sector and the enhanced collaborations between both as a result".

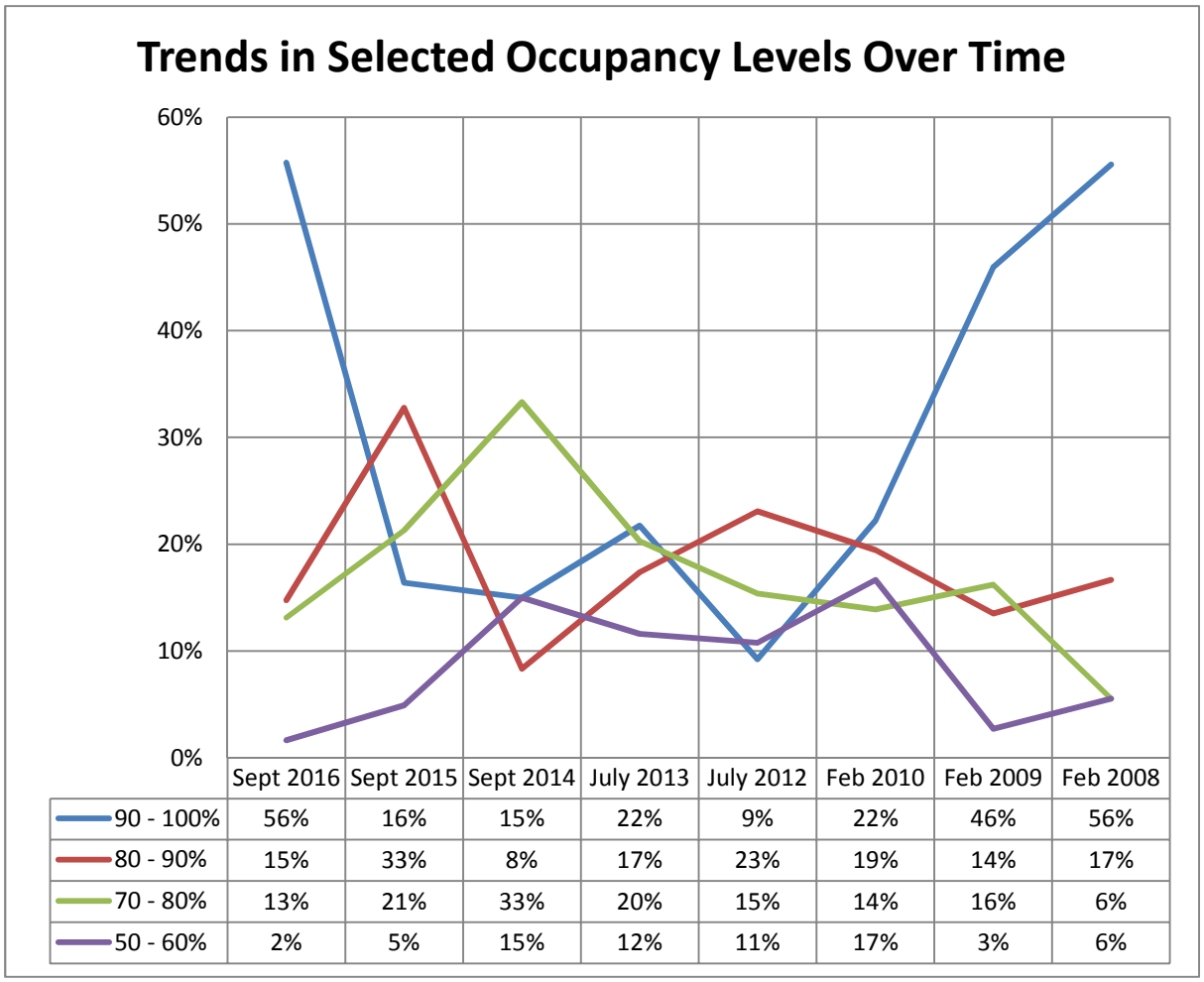
Occupancy Levels

Figure 7: Occupancy Levels %



	90 - 100%	80 - 90%	70 - 80%	60 - 70%	50 - 60%	40 - 50%	30 - 40%	20 - 30%	10 - 20%	Less than 10%
24 Months Ago	15.00%	8.33%	33.33%	16.67%	15.00%	3.33%	0.00%	3.33%	1.67%	3.33%
12 Months Ago	16.39%	32.79%	21.31%	11.48%	4.92%	4.92%	0.00%	3.28%	1.64%	3.28%
6 Months Ago	40.00%	26.67%	8.33%	8.33%	6.67%	3.33%	1.67%	0.00%	0.00%	5.00%
Sept 2016	55.74%	14.75%	13.11%	4.92%	1.64%	4.92%	0.00%	0.00%	0.00%	4.92%

Figure 8: Trends in Occupancy Levels



	Sept 2016	Sept 2015	Sept 2014	July 2013	July 2012	Feb 2010	Feb 2009	Feb 2008
90 - 100%	56%	16%	15%	22%	9%	22%	46%	56%
80 - 90%	15%	33%	8%	17%	23%	19%	14%	17%
70 - 80%	13%	21%	33%	20%	15%	14%	16%	6%
50 - 60%	2%	5%	15%	12%	11%	17%	3%	6%

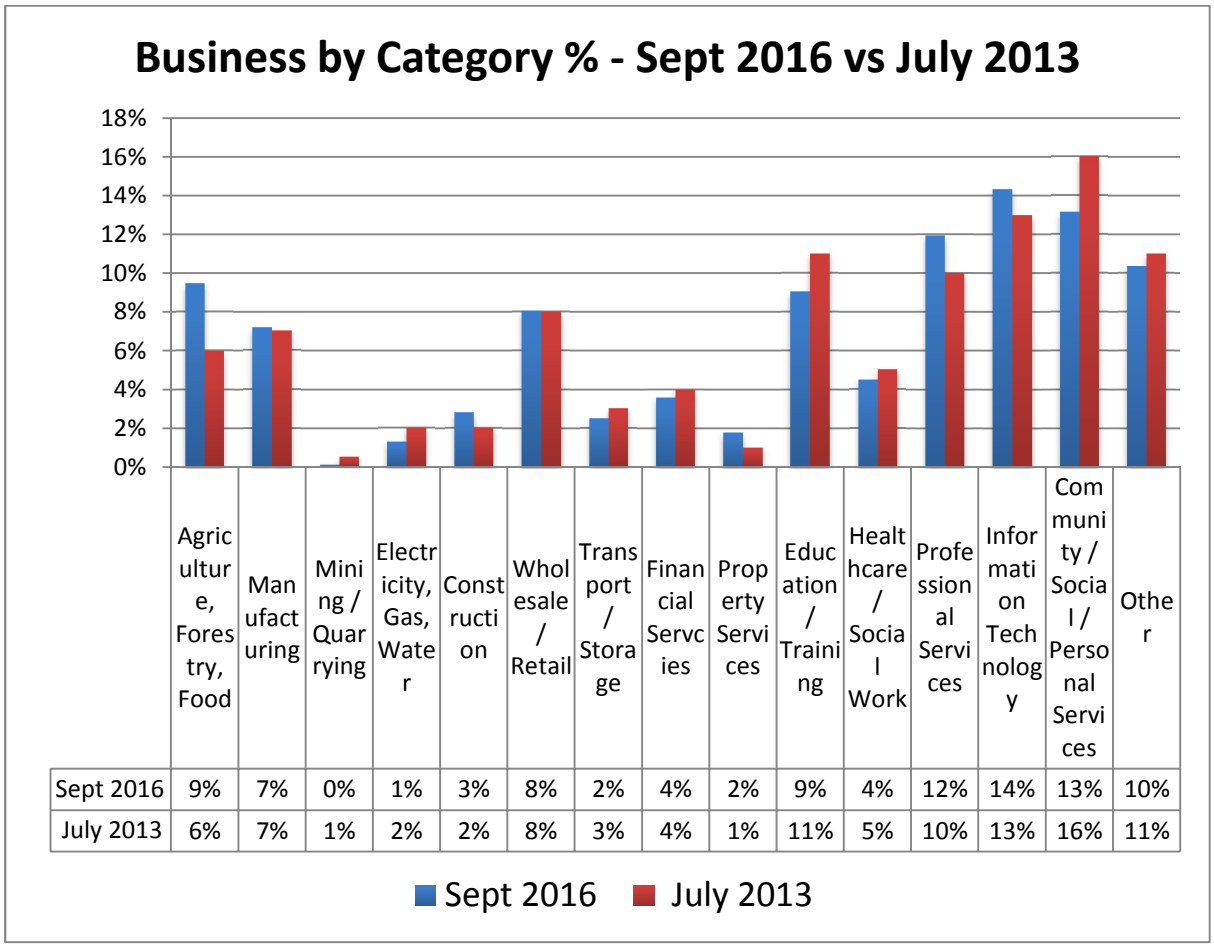
Demand Analysis

Evidence collected from centres and from consultation shows:

- With occupancy increased over the last 3 years, many centres are now operating at full capacity. However there are a smaller number still struggling to fill space. These are largely located in more rural areas, where the economic recovery has being slower to take off.
- There is a strong continuation in the demand for enterprise space but strongest from businesses and start ups in the IT, professional services sectors that require smaller office space and high speed broadband access.
- There is a marked increase since 2013 in the demand for food production specification space and this aligns with the growth in the Irish food industry across all sectors and businesses large and small.
- Centres are reporting increased optimism for further improvement in economic conditions and therefore see the current trends of growing demand and level of enterprise starts as remaining.

- Demand for manufacturing space has declined although it varies from region to region, with some centres reporting stronger demand levels for manufacturing space. However on an overall level demand has slightly declined.

Figure 9: Businesses by Category

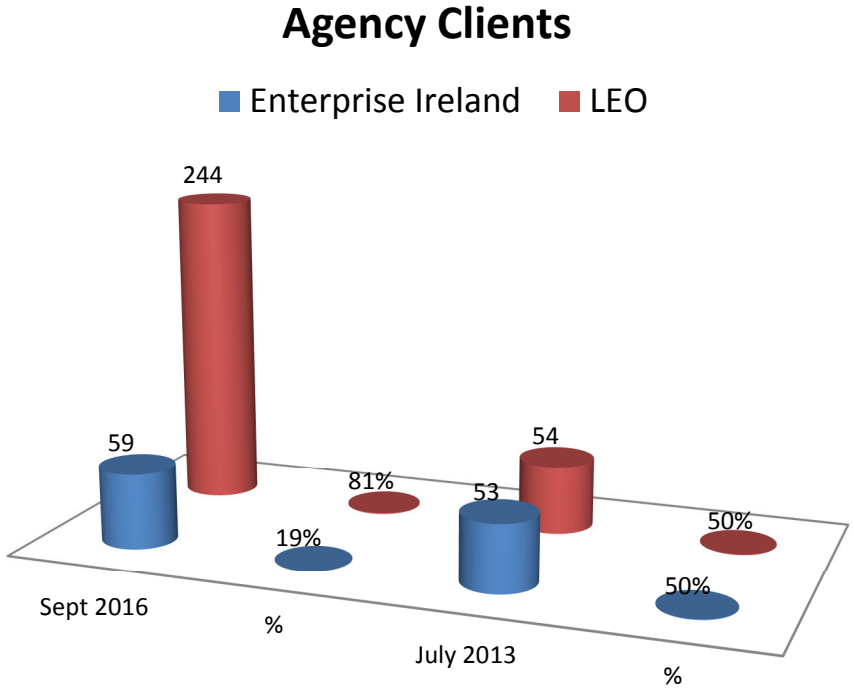


The trend recorded in 2013 of the sectors of IT, Professional Services and Food as the growing sectors has continued. 5 sectors accounts for 57% of total business in enterprise centres:

- Agriculture and Food
- Education and Training
- Professional Services
- Information Technology
- Community, Social and Personal

The incidence of community, social and personal services has shown a decline of 3% in the makeup of sectors represented in enterprise centres.

Figure 10: Agency Clients



	Sept 2016	%	July 2013	%
Enterprise Ireland	59	19%	53	50%
LEO	244	81%	54	50%

Of businesses that are agency clients, 81% are Local Enterprise Office clients and 19% Enterprise Office clients. This indicates the more micro nature of businesses that use the services of community enterprise centres. The corresponding figure in 2013 was 50% for LEO and EI. It is worth noting that perhaps the change in profile of agency supported businesses reflects an increase in micro business start up rates since 2013, as the economy leaves recession.

9. Revenue and Operational Costs

Key Findings

- *Average operational costs of centres have reduced by €28,000 since 2013. Reductions were achieved across the cost centres of Rent and Rates, Wages and Salaries, Bank Interest and Charges, Insurance and Professional Fees, with other cost centres remaining relatively constant.*
- *Average Income has reduced by €24,000 over 2013 levels. However rental income increased by an average of €8,000 with the reductions in income recorded on training income and public supports for operational costs.*
- *Wages and salaries still remain the largest component of centres running costs at 47% of total running costs (45% in 2013). Rental income as a percentage of total income declined stands at 55% compared to 46% in 2013 and 39% in 2012.*
- *Perhaps the most significant change since 2013 has been in the ability of the sector to address long term debt levels. This is not considered the huge challenge as was the case in 2013, but is still a key operational issue. However in line with the average reductions in long term debt, the levels of working capital debt has increased by an average of €22,000 to €71,000.*

Operational Costs

Table 5: Annual Centre Running Costs 2016 vs 2013

Category	2016 Average	% of Total	2013 Average	% of Total
Wages and Salaries	€ 81,237	47%	€ 90,786	45%
Insurance	€ 4,734	3%	€ 9,137	5%
Rent and Rates	€ 10,566	6%	€ 14,936	7%
Bank Interest and Charges	€ 6,677	4%	€ 12,295	6%
Energy and Power	€ 14,802	9%	€ 13,560	7%
Telephone and Communications	€ 4,805	3%	€ 5,625	3%
Travel	€ 2,105	1%	€ 3,669	2%
Repairs and Maintenance	€ 13,330	8%	€ 13,928	7%
Professional Fees	€ 3,708	2%	€ 8,836	4%
Stationery , Postage, Printing	€ 2,525	1%	€ 2,582	1%
Other Costs	€ 27,970	16%	€ 25,558	13%
Total	**€ 172,459**		**€ 200,911**	

The analysis would seem to indicate the following:

- Centres have operated services while maintaining excellent control of costs and achieving significant reductions in average running costs
- The cost centres of Wages and Salaries, Insurance, Rent and Rates and Bank Interest and Charges are the ones that have contributed most to the cost reductions
- Wages and Salaries still represent almost half of a Centres annual running costs

Table 6: Sources of Annual Revenue

	Base 49 Centres		Base 51 Centres	
Category	**Average 2016**	**%**	**Average 2013**	**%**
Rental income	€ 121,458.00	55%	€ 113,652	46%
Hire of meeting or training rooms	€ 9,236.00	4%	€ 12,138	5%
Enterprise Ireland Support	€ 2,656.00	1%	€ 56,259	23%
Training income	€ 13,720.00	6%	€ 24,289	10%
Consultancy fees	€ 2,586.00	1%	€ 1,700	1%
Other Grant Support	€ 44,197.00	20%	€ -	0%
Other Income	€ 26,195.00	12%	€ 36,800	15%
Total	**€ 220,048.00**	**100%**	**€ 244,839.04**	**100%**

- Rental income has increased its importance as the key revenue sources now accounting for 55% compared to 46% in 2013.
- Support provided by public sources was 21% in 2016, compared to 23% in 2013. Therefore it is still a very important component of an enterprise centres income.

Table 7: Analysis of Commercial Activities and Profitability

	2016	2013	2009
Commercial Revenue	€ 173,195	€ 188,580	€ 126,316
Grants	€ 46,853	€ 56,259	€ 47,959
Total Revenue	€ 220,048	€ 244,839	€ 174,275
Average Overheads	€ 172,459	€ 200,911	€ 174,874
Profit / (Loss) on Commercial Activities	**€ 736**	**-€ 12,331**	**-€ 48,558**
Turnaround	**€ 13,067.37**	**€ 36,226.63**	

Table 7 shows an analysis of income of Enterprise Centres over the period of the 3 surveys (2016, 2013 and 2009). It shows commercial earned income, Grant income and running costs. This allows a calculation of profit or loss earned on purely commercial activities and hence the importance of the publically provided income supports. It can be seen that significant improvements have been achieved since 2009, when on average centres were recording losses of €48,558 on commercial activities, reduced to a loss of €12,331 by 2013 and a small profit of €736 achieved in 2016.

On average centres are now operating at a commercial breakeven point. However some centres are still operating at a loss. This analysis proves the importance of the EI BDM support provided since 2010 in creating financial sustainability for enterprise centres. At breakeven level, centres will still not be able to provide for reinvestment reserves for asset upgrades that are required. They will need another 3 years of positive progress on trading conditions to enable the sector as a whole to recoup past losses and start to provide for reinvestment reserves.

Table 8: Borrowing Levels

	2016		2013
BORROWINGS	**Base 39 Centres**		**Base 51 Centres**
Category	**Average**	**Total**	**Average**
Capital Borrowings	€ 171,400	€ 6,684,581	€ 754,774
Working Capital	€ 71,294	€ 2,281,420	€ 48,900
Highest	€ 1,300,000		€ 4,105,000
Lowest	€ 30,000		€ 32,000

Centres have made significant progress on addressing borrowing levels. While the situation is still extremely challenging for the sector, the extent and scale of the challenge is now what it was in 2013. While average levels of long term debt have been reduced, the study did not seek to address the mechanisms as to how centres have reduced the average levels of long term debt. It should be noted that the comparison between 2013 and 2016 is not absolute as some centres with high levels of debt in 2013 did not respond to this question in 2016. But in an overall setting long term debt levels have reduced.

Perhaps more concerning is the increase in the levels of working capital debt from an average of €48,900 in 2013 to €71,294 in 2016. This could have implications for centres sustainability and ability to meet operational overheads and service regular debt commitments. It again demonstrates the need for continued support of the sector until it establishes itself on a more sustainable level.

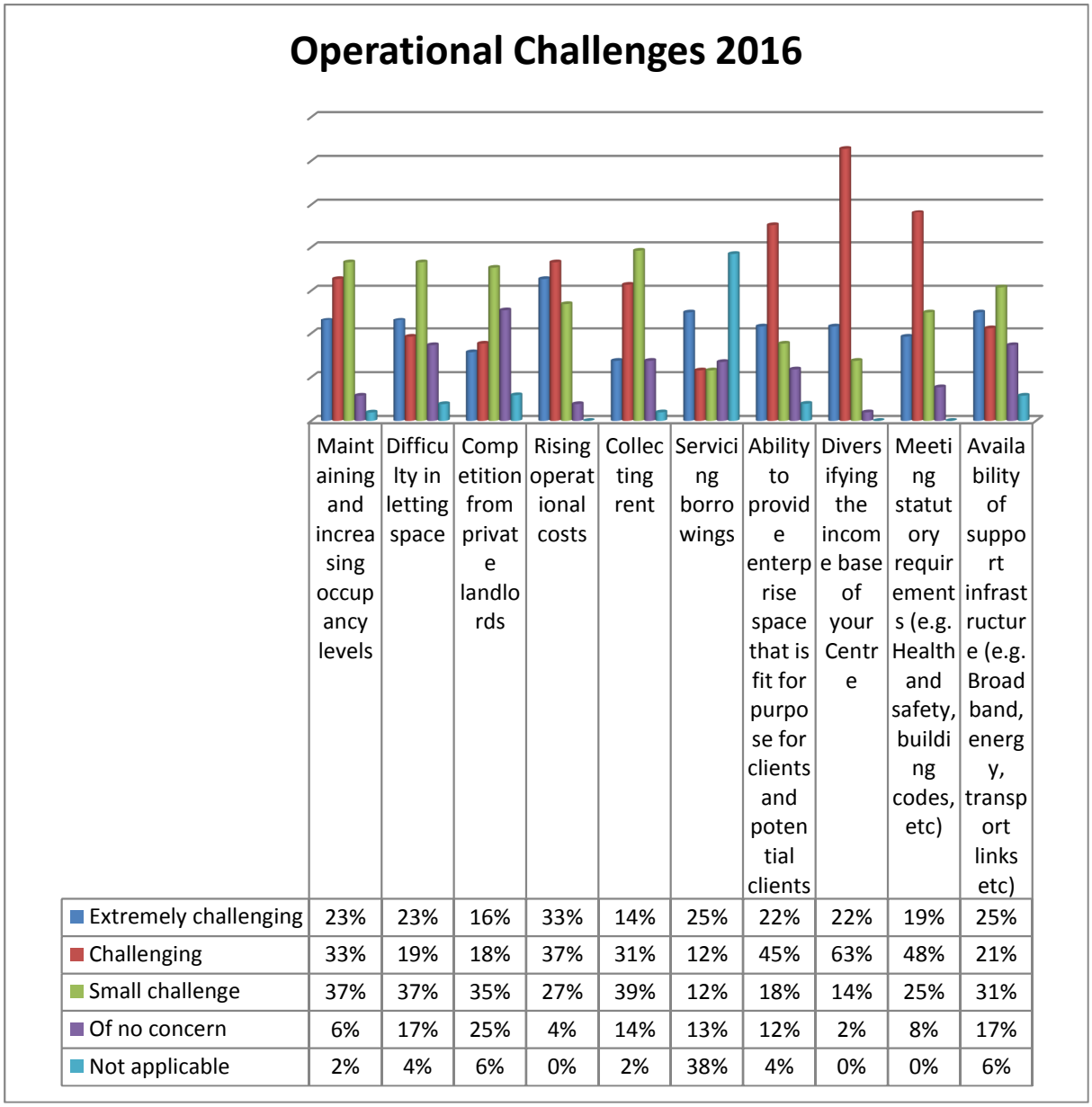
10. Operational Issues

Key Findings

- *The most challenging areas are Rising Operational Costs, Diversifying the Income base, the Future ability to provide Fit for Purpose Space and addressing Regulatory Requirements.*
- *The severity of the challenges faced in operation of centres has declined since 2013, but centres still see these issues as quite challenging.*
- *Uncertainty over future agency support programmes is the clearly the major issue with 82% up from 79% in 2013 (Centres seeing this as a "Major Concern" or "Concern).*
- *Many centres still see themselves operating in a very competitive environment with much challenges remaining to be adequately addressed before a position of confident financial and economic sustainability can be reached.*
- *There is a high degree of optimism among enterprise centres around the external operating environment. The majority expect local economic conditions to improve in the future.*
- *Almost 54% of centre plan to increase services in the next year, closed aligned with the plan for 58% planning to reinvest in their centre within the next 2 years.*

Operational Challenges

Figure 11: Operational Issues

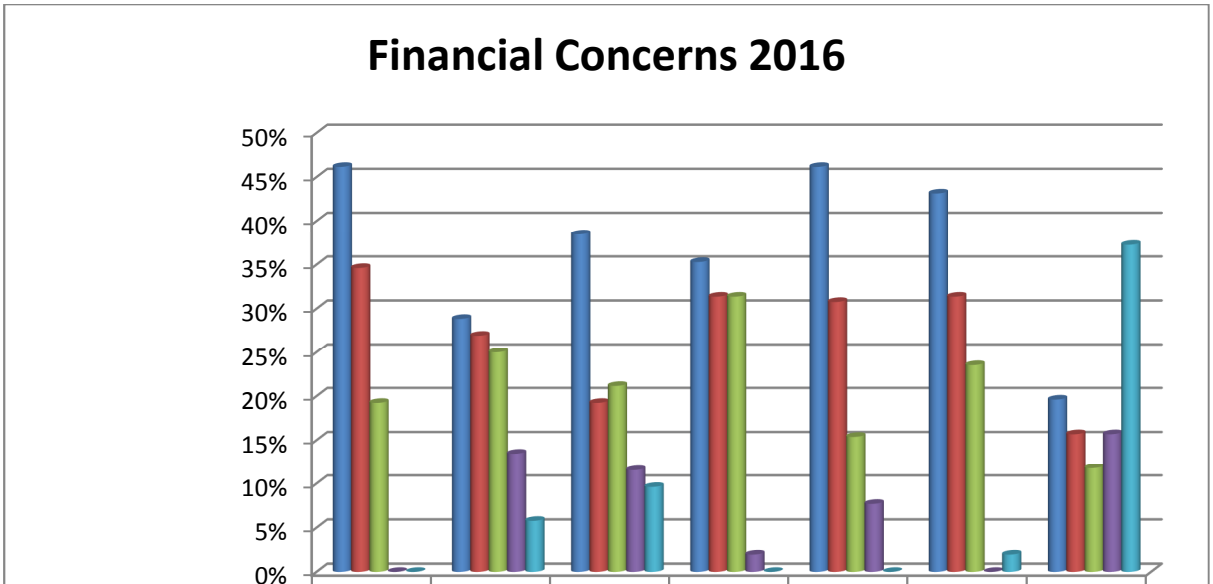


	Maintaining and increasing occupancy levels	Difficulty in letting space	Competition from private landlords	Rising operational costs	Collecting rent	Servicing borrowings	Ability to provide enterprise space that is fit for purpose for clients and potential clients	Diversifying the income base of your Centre	Meeting statutory requirements (e.g. Health and safety, building codes, etc)	Availability of support infrastructure (e.g. Broad band, energy, transport links etc)
Extremely challenging	23%	23%	16%	33%	14%	25%	22%	22%	19%	25%
Challenging	33%	19%	18%	37%	31%	12%	45%	63%	48%	21%
Small challenge	37%	37%	35%	27%	39%	12%	18%	14%	25%	31%
Of no concern	6%	17%	25%	4%	14%	13%	12%	2%	8%	17%
Not applicable	2%	4%	6%	0%	2%	38%	4%	0%	0%	6%

All of the daily issues faced by an enterprise centre in the running of their business are still considered to be quite challenging. The most challenging areas are Rising Operational Costs, Diversifying the Income base, the Future ability to provide Fit for Purpose Space and addressing Regulatory Requirements. In comparison to 2013, the number of centres stating that such issues were extremely challenging or Challenging has declined, in line with the general more positive outlook of the sector as to the improving economic conditions.

Funding Concerns

Figure 12: Funding Concerns

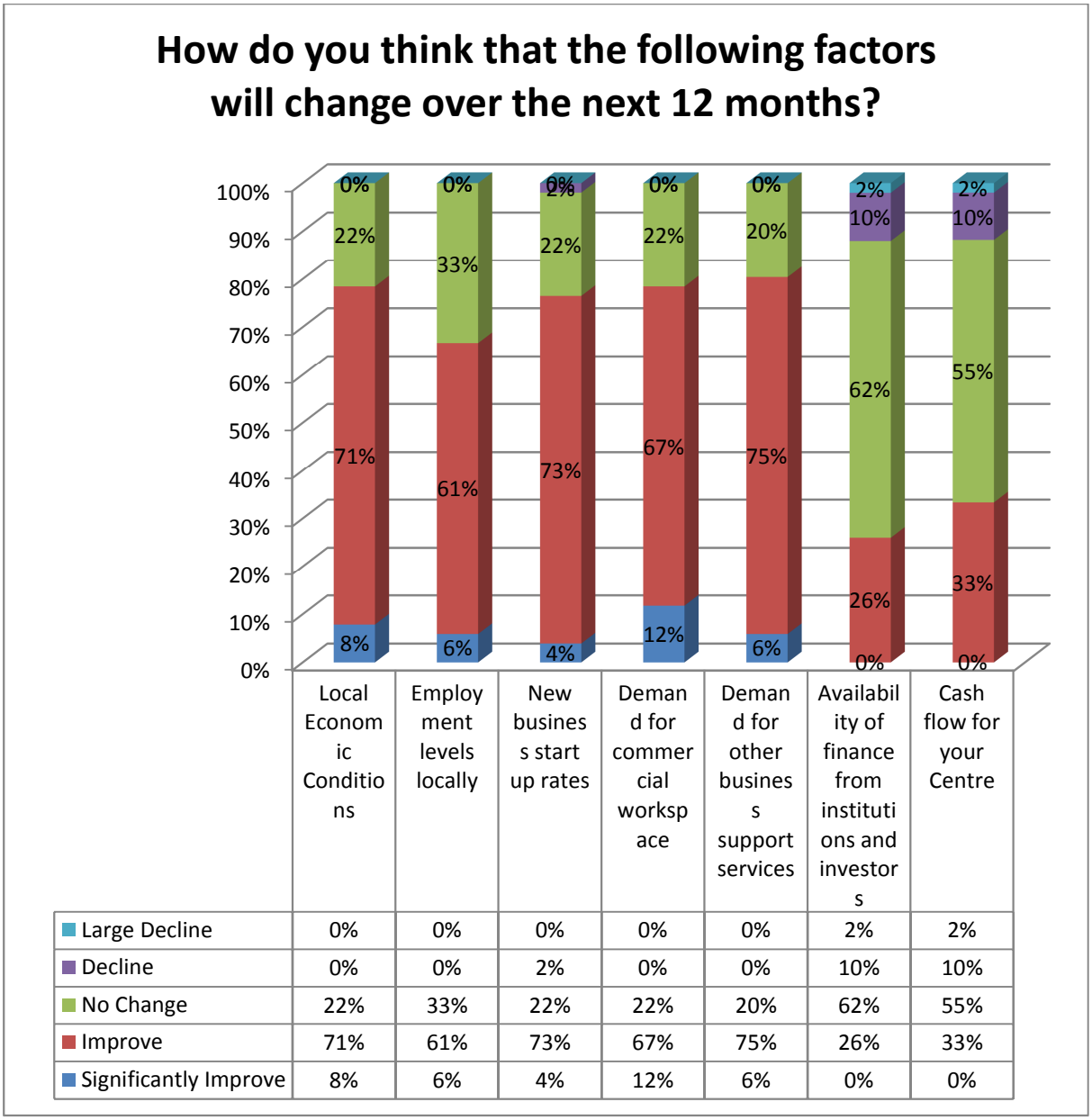


	Uncertainity over future agency support programmes	Securing working capital to support ongoing operations	Securing development funds for expansion	Rising operational costs	Big reliance on income from a single source (e.g. rent)	Difficulty in raising rental rates or prices for other services	Servicing debt
Major concern	46%	29%	38%	35%	46%	43%	20%
Concerned	35%	27%	19%	31%	31%	31%	16%
Somewhat concerned	19%	25%	21%	31%	15%	24%	12%
Of no concern	0%	13%	12%	2%	8%	0%	16%
Not applicaple	0%	6%	10%	0%	0%	2%	37%

Uncertainty over future agency support programmes is the clearly the major issue at 82% up from 79% in 2013 (Centres seeing this as a “Major Concern” or “Concern). Rising operational costs and declining commercial income are also highlighted again as being of big concern among centres. This follows the same pattern as recorded in 2013 with little decline in the levels and percentages of concern stated. Clearly many centres still see themselves operating in a very competitive environment with much challenges remaining to be adequately addressed before a position of confident financial and economic sustainability can be reached.

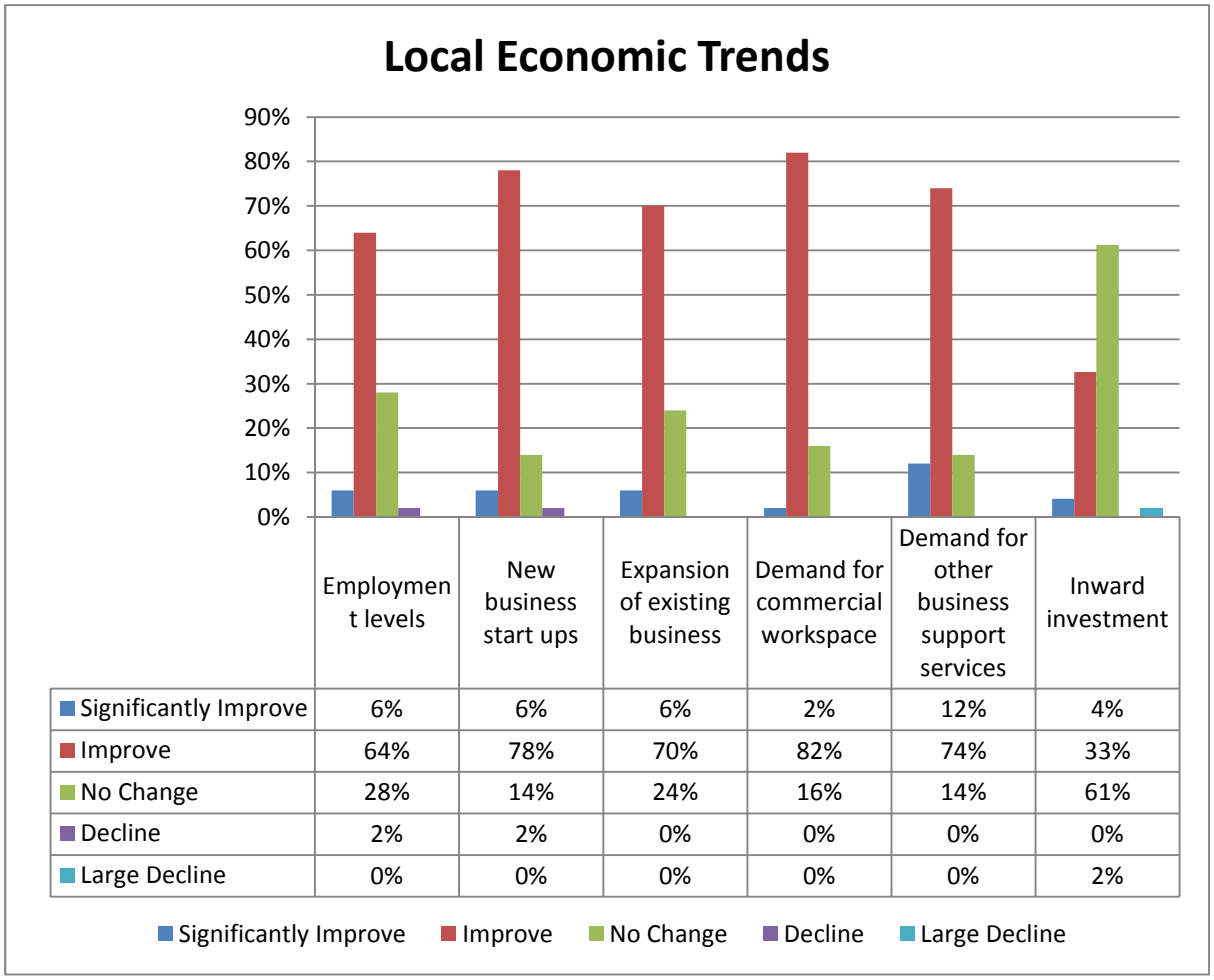
Future Outlook

Figure 13: Future Outlook



	Local Economic Conditions	Employment levels locally	New business start up rates	Demand for commercial workspace	Demand for other business support services	Availability of finance from institutions and investors	Cash flow for your Centre
Large Decline	0%	0%	0%	0%	0%	2%	2%
Decline	0%	0%	2%	0%	0%	10%	10%
No Change	22%	33%	22%	22%	20%	62%	55%
Improve	71%	61%	73%	67%	75%	26%	33%
Significantly Improve	8%	6%	4%	12%	6%	0%	0%

Figure 14: Future Outlook – Local Economy where Centre is based

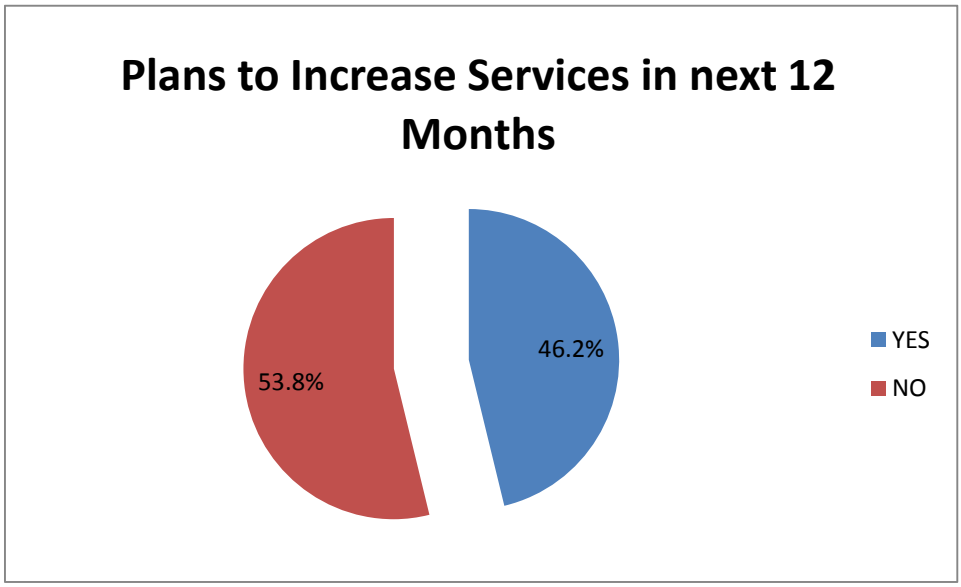


	Employment levels	New business start ups	Expansion of existing business	Demand for commercial workspace	Demand for other business support services	Inward investment
Significantly Improve	6%	6%	6%	2%	12%	4%
Improve	64%	78%	70%	82%	74%	33%
No Change	28%	14%	24%	16%	14%	61%
Decline	2%	2%	0%	0%	0%	0%
Large Decline	0%	0%	0%	0%	0%	2%

On an overall level, there is a high degree of optimism among enterprise centres around the external operating environment. The majority expect local economic conditions to improve including employment opportunities, new start up rates, demand for workspace and availability of finance. This is a positive indicator for the sector going forward in terms of addressing investment requirements in assets and contributing further to the local economies that they service.

Increasing Services

Figure 15: Plans to Increase Services



Almost 54% of centre plan to increase services in the next year, closed aligned with the plan for 58% planning to reinvest in their centre within the next 2 years. Services under consideration by centres include;

Table 9: New Services planned by Centres

Summary	No
Develop Mentoring Programmes	4
New Food Units	2
Additional Hub Space	1
Have full time Manager	1
New Hot Desks / Shared Rental Space	3
Upgrade Broadband	1
New Office Space	1
New Training Courses	5
E Commerce Support to Clients	1
New Workspace	1
Upgrade Workspace	1
Facilitate Business Networks	3
Third Party Collaborations	2

In terms of Centres opinions on how they can improve support to their clients and local economics in the future, the following were cited (recorded by number of centres giving answer)

Table 10: Investments needed to Improve Services

Improved Premises	7
Improved interaction with Business	5
Full time Manager	3
Broadband	3
Better Business Supports	4
More Support from State Agencies	3
Increased Mentoring to Clients	2
Increased external collaboration	3

Table 11: Emerging Trends

What do you see as the emerging trends in your area regarding new business development? What sectors do you see emerging? (Select up to 3 options)

	2016	2013
Agriculture, Forestry, Food	40.0%	51.7%
Manufacturing	14.0%	12.1%
Mining / Quarrying	0.0%	0.0%
Electricity, Gas, Water	2.0%	17.2%
Construction	22.0%	1.7%
Wholesale / Retail	22.0%	19.0%
Transport / Storage	6.0%	13.8%
Financial Services	14.0%	17.2%
Property Services	2.0%	3.4%
Education / Training	58.0%	53.4%
Healthcare / Social Work	26.0%	25.9%
Professional Services	40.0%	37.9%
Information Technology	54.0%	77.6%
Community / Social / Personal Services	46.0%	44.8%
Other	12.0%	10.3%

Centres were asked to select three sectors that they felt were the most emerging in their area of operation. The table above compares the results to 2013. In line with the findings in 2013, the sectors that are seen as the strongest in terms of providing enterprise starts and growth are:

- Agriculture, Food and Forestry
- Education and Training
- Professional Services
- Information Technology

This reaffirms once again the necessity for reinvestment in space to meet the enterprise needs of these emerging sectors.

11. Sustainability of Community Enterprise Centres

The 2016 survey sought to determine:

- What are the key factors that provide sustainability for a community enterprise centre from a financial, business and economic perspective?
- What are the issues and challenges that need to be addressed to allow centres reach a sustainable position?
- Is there a typical business model that centres can operate towards that will provide sustainability?

A number of questions were asked in the survey to address these questions.

The key findings were:

- 96% of centres considered it necessary to diversify their income base in the future in order to remain sustainable.
- The majority of centres have given consideration to reaching financial sustainability and have in place plans to reach sustainability, a reserves policy or plan to assist them to do so.

- At least 25% of centres have not yet reached a breakeven trading point. These centres are the ones with lowest occupancy levels and therefore tend to be located in more rural and economically depressed areas

- Provision of on-going supports especially for staffing / management is seen as critical by the sector to allow it to get to a sustainable position.

Future Sustainability

Centres have made excellent progress at a collective level in terms of reaching a breakeven point with the majority now at least breakeven and many profitable. This follows many years of depressed market conditions that required centres to deplete reserves to fund ongoing operational requirements. On average centres are now trading at a breakeven level on commercial activities and at current occupancy rates.

Now as the market improves, there is an increasing necessity to invest in premises up grades to make space fit for purpose.

There are still centres that are finding operations challenging both form a financial and occupancy viewpoint, with both these things being related. While their trading situation has improved, they will require more time to reach a breakeven level.

To achieve a long term financial sustainable sector what is needed is:

- A period of further support to allow centres to continue to carry out their business development role in their areas and secure a steady flow of income from new rentals and clients
- To ease the pressure experienced by high operational costs and depleted reserves until these can be addressed through higher incomes and profits
- To give time and support to those centres still trading in difficult circumstances to allow them the cushion to build sustainable revenue streams.

Reaching Breakeven

When asked was the Centre at a breakeven point or above and if now, when it was planned to achieve it.

Reached it	Within 12 months	After 12 months
29	7	3

While the 39 centres that answered this question, 29 stated they had reached breakeven, 10 had not. This shows that despite on average Centres are breaking even on commercial activities, there is still a significant minority of approximately 25% not at a breakeven point financially.

Table 12: Factors Impending Breakeven

What are the factors affecting / impeding your achievement of break even?	
Key Factors	**No**
Drop in Income	3
Overheads	8
Bad Debts	1
Attracting new Clients	5
Staff Costs	1
Occupancy	4
Competition	2

The level of operational overheads, ability to attract new clients and occupancy levels are the main factors in preventing centres from reaching a breakeven point. Given that over 70% of centres have over 80% occupancy rates, it is highly likely that it is those centres that are at lower occupancy levels that are not trading at a breakeven point. Supporting this is the fact that the second largest contributing factor is “Attracting New Clients”

Table 13: Supports Needed to Breakeven

What do you need to help you achieve Break even?

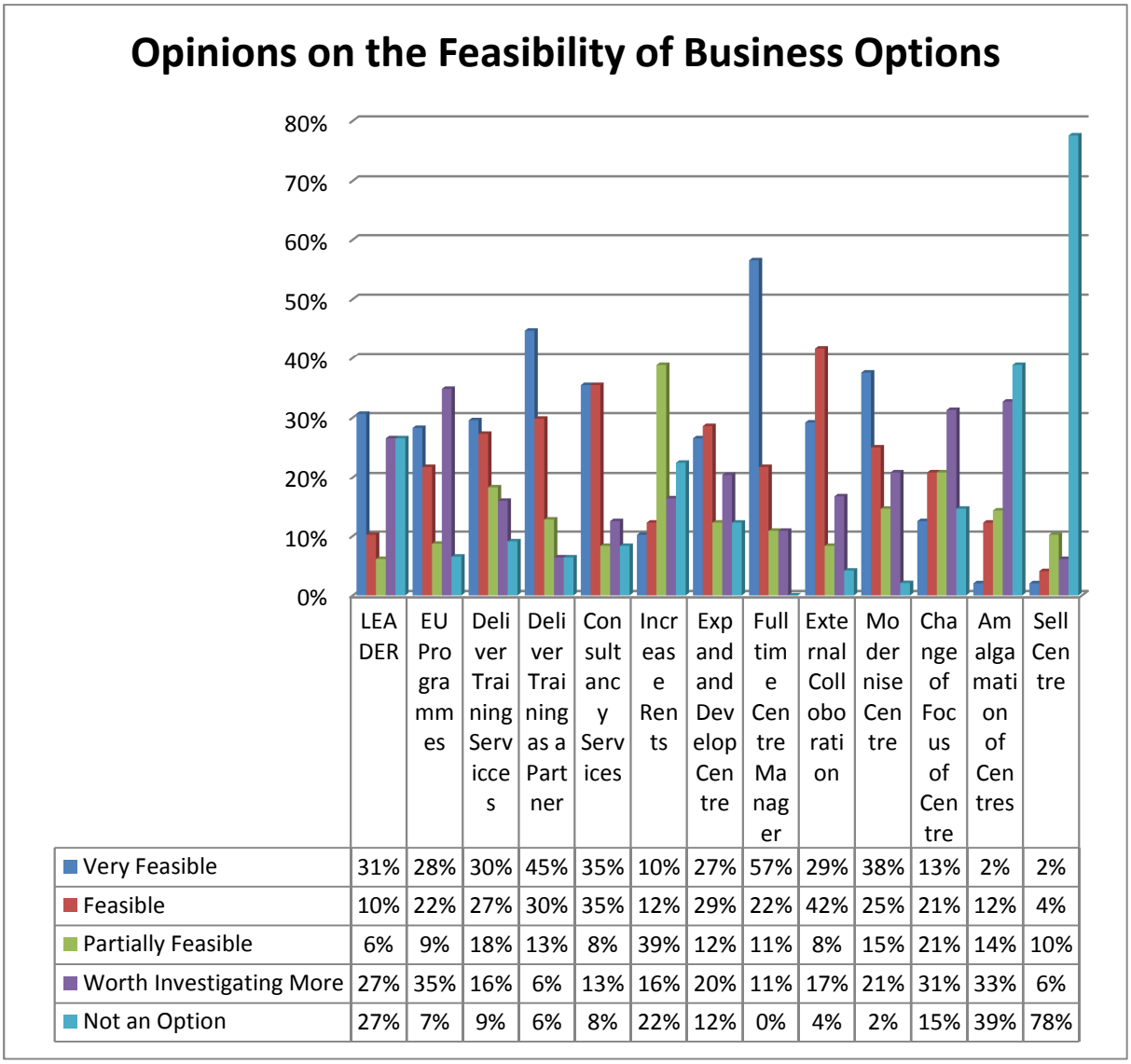
Factor	No
Capital Support	2
More Revenue Streams / Rents	11
More grants for Staff / Overheads	9
Better Broadband	1

Feasibility of Business Options

Centres were asked to rate the feasibility of a number of options in relation to income and service diversification. Having a full time centre manager was seen as the most feasible option in terms of driving and growing business. Expanding services to include training, advice and consulting were also seen as feasible options but by less than 40% of respondents. Clearly these options will only work where there is demand and existing infrastructure within the centre to cater for such activities. Securing funding through participation on projects such as EU projects and LEADER was seen as feasible by less than 30% of respondents.

Therefore there is no real common option across the sector in terms of a single identifiable option to increase revenues. The common thread seems to be that the requirement to have a professional centre manager in place is paramount to future success.

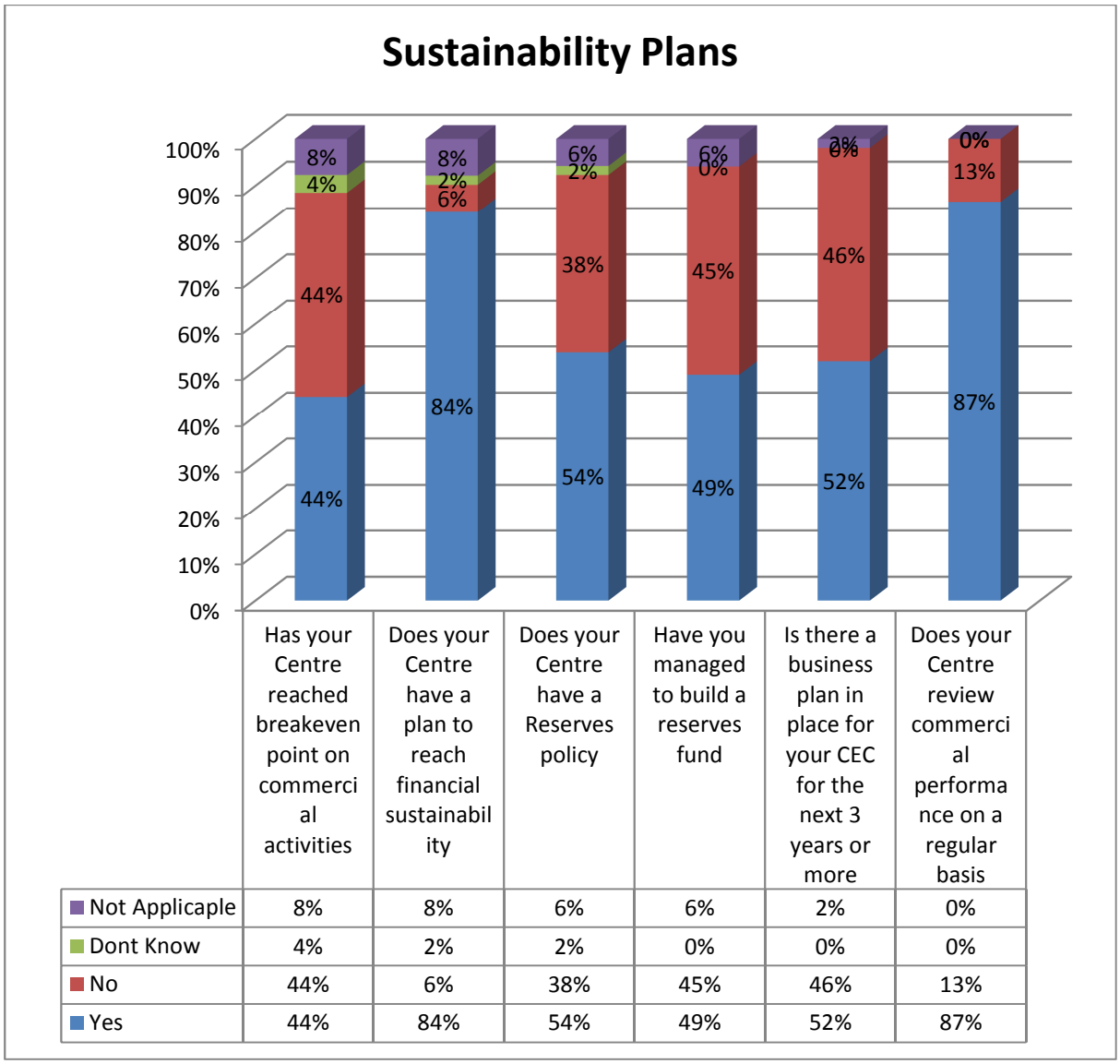
Figure 17: Centres Opinions on Feasibility of Different Business Options



	LEADER	EU Programmes	Deliver Training Services	Deliver Training as a Partner	Consultancy Services	Increase Rents	Expand and Develop Centre	Full time Centre Manager	External Collaboration	Moderise Centre	Change of Focus of Centre	Amalgamation of Centres	Sell Centre
Very Feasible	31%	28%	30%	45%	35%	10%	27%	57%	29%	38%	13%	2%	2%
Feasible	10%	22%	27%	30%	35%	12%	29%	22%	42%	25%	21%	12%	4%
Partially Feasible	6%	9%	18%	13%	8%	39%	12%	11%	8%	15%	21%	14%	10%
Worth Investigating More	27%	35%	16%	6%	13%	16%	20%	11%	17%	21%	31%	33%	6%
Not an Option	27%	7%	9%	6%	8%	22%	12%	0%	4%	2%	15%	39%	78%

Overwhelmingly supports towards operational costs and staff are seen as necessary for the sector and its enterprise centres to achieve a breakeven point.

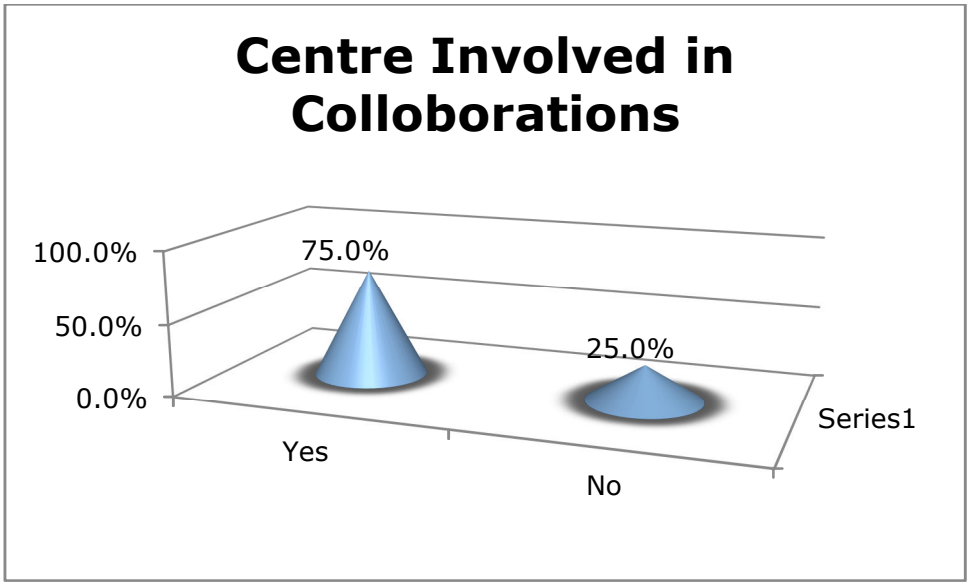
Figure 16: Sustainability Plans of Centres



	Has your Centre reached breakeven point on commercial activities	Does your Centre have a plan to reach financial sustainability	Does your Centre have a Reserves policy	Have you managed to build a reserves fund	Is there a business plan in place for your CEC for the next 3 years or more	Does your Centre review commercial performance on a regular basis
Not Applicaple	8%	8%	6%	6%	2%	0%
Dont Know	4%	2%	2%	0%	0%	0%
No	44%	6%	38%	45%	46%	13%
Yes	44%	84%	54%	49%	52%	87%

Collaborations

Figure 18: Centres involved in External Collaborations



75% of centres are involved in external collaborations in their area as a means to:

- Develop their business and revenue
- Support enterprise and entrepreneurship locally
- Promote and highlight their role and services
- Support partner agencies in delivery of work programmes

These collaborative efforts are seen has highly beneficial in terms of the services and supports they provide to end users. They also can in cases provide future clients streams to enterprise centres (e.g. business training programmes) and also enhance the revenue streams of centres.

The type of collaborations varied by but the majority:

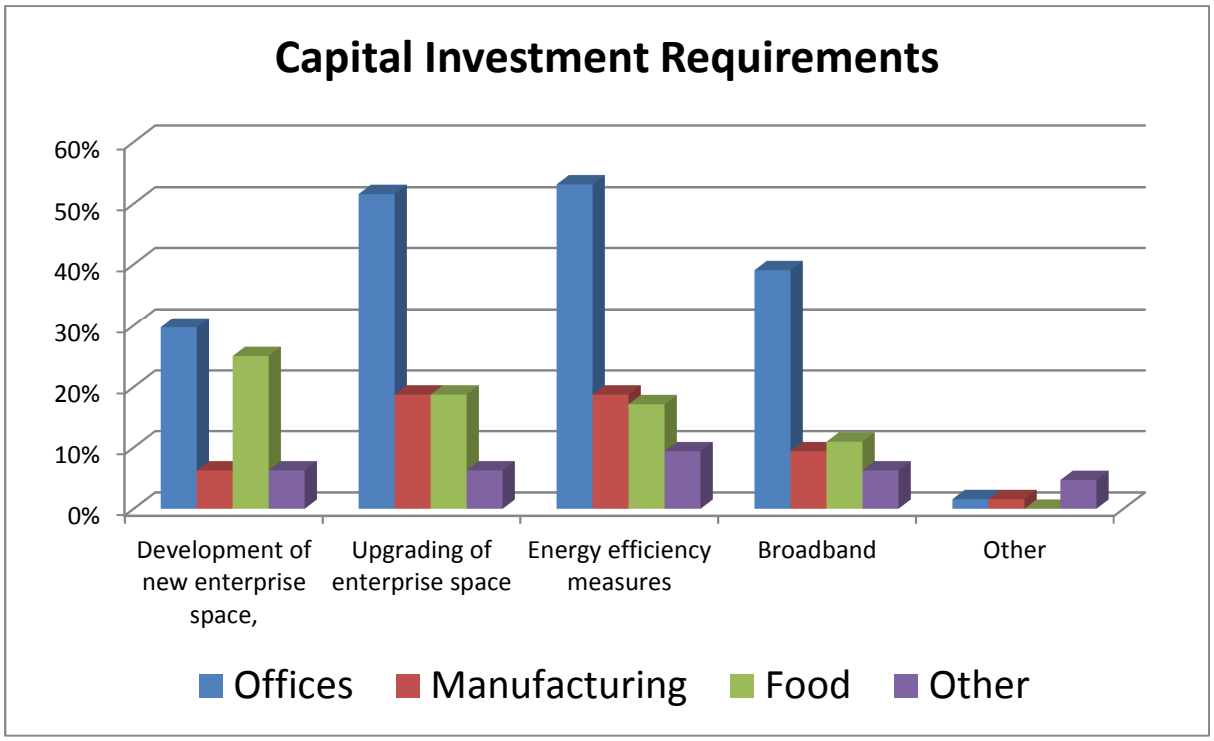
- Mainly local or county wide initiatives
- Involved training supports
- Involved partners such as Education and Training Boards, Skillnets, Dept. of Social Protection, etc.
- Local third level institutions
- Local Enterprise Offices

12. Investment Requirements

Key Findings

- *Capital expenditure requirements over the next 3 years focus on upgrading of space rather than development of new space. They key focus will be on office space, hot desk / flexible type space with implementing energy efficient measures seen as high priority. Any new space developments are almost all focused on office and food space.*

Figure 19: Capital Expenditure Requirements



Broadband investment is a major issue. While it is cited here, the main investment requirements are in infrastructure outside and outside the control of the enterprise centre. It involves investment to provide higher quality and faster speeds. This issue came up very frequently in the survey as one of the key needs of the sector to allow it to retain and increase it competiveness and role as a driver of enterprise development

13. Impacts of Community Enterprise Centres

Key Findings

Based on responses received the following are stated by the NACEC members as being some headline impacts of the existence and role of the centres.

- *Enterprise Centres house over 1,600 businesses employing over 4.600 people*
- *Over 600 new businesses have set up in enterprise centres since 2013 employing 2,000 people*
- *In the past 3 years 136 (This is noted as 300 elsewhere - which is the correct figure?) businesses employing 916 people have relocated from enterprise centres due to growth and expansion*
- *317 - The estimate of the number of businesses that have left CECs in the last 3 years.*
- *We might include some data from the 1 question survey on NON tenant CEC stimulated jobs later today. I am closing the survey at 1.*
- *The greatest impacts the EI BDM scheme have had as stated by the centres are 1) the employment of a manager, 2) allowed more effective promotion and marketing of centres and 3) allowed better support and information provision for clients.*
- *60% of businesses that have left enterprises have continued to grow. This show the strong incubation feature of enterprise centres.*
- *Enterprise centres consider that 1) IT, 2) Education and Training, 3) Professional Services and 4) Agriculture and Food are the emerging and growth sectors of the economy.*

Enterprise Progression

Business progression is an important feature of the business incubation and support ecosystem. Figure 16 and 17 shows the progression of businesses that moved out of enterprise centres in the 3 years preceding both the 2013 and 2016 surveys. There is a small increase in the % of business that leave centres and continue to grow up from 55% to 60%

Figure 20: Enterprise Progression

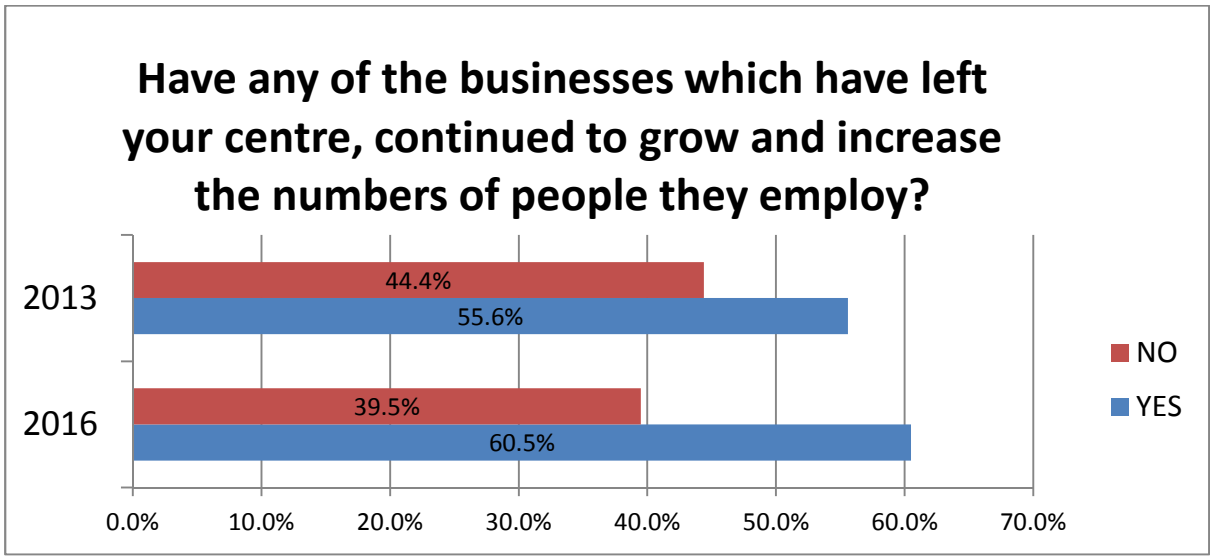
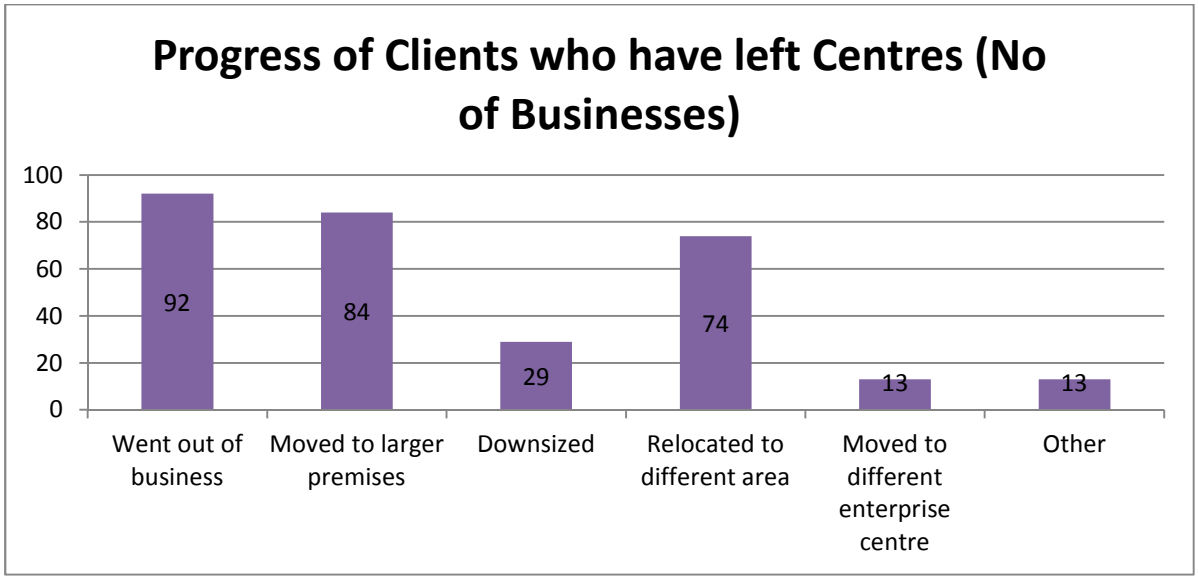


Figure 21: Status of Clients who left Centre 2016



Of the total business recorded who left centres in the 3 years to September 2016, (total 305), 30% went out of business. Of the remaining 70%, many continued to grow with 27% moving to larger premises. Of the businesses that left centres over this time, collectively they employed approximately 900 people and many having increased employment levels since this time.

Table 14: Business Progression Rates 2016 and 2103

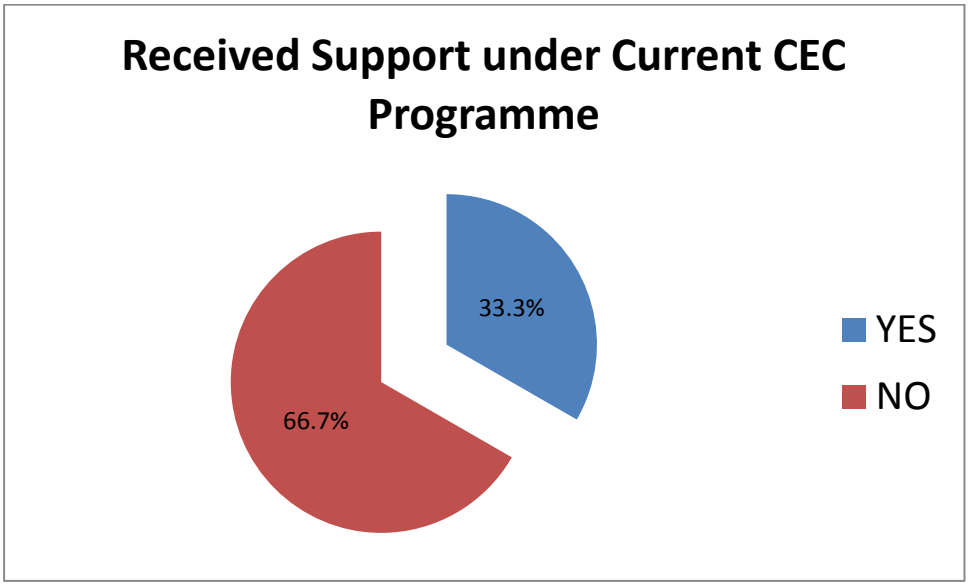
In the past 3.5 years	2016	2013
How many businesses have closed?	110	143
How many businesses have relocated?	226	174
How many jobs were lost with closures?	450	N/a
How many jobs left with relocation's?	916	N/a

14. Supports Received by Enterprise Centres

CEC Programme Support

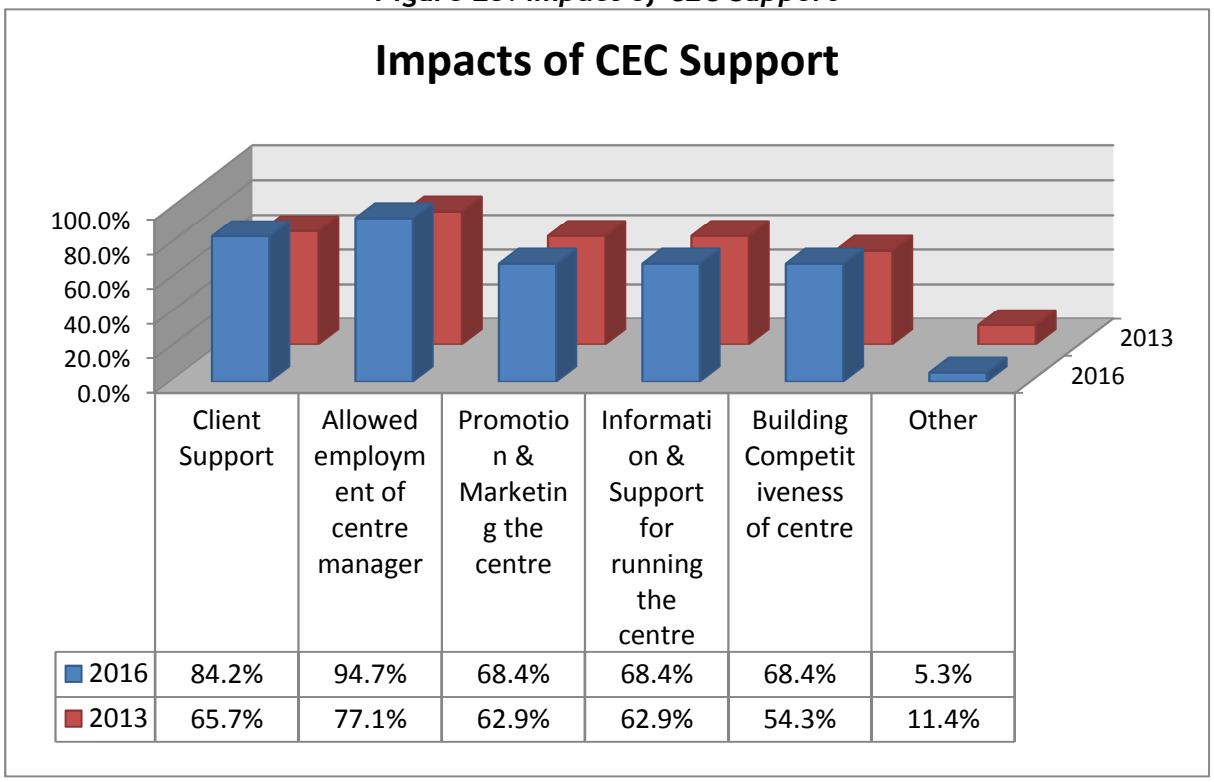
33.3% of centres received support under the current Enterprise Ireland CEC programme.

Figure 22: CEC Support Received



Impacts of CEC Support on Centres

Figure 23: Impact of CEC Support

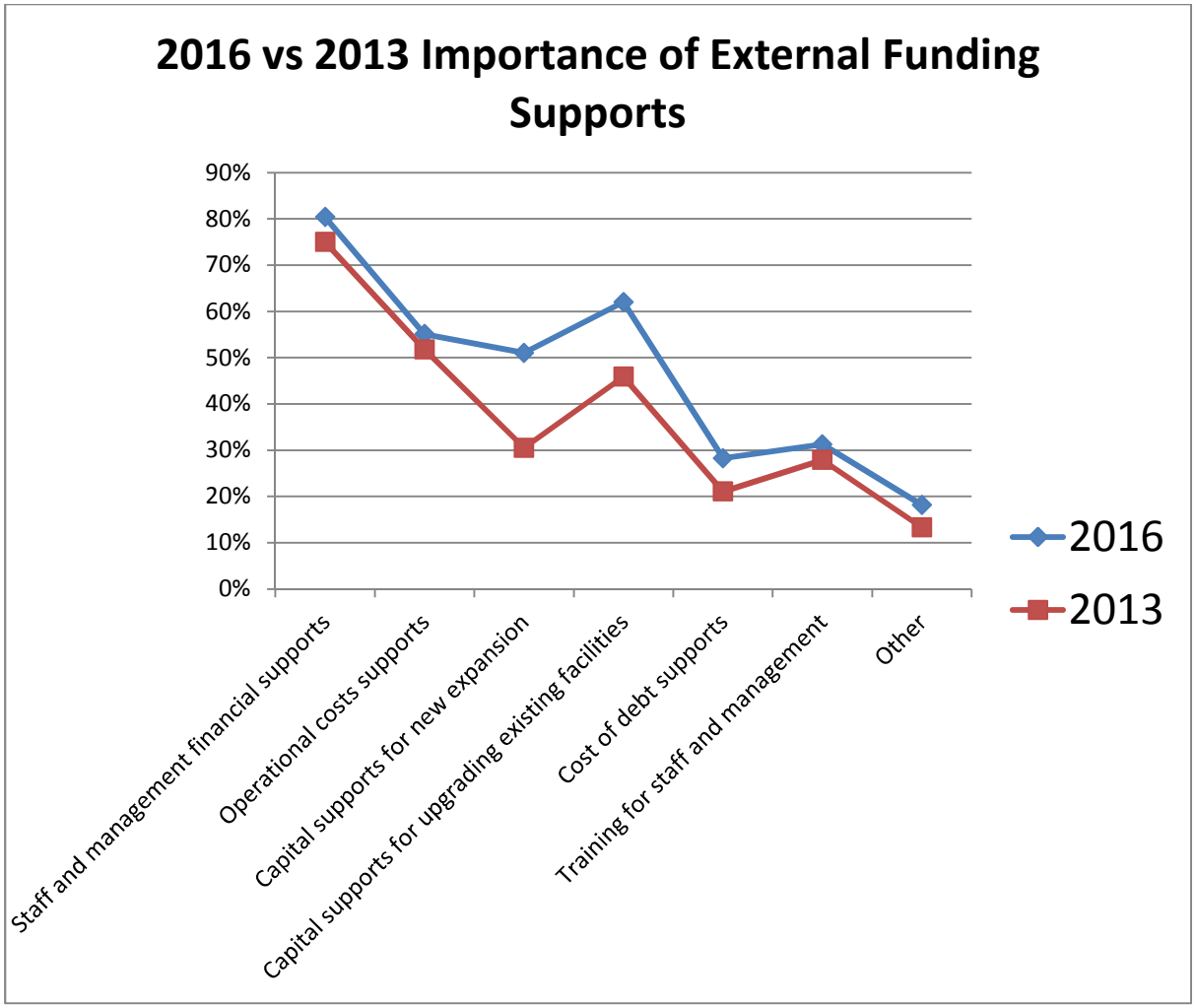


	Client Support	Allowed employment of centre manager	Promotion & Marketing the centre	Information & Support for running the centre	Building Competitiveness of centre	Other
2016	84.2%	94.7%	68.4%	68.4%	68.4%	5.3%
2013	65.7%	77.1%	62.9%	62.9%	54.3%	11.4%

The impacts of the CEC support provided to Centres is shown in figure 19 above. It compares the % between that recorded in 2013 and 2016. Impacts are significant across many functional areas that the centres operate across. It allowed significant levels of client support to be provided that otherwise would not be available and greatly assists in the competitiveness of the enterprise centre.

Importance of External Funding Supports

Figure 24: Importance of External Funding Supports



External funding support for the work of community enterprise centres is seen as highly important throughout the sector. Figure 24 compares the percentage of centres citing an attribute as important both in 2016 and 2013 for comparison. It can be seen that there is little change between both periods across the range of indicators.