



Scotland's Centre for Social Innovation

Feasibility study

The Melting Pot is exploring their potential acquisition of 15 Calton Road from its current owners, Foundation Scotland.

The Melting Pot leases the central Edinburgh property as a coworking and collaborative space; ownership could enable them to expand their offer as Scotland's Centre for Social Innovation.

Glic was commissioned to evaluate three options for The Melting Pot's future operations:

- 1 Purchase of 15 Calton Road and continued operations as current
- 2 Purchase of 15 Calton Road and renovations to convert select areas into private offices
- 3 Relocation to alternative leased premises and continued coworking and collaboration offer

Glic conducted extensive market research, primary engagement, and financial analysis to assess the three options for their technical, financial, social and strategic feasibility.

ENGAGEMENT

Over 25 stakeholder organisations were engaged to understand the current context and create a future forecast. All were identified and engaged due to their aligned missions and sector experience in social innovation, third sector, or coworking. A number of themes emerged:



Trends and challenges in the coworking sector

Physical spaces remain vital for collaboration but spaces need to be affordable, accessible and adaptable. Coworking demand is high and the market is saturated, however there is growing interest in private offices and dedicated desks, with many current providers at capacity.



Needs and priorities for social enterprises and the third sector

Social enterprises face financial instabilities, meaning premises ownership is deprioritised over staff and service investment. For many, commercial pressures has led to shifts from core aims to income generation and crisis recovery support, causing mission creep and constraints.



The Melting Pot's current space

The central location and community atmosphere is highly valued, but it is limited in size and lack of outdoor space. Its strong brand is not tied to the physical space, however its national identity is limited; expansion requires regional partnerships and a clear national strategy.






Lessons from similar proposals

Ensuring that all spaces are utilised and maximised is important, especially as, while it offers stability, property ownership carries significant financial and maintenance obligations and risk.

The Melting Pot's members were invited to participate in a survey and follow-up interviews to gather insights on how members use and value facilities, improvements that could enhance their experience, and views on the potential acquisition of 15 Calton Road.

Value of The Melting Pot	Desire from members	Ownership opportunities
Welcoming atmosphere	More flexible and affordable membership options	Cost savings to members
Sense of community	More meeting rooms	Sense of permanence
Flexible working environment	Changes to layout	New renovations
Central location	New office accessories	Better space utilisation
Space for human connection	More private offices	Financial sustainability
Collaboration opportunities		

EDINBURGH'S COWORKING MARKET

	Trends	Coworking is becoming a premium service, with high-quality amenities to make offers appealing in a saturated market. Providers offer a hybrid model that incorporates large coworking spaces with smaller contained offices, with scalable, short-term memberships.
	Gaps	There is limited focus on social innovation in the coworking sector, and few providers offer structured support for community building, impact-driven ventures or collaborative learning. Most spaces are premium-priced, leaving few options for budget-conscious social entrepreneurs.
	Opportunity	A coworking hub that explicitly focuses on social impact, collaboration and community building would stand out in a market dominated by corporate offers. Providing a central Edinburgh service with open plan collaboration zones and event rooms would meet local accessibility and engagement needs, while strengthening collaboration with SENs could amplify reach and credibility.

A feasibility assessment from analysis of primary and secondary research identified **Option 3** as the most viable model for The Melting Pot's development. Extended results summary is provided overleaf.

Option 1 Purchase and continue as is	Option 2 Purchase and renovate	Option 3 Move to alternative premises
Technical	Technical	Technical
Financial	Financial	Financial
Social	Social	Social
Strategic	Strategic	Strategic
Risk	Risk	Risk
Funding	Funding	Funding

Option 1. Purchase and continue as is

Technical feasibility	<ul style="list-style-type: none">+ Relatively simple as current infrastructure and systems are maintained, removing the need for construction and ensuring no disruption to members.- While The Melting Pot currently manages some elements of building maintenance, all maintenance would become their responsibility (i.e. long-term capital and structural repairs), with increased associated operational and financial obligations.
Financial feasibility	<ul style="list-style-type: none">- Operation: Margins are tight (<10% of revenue) with sensitive net surplus. If coworking revenue decreases and interest rates increase, this could lead to operating at a loss. Net present value over 25 years is c£635,386.
Social impact	<ul style="list-style-type: none">+ The Melting Pot would continue to produce its existing social impacts such as social connections; positive working environment; supported wellbeing, productivity and project development, and networking and collaboration opportunities.- Without space to grow, there are constraints to expanding these social impacts more widely or into other domains.
Strategic alignment	<ul style="list-style-type: none">+ The option is aligned with three strategic priorities defined in The Melting Pot's 2023-2028 Strategic Framework: <i>A collaborative eco-system; Exchange of knowledge and expertise; Embed community driven innovation in all initiatives.</i>- The option is not aligned with:<ul style="list-style-type: none">• <i>Ensure long-term sustainability</i>: Anticipated financial responsibilities and cash flow could strain operational budget and limit flexibility• <i>Scale our impact</i>: There are physical and financial constraints to the current space that may limit future growth.
Risks associated	<ul style="list-style-type: none">- Alongside risks of low and moderate likelihood, there is high likelihood of risk related to:<ul style="list-style-type: none">• Securing the funding necessary to purchase the property• Financial obligations from increased maintenance and repair obligations• Cash flow issues from low and sensitive net surplus• Operational inflexibility due to lack of ease to scale / relocate.
Funding feasibility	<ul style="list-style-type: none">- Community shares, social lending, and grant funding options were explored:<ul style="list-style-type: none">• Community shares are nonviable (high resource required for low reward)• Discussion with two social lenders found that £360-480K would be required beyond the loan they could provide (which could not be funded through another loan)• Grant funding for property purchase is limited. Four potential opportunities were identified; all include caveats and/or are below the funding needed.

Option 2. Purchase and renovate

Technical feasibility	<ul style="list-style-type: none"> = The first floor and basement would be renovated in two three-month phases to minimise disruption (with some temporary relocation of members to other floors). Some of the open coworking space would be converted into 11 private office spaces. - The basement presents limitations in natural light and long-term appeal, so requires extra considerations to address comfort and usability. Further consultation is needed to assess members' tolerance for disruption; members may leave if works are poorly communicated or temporary arrangements do not meet expectations. All maintenance would become The Melting Pot's responsibility, with increased associated operational and financial obligations.
Financial feasibility	<ul style="list-style-type: none"> + Operation: Diversification of services means net surplus is less sensitive to change and moderate changes to income or interest can be absorbed. Net present value over 25 years is c£982,071. A combination of decreases in revenue or increases to interest rates could lead to operating on tight margins or to loss.
Social impact	<ul style="list-style-type: none"> + If managed effectively, private offices could bring together community organisations and small charities with opportunities to exchange skills, knowledge and resource. - The Melting Pot's high social impacts largely arise through its coworking space, reducing this offer could limit these impacts and introduce a more siloed atmosphere.
Strategic alignment	<ul style="list-style-type: none"> + The option is aligned with two strategic priorities defined in The Melting Pot's 2023-2028 Strategic Framework: <i>A collaborative eco-system; Ensure long-term sustainability.</i> - The option is not aligned with: <ul style="list-style-type: none"> • <i>Exchange of knowledge and expertise:</i> Fewer opportunities for organic knowledge sharing in shared spaces • <i>Embed community driven innovation in all initiatives:</i> Potential for more siloed teams and reduced community identity • <i>Scale our impact:</i> Reduced opportunities for collaboration and coworking (a key contributing facet to The Melting Pot's impact).
Risks associated	<ul style="list-style-type: none"> - Alongside risks of low and moderate likelihood, there is high likelihood of risk related to: <ul style="list-style-type: none"> • Securing the funding necessary to purchase the property • Financial obligations from increased maintenance and repair obligations • Operational inflexibility due to lack of ease to scale / relocate.
Funding feasibility	<ul style="list-style-type: none"> - <ul style="list-style-type: none"> • Community shares are nonviable (high resource required for low reward) • Social lending: Discussion with two social lenders found that £360-480K would be required beyond the loan (which could not be funded through another loan) • Grant funding for property purchase is limited. Four potential opportunities were identified; all include caveats and/or are below the required funding needed.

Option 3. Relocate to new premises

Technical feasibility	<ul style="list-style-type: none"> = The Challenges space (operated by MyEdinburgh) was identified as an appropriate example of new premises for development of the scenario (i.e. relocation would not necessarily be to the Challenges space; further market research would be undertaken). + The premises is already established as a coworking space with private office opportunities and meeting rooms, providing more space, flexibility and a balanced hybrid offer to members. Relocation would bring partnership opportunities, with The Melting Pot bringing its expertise in coworking space management to Challenges while widening its reach to current users of the Challenges space. - The rooms on the first floor do not have step-free access; accessibility improvements need to be considered as part of any long-term partnership.
Financial feasibility	<ul style="list-style-type: none"> = Rent, service charge, cleaning and waste, utilities, and repairs costs are estimated to increase by £7,150 total per year. All other overheads are expected to be comparable to current costs. + Operation: High net surplus and high revenue margins provides high levels of financial flexibility and resilience, with no debt obligations. Net present value over 25 years is high at c£1,745,126. The high net surplus can absorb significant decline in revenue before The Melting Pot would begin to operate at a loss.
Social impact	<ul style="list-style-type: none"> + The new location could offer substantially more space to accommodate more members and support continued growth of the coworking community, while co-locating with the third sector organisations and social enterprises already in the space could foster new collaboration. With a larger event space, The Melting Pot could deliver and facilitate more programmes more easily.
Strategic alignment	<ul style="list-style-type: none"> + The option is aligned with all five strategic priorities defined in The Melting Pot's 2023-2028 Strategic Framework: <i>A collaborative eco-system; Exchange of knowledge and expertise; Embed community driven innovation in all initiatives; Ensure long-term sustainability; Scale our impact.</i>
Risks associated	<ul style="list-style-type: none"> - Alongside risks of low and moderate likelihood, there is high likelihood of risk related to: <ul style="list-style-type: none"> • Disruption to operations and membership during transition • Potential building accessibility (i.e. disabled access).
Funding feasibility	<ul style="list-style-type: none"> + When compared with the financial obligations of Options 1 and 2, there is limited upfront capital required to progress with Option 3, meaning a limited need for additional funding. Instead, increased costs associated with the option will be covered by the increased opportunities for revenue generation.

**Full report
available from**



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