

STARTING
BUSINESS

THE LEATHER MARKET

DELIVERING
AFFORDABLE
WORKSPACE
IN LONDON

DS2⁺

DP9⁺

November 2022

CONTENTS

1. Executive summary	3
2. Introduction	7
3. Policy context	9
4. London's office market	13
5. Practical considerations	17
6. Recommendations	24
Annex One: A guide to affordable workspace policies in London's boroughs	31
Annex Two: A summary of the different types of affordable workspace providers	34
Annex Three: Case study projects	36

1. EXECUTIVE SUMMARY

The London Plan 2021 introduced a new strategic policy (E3) seeking the provision of affordable workspace from commercial development in areas where a local authority has identified a need, and considering the overall viability of development. The intent of policy E3 is to serve a broad range of business and sectoral needs, through policies that are area-focused and seek an extensive range of relevant social and cultural benefits, not just economic outcomes.

In response to E3, several boroughs are currently drafting and adopting affordable workspace policies. However, there is a growing trend for local policies to set borough-wide objectives and the accommodation that is being delivered is often high-quality, Grade A office space in prime employment hubs. This space is not necessarily suited to the demands of the affordable workspace providers or the tenants in need of space in local communities. Furthermore, some of the affordable workspace tenants seeking a long-term lease at discounted rents in the new Grade A space are not necessarily the end users who were intended to benefit from the policy.



Thrive at Canada Water – British Land partnering with Tree Shepherd

Practical considerations for the delivery of affordable workspace

1 Leases – The length of the affordable workspace obligation will range from 10 years to an in-perpetuity requirement and there will be ongoing annual monitoring and renewal lease provisions on the landowner.

2 Preferred provider – A growing number of local authorities have a preferred list of affordable workspace providers, which they will seek to ensure the developer uses by securing this in a S106 agreement.

3 Managing the affordable workspace – The market of specialist providers is rapidly evolving. With more affordable workspace being delivered, providers can be more selective about which developments

they take on. Some developers have set up their own affordable workspace management companies, which brings cost and management benefits.

4 Management Plan – This will be a planning requirement and will be site specific.

5 Marketing strategy – Another planning requirement to ensure that target tenants are clearly identified, and the detailed design, fit-out and lease terms can be tailored accordingly.

6 Design considerations – The design will be influenced by the marketing strategy and management plan and will need to take account of the ‘agent of change’ principle where residential uses are adjacent. Generally, spaces are required to be fitted out to Category A standard.

7 Off-site delivery – In certain circumstances a S106 agreement can provide a cascade mechanism whereby off-site delivery and/or payment in lieu options can be used as a fallback to ensure the optimum outcome for all stakeholders. Opportunities to create agglomeration benefits and collaboration within buildings and hubs are enhanced.

8 The economics of provision – The thresholds for floorspace and rental discount are generally quoted as a minimum and are subject to viability and competing planning obligations. However, experience to date suggests that the evidence base provided in supporting local policies commonly underestimates the full commercial liability of the affordable workspace obligation. The impact upon yield and Gross Development Value (GDV) can be significant.

Seven steps to improve the drafting and application of local plan policies in London

1 Better understand demand before introducing policies

The evidence base to support new policy needs to be more rigorous in how it analyses need and it should also be updated regularly. Fundamentally, a more consistent approach is needed across London, which could be achieved by introducing London Plan Guidance to help boroughs better navigate the process.

2 Improve the viability testing process

The full cost/benefit of the obligation must be more accurately portrayed in the plan-making phase as market evidence

becomes more available. Where site specific viability is undertaken, similarly, testing should recognise the likely full cost of the obligation by reference to the likely rental levels achievable, the cost of incentives and contributions and the impact of the workspace lease on the yield.

3 Greater flexibility to deliver off-site provision or payments in lieu

Off-site delivery can work particularly well where a developer has multiple holdings across a portfolio. Alternatively, payments in lieu could be pooled from a number of developments for local authority led affordable workspace hubs, to subsidise market rents rather than provide physical space, or to provide financial support for existing affordable workspace facilities that are vulnerable, or at risk, because of other market forces.

4 Applying affordable workspace policy to other Class E uses

Where conventional affordable workspace needs are already being met, there should be greater flexibility to broaden the range of uses that can be delivered in order to be to be more responsive to market conditions and bring greater benefits for placemaking. Where a borough wants to take this approach, they should develop a hierarchy of uses that are prioritised according to local need.

5 Striking the right balance between quantum of affordable workspace and the level of discount on rent

London Plan Guidance should encourage local authorities, and their policies, to better understand this relationship and allow for flexibility for variable percentage levels of floorspace and variable percentage levels of rental discount depending on a location's needs. A cascade mechanism can be used in the S106 agreement to ensure the scheme is responsive to market conditions.

6 Aligning lease terms

The optimum approach is to align the affordable workspace lease with the main occupational lease so that the building becomes available for refurbishment in its entirety.

7 Management issues and implications for architectural design

London Plan Guidance could also cover the design and fit-out expectations for affordable workspace. It would be helpful



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Planning permission granted for Bishopsgate Goodsyards spanning the boundary between the London Boroughs of Hackney and Tower Hamlets

to understand key design requirements and typical sizes for different affordable workspace typologies, including indicative

employment densities. Longer term flexibility should be built in to allow subdivision for different sized organisations.

2. INTRODUCTION

The London Plan 2021 introduced a new strategic policy (E3) seeking the provision of affordable workspace from commercial development in areas where a local authority has identified the need for it and taking into account the overall viability of development. This report considers the practical application of the London Plan's affordable workspace policy, analysing how the policy has been applied to date and makes recommendations about how to optimise the economic and social benefits delivered through this form of subsidised development in a manner that is aligned with the underlying intent of the policy.

Affordable workspace policy commonly seeks a subsidy from commercial/mixed-use development – much in the same way as affordable housing policy does – by delivering a percentage of the proposed commercial space at a discounted rent for a specified period of time to a defined list of end-users comprising local community groups, charities and for-profit enterprises.



While flexibility in how the economic benefit is delivered is sometimes built in, there is generally an expectation that the space is delivered on-site and managed by an affordable workspace provider.

The London Plan 2021 affordable workspace policy is the first time that this issue has

been addressed in strategic planning policy in the capital, though several local authorities have had local policies in place for some time. The London Plan policy was introduced in recognition of the high cost of new employment space in established commercial areas and because of the erosion of employment space through



Permitted Development Rights (PDR) and alternative uses in secondary locations.

The wider context in which the policy has come into force – a global pandemic which has had a profound impact on working practices – is materially different to that from when it was originally proposed in 2017. It is not yet clear how affordable workspace (i.e. existing, less expensive office space that has not required a policy intervention to be

constructed) will function in the wider office market, let alone how such space that is the result of a policy intervention will fair.

What has however become clearer, is that working practices are changing and hybrid working, involving time split between the office and home is here to stay, as is the growing importance of flexible office space, providing businesses with a variety of options on the length of leases and the

type of space they occupy. Equally, the importance of sustainability in relation to new and existing office space has become a strong feature of the office market. The Environmental Social and Governance (ESG) agenda is increasingly driving investment and development decisions for new commercial space in London. By default, this is also impacting London's secondary office market, as it potentially struggles to deal with the changing nature of demand for space and increasingly higher environmental standards¹.

This report has benefited from ongoing site-specific discussions, on a range of small to large developments, between local authorities, developers, landowners, funders and affordable workspace providers, as well as an examination of regional and local policy. Some case studies have been included to help bring to life the practical challenges faced by developers and local authorities.

¹ *Demand for Commercial Property in London: What does the future hold? London First and CBRE: February 2022*

3. POLICY CONTEXT

The genesis of affordable workspace policy

Part of the evidence base for the London Plan 2021², identified that affordable workspace provision was amongst the endogenous risks for London's growth. The evidence noted that there is a tension between London having a high rate of business start-ups and the difficulties that they, and small businesses generally, face in trying to find suitable premises – due to both rent levels and available lease terms. It was shown that the greatest demand for affordable workspace tends to be in inner London, particularly for those in the digital technology, communication and creative sectors.

The issue of affordable workspace was addressed in the London Policy Office

Review (LPOR)³ which was also prepared as part of the evidence base for the London Plan. It referred to two forms of affordable workspace, namely existing space of a lower quality in the market that is less expensive, and space that is in some way subsidised to achieve certain social or economic outcomes, for example creating employment opportunities in growth sectors or supporting charities or social enterprises for their community value. It is the latter form of affordable workspace that London Plan policy E3 seeks to deliver in the capital.

The LPOR recognised that affordable workspace has traditionally been supplied by the public sector. It noted that some occupiers felt 'squeezed' out of certain areas and that issues of affordability had been compounded by the introduction of PDR for residential conversions which reduced

the supply of secondary office stock and, in turn, pushed rental values up. It also noted that established SMEs may therefore not benefit where localised policy is targeted at supporting start-ups.

The emergence of a policy framework in this area, similar to long-standing affordable housing policies, is seeking to achieve social and economic outcomes as identified above. Increasing affordable workspace provision is also perceived to generate positive education outcomes, including apprenticeships and skills training, over traditional workspace. The LPOR, however, makes a distinction between affordable housing and affordable workspace policy; the former is a basic human right whereas latter is not.

² *Economic Evidence Base for London 2016, GLA Economics, Greater London Authority: November 2016.*

³ *London Office Policy Review, Greater London Authority, Ramidus Consulting, CAG Consulting: June 2017.*

Hierarchy of planning policy

National policy

The National Planning Policy Framework (NPPF) provides no specific reference to affordable workspace. However, it is expected that local policy supports businesses to invest, grow and expand. Furthermore, local plan policies should support businesses to adapt to changing economic circumstances.

Regional policy

Policy E2 of the London Plan encourages the delivery of suitable business space through “the protection of a range of B Use Class business space, in terms of type, use and size, at an appropriate range of rents, to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand”. Part C(ii) introduces the concept of affordable workspace.

In December 2020, the GLA confirmed that, despite the flexibility introduced by Class E⁴ (within which traditional B1 Class now falls), references in London Plan policy E2 to Class B uses should be taken to be those within Class E(g), B2 and B8. Class E(g) includes:

- **E(g)(i)** Offices to carry out any operational or administrative functions
- **E(g)(ii)** Research and development of products or processes
- **E(g)(iii)** Industrial process

London Plan policy E3 encourages the boroughs to introduce detailed affordable workspace policies in Local Plans. When originally drafted in 2017, it set out a blanket requirement for affordable workspace provision across the whole of London. Whilst the Planning Inspectors’ report of the draft London Plan noted that the inclusion of an affordable workspace policy was “justified by the particular affordability problems in

parts of London and the viability evidence supporting the Plan”⁵, changes were made during the examination process to the policy so that Local Plan policies would only be brought forward within specific areas or locations with identified need.

The explanatory text for policy E3⁶ emphasises the diversity of products that could be delivered, and the range of sectors that could be served, depending upon local market circumstances and where there is a shortfall of supply. It also highlights the educational, training and business support outcomes that could also potentially be achieved through locally led affordable workspace policies.

Specifically, policy E3(C) states that the boroughs should consider detailed affordable workspace policies considering local evidence of need and viability. E3(A) requires them to secure affordable workspace in traditional B Class uses (now

⁴ *Class E of the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 relating to Commercial, Business and Service activities.*

⁵ *Report of the Examination in Public of the London Plan 2019, The Planning Inspectorate: 8 October 2019*

⁶ *Paras 6.3.3 and 6.3.4 of the London Plan 2021*

falling across Class E(g)(i-iii), as well as B2 and B8), for specific social, cultural or economic purposes such as:

- 1 “for specific sectors that have social value such as charities, voluntary and community organisations or social enterprises;
- 2 for specific sectors that have cultural value such as creative and artists’ workspace, rehearsal and performance space and makerspace;
- 3 for disadvantaged groups starting up in any sector;
- 4 supporting educational outcomes through connections to schools, colleges or higher education; and
- 5 supporting start-up and early-stage businesses or regeneration.”⁷

Therefore, the intent of policy E3 is to serve a broad range of business and sectoral needs, through policies that are area focused and seek an extensive range of relevant social

and cultural benefits, not just economic outcomes.

Local policy

In response to London Plan policy E3, several boroughs are currently drafting and adopting affordable workspace policies, though a few boroughs such as Hackney and Islington have had affordable workspace policies in place for a long time. A borough-by-borough guide is included in Annex One showing where affordable workspace policies exist and their varying stages of adoption.

Despite the London Plan context to policy E3 that states that affordable workspace should provide for a range of occupiers, more often than not local plan policies have focussed on traditional office or maker space. In general, borough affordable workspace policies provide minimum expectations in terms of the quantum of space required, the depth of rental discount and the longevity of the obligation. The London Plan approach had anticipated an area-specific approach, and this has been followed by some boroughs (e.g. Brent and Lambeth). However, there is a growing trend for local policies to expressly

set borough wide objectives (e.g. Waltham Forest and Richmond-upon Thames). Others, such as Southwark, whilst implying a borough wide approach, do account for variations in different locations across the borough, as outlined within the policy’s supporting text:

“[...] (3) In the northern part of the borough, including the Central Activities Zone, Elephant and Castle and Canada Water demand for office space is high. New start-up businesses and small creative businesses in sectors such as technology, digital and marketing are likely to thrive in managed office workspace environment with flexible leases and affordable rents. (4) In the south and central part of the borough, including Old Kent Road, Camberwell and Peckham, demand for creative workspace including industrial maker spaces, light manufacturing and artists workspace remains high. Workspace focused and mixed use development is needed to deliver workspace that responds to this demand [...]”⁸

⁷ Policy E3(A) of the London Plan 2021

⁸ Southwark Local Plan 2022, Policy P31 (Affordable Workspace) - reasons

A further commonality between affordable workspace policies is to include the standard of fit out (e.g. requiring Category A – a basic functional fit out). There are also emerging references to seeking affordable provision of other uses, such as retail in Southwark. However, there is generally a blanket approach to the requirement for affordable workspace irrespective of the type of commercial floorspace being provided by a proposed development. For instance, industrial and warehouse development can trigger the requirement for affordable workspace that will need to comfortably integrate into a scheme through a smart design approach.

A number of authorities have commissioned third party reports to support their evidence base on affordable workspace policies. Together with viability evidence, this is often accompanied or combined with an assessment of need within the borough, mapping and trends of existing sectors and areas, and trends in accommodation type and need (size, fit out etc). For example, Brent's affordable workspace consultation draft SPD is supported in part by the West London Alliance Affordable Workspace Study which has identified needs for and potential approaches to delivering affordable workspaces across West London⁹.

⁹ *West London Alliance Affordable Workspace Study, Avison Young and Architecture 00: July 2021.*

4. LONDON'S OFFICE MARKET

This chapter looks at recent trends in the London office market and its interaction with affordable workspace.

Pre-pandemic

As discussed in the previous chapter, the GLA's LOPR highlighted that the Central London office market was becoming challenging for SMEs due to a significant loss of more affordable space in secondary locations. The LOPR found that some pressure was being released through the growth in the flexible office market, however there remained many SMEs for whom low-cost space remained vitally important.

The GLA's 2021 Annual Monitoring Report (AMR)¹⁰ (assessing the performance against the London Plan policies for the period 1 April 2018 to 31 March 2019) was published against a backdrop of Brexit,

and unsurprisingly reported construction completions down 10 percent on the previous 12 months, with approximately one third of the space under construction at the end of 2019 pre-leased, and a central London vacancy rate of five percent.

The AMR cited a lack of commercial development beyond the Central Activities Zone and Isle of Dogs as a concern, as was the growth in PDR which brought an associated loss of secondary low-cost space for SMEs. The growth of the flexible workspace sector continued, now accounting for 23 percent of lettings in the fourth quarter of 2018.

Research undertaken by the RICS¹¹ in 2018 considered the impact of PDR and the loss of commercial space to housing, highlighting the economic and community impacts arising from the loss of secondary and tertiary employment space. The report

showed that London had lost 7.5m sq ft of office accommodation to housing through PDR alone. Significantly, 39 percent of the affected floorspace was occupied at the time that prior approval (for change of use) was granted. The research makes the link between PDR and falling vacancy rates and a subsequent upwards pressure on rents across the office market. Clearly, the continuing growth of the capital's economy, and a year-on-year growth in demand, was also a contributing factor. However much of the space lost in existing communities, whilst contributing to housing delivery, has significantly contributed to the decline in cheaper employment space. In 2018, the market was already trying to respond to these shortages through 'hubs', 'incubators' and other shared facilities office space.

¹⁰ London Plan Annual Monitoring Report 16 2018/19, Greater London Authority: March 2021

¹¹ Assessing the impacts of extending permitted development rights to office-to-residential change of use in England, RICS: May 2018.

CASE STUDY

TOWER HAMLETS

This case study takes an example of a London Borough and explains the local market analysis required as part of its local plan evidence base in order to develop the borough's employment policies and ascertain whether an affordable workspace policy is needed locally.

The Tower Hamlets Local Plan¹² recognises that, over a 10-year period, the borough successfully grew its share of jobs by 50 percent with nearly 300,000 net additional full-time equivalent jobs. While the growth of the Canary Wharf office market has played a large part in this growth, the evidence base highlights that around 90 percent of the borough's economy consists of small and micro business employing fewer than 10 people. This is reflective of many other London boroughs that have witnessed

significant growth in employment in their core commercial areas but also in more affordable secondary locations.

The significant growth in jobs over a 10-year period in Tower Hamlets has been in areas such as professional, scientific and technical employment, information and communication, business administration and defence sectors. Most of the growth areas would expect to occupy some sort of office space, albeit this might not always be traditional 'vanilla' office space and could include workshop and innovation space. There are also other areas of growth in other non-office-based sectors. The situation in Tower Hamlets is replicated across other London boroughs.

The scarcity of office space has been partly driven by growth in employment and partly by development, including the implementation of PDR and broader regeneration, which have both reduced the

stock of lower value business space. Much of this 'affordable' workspace available on the open market no longer exists and the London Plan and local policies seek to protect the further loss of these types of spaces, which in turn pushes up market rents and exacerbates the problems for SME businesses needing space.

The Local Plan evidence base¹³ shows that flexible workspaces in the borough range from dedicated co-working spaces to converted industrial properties to individual subsidised spaces in larger offices. The evidence¹³ reports that there are stresses identified at the affordable end of the market, due to a lack of supply, rising rents and reduced supply of secondary office space.

¹² *Tower Hamlets Local Plan 2031: Managing Growth and Sharing Benefits, London Borough of Tower Hamlets: 2020*

¹³ *Tower Hamlets Growth Sectors and SME Workspace Study, Regeneris Consulting, We Made That, AspinallVerdi and the Business Centre Specialist: 2017*

The pandemic

Prior to the pandemic working practices were evolving, but Covid has accelerated the shift towards more flexible working arrangements. For some businesses this will mean the need for less floorspace, for others it will mean an increase in floorspace to provide facilities that help to attract and retain staff, while in other instances the same amount of space will be required but configured in a different way. The changing nature of space requirements is being reflected in the projects that developers are bringing to the market with a focus on providing ‘destination’ space with additional amenities, sustainability and an even greater emphasis on locations near transport hubs¹⁴.

The pandemic clearly impacted London’s office market, with take-up of space in Central London in 2020 and 2021 below trend levels due to limited occupier activity, and prime rents declining across all Central London markets during 2020 as market sentiment deteriorated. However, demand

for office space began to return with space-taken rising above the Central London 10-year quarterly average in Q4 2021. And looking to the medium term, despite a potential nine percent drop in demand for office space compared to pre-pandemic levels due to working from home trends, space taken is set to remain above average at approximately 13.5m sq ft per year (a total of 67.4m sq ft from 2022-2026). And prime rents across all Central London submarkets are expected to exceed pre-pandemic levels during 2022-2026¹¹.

The pandemic and affordable workspace

At the other end of the market, the early signs are that the demand for secondary office space will decline albeit with variation in occupier demand across different sectors. As a result, there is likely to be an increase in vacant secondary space, but this will not necessarily mean an increase in the supply of cheap office space because, as highlighted above, such accommodation is often lost to alternative uses, predominantly residential through PDR and the policy emphasis placed on increasing housing supply.

In terms of the London Plan affordable workspace policy, anecdotal evidence suggests it is delivering a significant quantum of space. However, this space is located within existing key employment hubs and is generally high-quality, Grade A space (see Annex Three for example planning permissions). This space is not necessarily suited to the demands of the affordable workspace providers or the tenants in need of accommodation, with many affordable workspace providers requiring niche space often in existing local communities rather than main employment hubs. Furthermore, some of the affordable workspace tenants seeking a long-term lease at discounted rents in the new Grade A space (see Annex Three for example planning permissions) are not necessarily the end users who were intended to benefit from the policy.

Having looked at the London office market and the role of affordable workspace within this, chapter 5 reviews the practical considerations that need to be addressed when bringing affordable workspace through the planning process and into the market.

¹⁴ *Demand for Commercial Property in London: What does the future hold? London First and CBRE: February 2022.*

CASE STUDY

KNOWLEDGE HUBS

In addition to affordable workspace delivered through a S106 agreement, some boroughs have identified 'knowledge hubs' that bring together occupiers that affordable workspace policy is seeking to protect. Examples include:

Lambeth

Much of Brixton falls within a 'Creative Enterprise Zone' (benefitting from GLA funding) which supports the growth of creative and digital industries¹⁵. This area is therefore also where the borough has the most stringent affordable workspace policy requirements – to be provided at a minimum of 50 percent of market rent and up to 80 percent for 25 years. The Council has used its land and buildings to support the delivery of affordable workspace including the largest facility in the area at International House¹⁶

¹⁵ <https://inbrixton.org/>

¹⁶ <https://www.3spaceinternational.co.uk/>

where 3Space are contracted to manage the space on the Council's behalf (on a meanwhile basis). Another example is Tripod at Lambeth Town Hall and there are further spaces outside Brixton being explored.

Camden

A knowledge quarter¹⁷ comprising over 75 academic, cultural, research, scientific and media organisations of varying sizes: from the British Library and University of the Arts London to the School of Life and the Connected Digital Economy Catapult all based around Kings Cross, St Pancras and Euston Stations. Camden's local plan¹⁸ supports further development in this location with priority for life sciences, digital collections and machine learning as well as a mix of workspace types including, business accelerators, start-up and move on spaces.

¹⁷ <https://www.knowledgequarter.london/>

¹⁸ *Camden Local Plan, London Borough of Camden: 2017*

There is also a specific affordable workspace requirement for schemes in the area.

Hackney

Though not a knowledge hub in the traditional sense, TechCity around Old Street roundabout in Shoreditch grew from several traditional affordable spaces being taken up by new tech focused businesses, attracted to the vitality established by the arts and creative organisations already in the area. The local authority introduced their affordable workspace policy in response to growing pressure on the availability of creative spaces.

This also coincided with a similar focus on the Hackney Wick area, whose affordable space was under pressure from residential development following the delivery of the Olympic Park. This includes sites such as Swan Wharf and Bream Street in Hackney Wick. In response, the London Borough of Hackney recently launched their own 'Wick Workspaces' to deliver affordable community and workspace¹⁹.

¹⁹ <https://hackney.gov.uk/regeneration-hackney-wick#ww>

5. PRACTICAL CONSIDERATIONS

Many commercial developers see the benefits of supporting SMEs and local economies as part of the developments they deliver, particularly as part of comprehensive regeneration projects and some even have their own corporate policies in this regard. However, the policy requirement to deliver affordable workspace has generated uncertainty in the market about a range of matters including the practical implications for delivery of affordable space (i.e. creating affordable workspace on site alongside market space), combining traditional occupational leases alongside an affordable workspace lease, whether the obligation can be delivered off-site or by way of a payment in lieu, as well as generating additional significant financial liabilities. These practical issues are discussed in further detail below.

Leases

When affordable workspace is provided as part of a commercial or mixed-use scheme the landowner will be obligated to grant

a lease for the affordable component for a specified period of time. The lease will generally be a full repairing and insuring lease (RPI linked) sometimes subject to turnover rents, granted inside the security of tenure provisions of the Landlord and Tenant Act 1954. As with affordable housing obligations, there will be occupational restrictions on the granting of the lease related to the market accommodation. The length of the affordable workspace obligation will range from 10 years to an in perpetuity requirement and there will be ongoing annual monitoring and renewal lease provisions on the landowner.

Preferred provider

A growing number of local authorities have a preferred list of affordable workspace providers, which they will seek to ensure the developer uses by securing this in a S106 agreement. Often the criteria for the end user who can occupy the affordable workspace will also be defined in the S106

agreement by reference to a range of variables including turnover, balance sheet and or the number of employees.

For example, Hackney has a well-established affordable workspace policy and a list of 33 preferred providers (which is currently in the process of being updated), ranging from established creatives such as ACME and SPACE, to more traditional local providers including Bootstrap and The Tramperry, and newer market entrants like Hana. Hackney has had two versions of the list since it was originally created and will only consider new entrants upon review every few years. Other boroughs have adopted a similar approach to that of Hackney, including Brent (13 providers) and Southwark (27).

Managing the affordable workspace

Affordable workspace delivered through subsidised development obligations can be managed by a specialist provider – i.e.

a company that has expertise in running such space. While some organisations are borough specific (such as Bootstraps and the Brew Spaces Ltd within Hackney) others have a London wide presence (such as Building Bloqs, V22 and The Fairlight Group). Either way, with more affordable workspace being delivered, providers can be more selective and choose to only take on the larger scale developments. It is notable that some providers who have their origins in one borough are now accepted on preferred provider list across other boroughs. For example, the Kings Cross Impact Hub originated in Camden but is also recognised by Hackney and Greenwich on their provider lists. And Enterprise4Good began in Hackney but operates across London and Essex and is included on Greenwich's preferred provider list. It is an evolving market.

Some developers are keen to manage the affordable workspace themselves by setting up their own affordable workspace management company. This brings cost savings when a third party is not involved. It also means the developer/landlord retains control over the asset as part of their wider

estate management, which has the potential to benefit the development as a whole. This needs forward planning where authorities have preferred provider lists to ensure developers are eligible to manage the workspace they are then delivering if they have that intention.

Alternatively, some local authorities (e.g. Southwark) seek to apply a S106 obligation to approve all the affordable workspace occupiers for an agreed period of time and some developers prefer to lease to an intermediary provider to overcome that issue. Islington has long sought to manage the affordable workspace itself.

With different management models coming forward, strict adherence to an approved list of providers could constrain innovation in the sector and reinforce traditional management models.

Management plan

Any legal agreement is likely to require a management plan for the affordable workspace detailing the method by which

the developer or affordable workspace provider will manage the space. The management plan often ensures that the affordable workspace is managed consistently with the rest of the building and includes step in rights to manage the space if obligations are not fulfilled.

Affordable workspace marketing strategy

A standardised approach to the delivery of affordable workspace is emerging and legal agreements are requiring the submission of an affordable workspace marketing strategy linked to the delivery of the development (in some cases linked to a commencement of the development). It is therefore in the interest of all stakeholders to identify demand for the affordable workspace provider at a relatively early stage of the development/detailed design once planning has been secured.

The marketing strategy requires the landowner to set out how the policy expectation on affordable workspace will be met and needs to present a range of information including, but not limited to:

- the scale, configuration and estimated capacity of the affordable workspace;
- the specification of the space, including facilities and services (in some instances the highest quality of space is being required by the planning authority);
- how the space will be managed (i.e. under the ownership and management of the building owner or a third party such as an approved provider);
- the estimated cost per desk to the end user and cost to the workspace provider;
- the heads of terms of the agreed lease including its length;
- how the workspace is deemed to meet market trends/business needs; and

- industries targeted and evidence that local demand is being considered.

This is potentially an extensive list of issues to resolve that requires a good understanding of the process and risks and opportunities, particularly, as noted above, agreement to these issues could be linked to a start on site. Councils also often require a monitoring report to detail the occupiers of the affordable workspace and their terms on a relatively regularly basis.

Design considerations

Affordable workspace is often delivered on the lower floors of a building, where the value of the space is typically lower, which helps to reduce the overall impact on the viability of the development. The space will need to be designed appropriately so, for example, the relationship between other active ground floor uses is managed and indeed enhanced, and there are appropriate arrangements set out in the lease for arrangements in shared areas, hours of occupation of the building and so on.

Generally, spaces are required to be fitted out to Category A standard.

In the London Plan 2021 there is an increasing focus upon the Agent of Change principle²⁰ that will have to be addressed as part of the design where residential uses are adjacent (either existing or prospective). It should also be noted that logistics/warehouse/distribution development can also be required to deliver affordable workspace, but this can also create a discrepancy in terms of the scale of floorspace provision and compatibility with the primary operator.

Off-site delivery

While some schemes will be able to successfully deliver affordable workspace in accordance with London Plan policy E3, it will not always be possible to achieve this. In certain circumstances a S106 agreement can provide a cascade mechanism whereby off-

²⁰ Policy D13 of the London Plan 2021: *The Agent of Change principle places the responsibility for mitigating impacts from existing noise and other nuisance-generating activities or uses on the proposed new noise-sensitive development.*

site delivery and/or payment in lieu options can be used as a fallback in order to ensure the optimum outcome for all stakeholders.

The S106 agreement should address the exceptional circumstances where affordable workspace cannot, or should not, be delivered on-site. Developers may often seek to focus on specific types of organisations or specific sectors to occupy their buildings. Likewise, the council may have views on this as well.

By targeting specific sectors, opportunities to create agglomeration benefits and collaboration within buildings are enhanced. From an economic growth perspective this will increase the chance of a positive outcome and improve the prospects of developing, or building upon, a cluster in a particular location. Examples of local authority led hubs have already been identified above and developer led affordable workspace hubs have also been delivered as part of larger regeneration projects.



For example British Land have delivered Thrive²¹, a hub of meanwhile incubator space, in partnership with Tree Shepherd as part of their Canada Water Masterplan.

There are also opportunities to deliver development subsidy through the use of affordable serviced office membership schemes. This has been popular on several larger developments where a landowner does not want to provide a standalone lease to an affordable workspace provider

but can provide space at a discount, which they monitor and manage themselves. This has the potential to reach a wide range of individuals within a borough (also often targeted for synergies with the main occupational lease to encourage an entrepreneurial culture). Under this scenario, as the developer maintains control over the whole asset, there is no divisible boundary between the main occupational lease and affordable workspace and the quality of estate management is high.

²¹ <https://www.canadawater.co.uk/news/thrive-%E2%80%93-partnering-tree-shepherd-support-canada-water%E2%80%99s-small-businesses-and-local>

The economics of provision

Local plan policies requiring affordable workspace generally set out minimum thresholds for floorspace, rental discount and term of commitment. Therefore, these are usually the key considerations when undertaking viability appraisals at plan making stage. However, experience to date suggests that such viability evidence commonly underestimates the full commercial liability of an affordable workspace obligation because it rarely allows for any resultant discount to the investment yield. It is often assumed that the market yield will be maintained, but in reality the yield should be adjusted to reflect the increased risk associated with letting the affordable workspace.

For investors and valuers, critical to the yield is the covenant strength of the affordable workspace provider, the assumption

around when the space will be returned to a market rate (if the space is not secured in perpetuity) and whether the lease terms for the affordable space can be calibrated with the other building occupiers to facilitate refurbishment works in the future (i.e. when does the reversion to market rent take place). Furthermore, the terms sought by affordable workspace providers often do not reflect the minimum discount required by policy, nor do they reflect the capital contributions that are required of developers in terms of fit out costs.

These costs should be fully reflected in viability evidence in order to more accurately quantify the full costs of the obligation and the subsequent impact on land value and risks to delivery. Whilst it is acknowledged that viability testing at plan making stage is challenging, and that the evidence base for affordable workspace policies can only assess a limited range of scenarios, in reality,

the type and nature of each offer varies significantly from site to site dependent on location, size of the opportunity and local market conditions. This is why there have been extensive viability negotiations on some recent planning approvals in London.

In analysing these commercial valuation issues, it is important to consider two questions. Firstly, if the substantial subsidy secured from the developer could provide a better outcome, possibly in a more expedient manner, by utilising existing office space that may be better suited to the actual needs of those seeking accommodation? And, secondly, what is the broader opportunity cost of rigidly applying a policy to deliver affordable workspace over other potential community benefits, particularly if the application of the affordable workspace policy is not satisfying the original policy intent?

SPOTLIGHT

VIABILITY CONSIDERATIONS

Understanding the financial implications of varying the rental discount and lease term

The table on the following page illustrates the cost of a planning obligation for a notional office building delivering 250,000 sq ft of net floorspace to the market with 10 percent of the floorspace (25,000 sq ft) delivered as affordable workspace. The table examines the relationship between the longevity of the obligation to provide the affordable workspace (term) and the level of discount to Market Rent and it demonstrates the impact on the cost of the planning obligation for each scenario.

The cost of the obligation in the table is predicated on a Market Rent of £70 psf and an initial net yield of 4.5 percent. On this

basis, delivered as market accommodation the 25,000 sq ft has a GDV of £38.8m (purchaser's costs not deducted).

The table illustrates the cost of the obligation against each scenario when delivering the floorspace as affordable workspace. These are considerable additional liabilities for the landowner and are likely to equate to a significant cumulative burden when assessed alongside other necessary planning obligations and increased construction costs as a result of higher environmental standards and unprecedented cost inflation.

In collating the table opposite, we have applied a 1.5 percent discount to the affordable workspace yield when compared to the market yield. This is consistent with the approach generally taken by local authorities

when compiling their evidence base to support an affordable workspace policy and reflects a range of factors including the likely weaker covenant strength of the affordable workspace provider. An investor would take this into consideration when valuing the building and the respective income streams.

However, discussions with valuers indicate that it is still early days for establishing a best practice approach for site valuations. Whilst valuers consider a range of factors when assessing yield, including the reliability of the income from the affordable workspace and when the reversion to market accommodation will take place, in reality they do not generally discount the yield for affordable workspace separately to that of the market accommodation.

In addition to all the above, there is a further added layer of risk in the form of demand. Unlike affordable housing, where there is generally a competitive Registered Provider market to deliver S106 affordable homes, there is questionable demand for the type of affordable workspace being delivered and this is being reflected in many affordable workspace valuations.

The prospect of actually achieving, for example, 50 percent of the Market Rent (£35 psf) for the 25,000 sq ft affordable workspace in the theoretical case study is unlikely. In most cases affordable workspace providers will not be able to offer commercial terms for the space that is anywhere close to the minimum level of discount prescribed in the S106 agreement. This means that the actual cost and liability of the obligation is likely to be greater than the minimum cost of provision indicated by the S106 terms and as indicated in the table. Experience suggests that this is the case when engaging with both for-profit and not-for-profit affordable workspace providers.

Cost of Affordable Workspace Obligation
(adopting headline terms)

	% of Market Rent			
	80%	70%	60%	50%
10 year term	£3.54m	£4.83m	£6.12m	£7.40m
15 year term	£5.19m	£6.89m	£8.59m	£10.29m
20 year term	£6.70m	£8.71m	£10.72m	£12.72m
25 year term	£8.05m	£10.29m	£12.52m	£14.76m

Note: The calculations do not factor in rent free periods of capital contributions, or the fit-out costs for the affordable workspace or market accommodation and anecdotal evidence to date suggests that the costs of both for the affordable workspace could be significant, thus further increasing the overall development cost.

6. RECOMMENDATIONS

The provision of affordable workspace through planning policy is a relatively new issue and the introduction of a London Plan policy on this topic has certainly raised its profile. As developers and boroughs start to get more familiar with the topic, it is worth reflecting on how policies are being constructed and applied – is London getting it right?

Current experience suggests that a blanket application of affordable workspace policy in a core employment market that, for example, seeks 10 percent of the floorspace of a new development at a discount does not actually meet the needs of affordable workspace providers or the SMEs looking to occupy this space. The development subsidy, which in some cases is significant, could be used to derive better outcomes more aligned with the intent of the policy.

Seven recommendations are set out below to help improve the drafting and application of affordable workspace policy in the capital.

1. Better understand demand before introducing policies

To prevent a mismatch between the intent of policy and delivery, and thus distortion of the market, the evidence base to support new policy must be more rigorous in how it analyses need. The evidence base should also be updated regularly. Fundamentally, a more consistent approach is needed across London, which could be achieved by introducing London Plan Guidance to help boroughs better navigate the process.

The evidence base underpinning new policy should analyse in greater detail the sub-markets within a borough, the sub-regions of London, and the specific

locations where market supply and policy-led affordable workspace provision are not meeting identified demand. For example, and as highlighted throughout this report, a significant proportion of new affordable workspace delivered by policy is Grade A office space in the core employment locations. This generally does not suit the type of affordable workspace that is in demand or the geographical requirement — the latter often being in existing communities.

To help prepare and update London Plan Guidance, the following indicators should be monitored in the London Plan Annual Monitoring Report: space delivered through policy E3, the level of take-up and vacancy rates, analysis of the affordable workspace providers taking space, and information relating to innovative off-site solutions (see 3 below).

Regular engagement with affordable workspace providers is also important in defining whether the policy is meeting demand across London, and if there are any trends, such as clustering, emerging or being reinforced, as has traditionally happened in the market without policy intervention.

2. Improve the viability testing process

The focus should be on providing a robust viability evidence base for consultation at the plan making stage. This will ensure policies optimise delivery against local need whilst not undermining the viability of projects. If more rigorous viability testing was done upfront in the plan making process, this would reduce the need for site specific viability testing and delays at application stage.

Through increased engagement with developers, valuers and viability experts, the full cost of affordable workspace policy can be more accurately understood so



North Quay, Canary Wharf: Outline planning permission granted subject to a S106 agreement with a forward thinking cascade mechanism

as not to undermine the delivery of office accommodation in prime locations in what is a challenging marketplace. The plan viability evidence should also weigh up the pros and cons of, for example, providing smaller standalone affordable workspace facilities versus subsidised workspace in larger schemes, and different lease and occupancy terms to achieve best value for the local economy.

3. Greater flexibility to deliver off-site provision or payments in lieu

For the delivery of affordable housing obligations, it is a well-established policy presumption that affordable housing is built on-site, helping to support the creation of mixed and balanced communities. The same approach of prioritising on-site delivery has also been applied to the provision of affordable workspace, but arguably the same rationale does not apply.

As highlighted in chapters 2 and 3, the original evidence base supporting the creation of the London Plan affordable workspace policy sought to protect employment space for organisations primarily based in existing communities and looking for specialised space whose needs could not be met through the market. It did not identify a need for affordable Grade A office space in the existing prime office locations, which is what is predominantly being delivered in some boroughs. This does not address the original intent of the affordable workspace policy. In high value areas, floorspace provided at a discount is still unaffordable to many SMEs and if a significant discount from market rent is provided, this takes funds away from other community benefits that could be delivered as part of the S106 package.

One way to optimise delivery against the original intent of the policy is to consider reducing the requirement for on-site provision. Instead, opportunities to deliver

off-site could be explored in locations where there is an identified need and/or pool funds from a number of developments through financial contributions – so called payments in lieu – to deliver more appropriate space in the right locations. The aforementioned monitoring (recommendation 1) could assist to help identify suitable locations to deliver bespoke affordable workspace, thus making good use of the pooled funding.

On a practical level, off-site delivery can work particularly well where a developer has multiple holding across a portfolio. There are examples of obligations being structured to require the delivery of affordable workspace across other buildings within a developer's estate (delivered as a single operation or in smaller clusters).

The extent of opportunities available for this approach has been evident in discussions with BusinessLDN members during the drafting of this report. Several organisations have indicated that they have existing

buildings in local authority areas where they are bringing forward new development proposals. These existing properties in secondary and tertiary office locations are often in geographical locations that are better suited for the sorts of organisations seeking affordable space and, in theory, could be delivered as affordable workspace significantly in advance of the new space being available. Repurposing existing buildings would also bring significant sustainability benefits.

Alternatively, payments in lieu could be pooled for local authority led affordable workspace hubs (as highlighted on page 16), to subsidise market rents rather than provide physical space, or to provide financial support for existing affordable workspace facilities that are vulnerable, or at risk, because of other market forces. In these circumstances, local authorities could operate a grant system whereby there is clear guidance on a site's eligibility (such as within the Central Activities Zone versus a fringe location) on a need and demand basis.

Developers, local authorities (both planning and economic development teams) and affordable workspace providers should work collaboratively at an early stage to assess the optimum social and economic outcomes for individual planning applications including scale/critical mass, sense of community and ecosystem, business support, sector focus, and so on rather than simply the rental discount. Where justified, a flexible approach focused on delivering the best overall outcomes should be prioritised ahead of a blanket on-site application of policy that may not address actual need.

4. Applying affordable workspace policy to other Class E uses

With increased commercial flexibility brought about by Use Class E, some boroughs have started to consider applying affordable workspace policy to a broader range of uses. There is potential for the remit of affordable workspace policy to be expanded to be more responsive to market conditions across

neighbourhoods and between boroughs. Ideas about how this could be applied in practice include:

- Helping to rejuvenate high streets and town centres, either by using smaller vacant retail units for off-site affordable workspace provision or by providing affordable retail space as is being explored by Southwark at Elephant and Castle and under consideration as part of the Islington Local Plan review;
- Supporting the delivery of health and medical facilities through S106 agreements by including these Class E activities within affordable workspace policy requirements (also being pursued in Southwark); and
- Supporting the cultural industry in identified locations and also the businesses that support the cultural sector across London, such as set construction.

Where conventional affordable workspace needs are already being met, there should

be greater flexibility applied to affordable workspace policy to broaden the range of uses that can be delivered. This will ensure that both individual schemes and comprehensive regeneration programmes can be better tailored to the needs of a particular location and thus bring greater benefits for placemaking.

Where a borough wants to broaden the uses that can be delivered by affordable workspace policy, they should develop a hierarchy of uses that are prioritised according to local need. This would be particularly useful where there is an oversupply of conventional office and light industrial affordable workspace being delivered by the planning process. Furthermore, when weighing up a S106 obligation package for a mixed-use scheme in some specific locations, boroughs may choose to prioritise affordable housing delivery over affordable workspace.

5. Striking the right balance between quantum of affordable workspace and the level of discount on rent

All parties should bear in mind the relationship between the quantum of affordable workspace being sought and the level of the discount to market rent for the space. The higher the quantum of space, the more likely it is, from a viability perspective, that the level of discount on rent will have to be reduced. Conversely, the lower the quantum of affordable workspace, the higher the potential discount to market rent could be.

London Plan Guidance should direct policies to understand this relationship and allow for variable percentage levels of floorspace and variable percentage levels of rental discount. The borough's priorities should be

discussed in pre-application negotiations. Flexibility should be applied taking into account need/demand in the area and subject to viability considerations in a similar manner as affordable housing. However, to avoid lengthy viability discussions, a cascade approach to delivery, as with affordable housing obligations, are a necessity (as per recommendation 3).

Eligibility criteria for prospective tenants is also relevant to weighing up this balance. The criteria shouldn't be too tight as to risk space staying vacant if there isn't sufficient demand. A cascade mechanism can also help in this regard to target specific end users in the first instance, but widen the offer if any space remains unlet. This is particularly important where there is a S106 restriction on the occupation of the market rent accommodation that is dependent upon occupation of the affordable workspace.

6. Aligning lease terms

While the London Plan requires affordable workspace to be available for a minimum of 15 years, there are examples of obligations that are in excess of this and even in perpetuity. This raises a series of additional issues. The optimum approach in many cases would be to align the affordable workspace lease with the occupational lease so that the building would be available for refurbishment in its entirety. This would provide much needed certainty for the owner. As the development industry seeks to play its part in hitting net zero carbon targets, buildings will increasingly be subject to periodic refurbishments to upgrade to sustainable technologies and address new environmental regulations. This so called ‘long life, loose fit’ approach should be mirrored in the length of the affordable workspace requirement where it goes beyond the normal London Plan timescale.

7. Management issues and implications for architectural design

London Plan Guidance could also cover the design and fit-out expectations for affordable workspace. This would provide more certainty in the design and planning process and mitigate scheme changes at a later stage. As already noted, there has been increasing demand from the boroughs to provide category A fit-out, but this doesn’t necessarily meet the needs of the end user(s). It would be helpful to understand key design requirements and typical sizes for different affordable workspace typologies, including indicative employment densities.

Some of the design considerations that apply to affordable housing are also relevant to affordable workspace, including access, management and single/shared cores (and the implications those may have on service

charges). In addition, affordable workspace often generates some specific design requirements depending on the target end users and this is where conventional office space often fails to meet the needs of the SME tenants looking for accommodation. For example, creatives will likely need enhanced access to natural daylight and possibly higher floor to ceiling heights and increased service provision. Often longer term flexibility needs to be built in to allow for different sized organisations, including smaller individual unit set-ups.

Postscript

At the time of writing the Levelling-up and Regeneration Bill is proceeding through Parliament. The Bill includes provisions to significantly change the existing system of S106 planning obligations and Community Infrastructure Levy and introduce a more standardised 'Infrastructure Levy' approach calculated according to the GDV of a scheme at completion. Further consultation is expected on the regulations.

If implemented, it could affect how affordable workspace is secured and delivered. The Bill, and subsequent secondary legislation and guidance, should therefore be monitored closely.



ANNEX ONE

A guide to affordable workspace policies in London's boroughs

DP9 have undertaken a comprehensive review of the affordable workspace policy position in every London Borough. This has included a desktop review of each local planning authority's website and direct conversations where necessary.

Please note that this policy review was last updated on 09.09.22 and is provided for information only. Always check the relevant LPA website directly for the most up-to-date details.

AFFORDABLE WORKSPACE POLICY - LONDON BOROUGH

LAST UPDATED: 10/09/2022 [NB The following table should be used for information only - all users should check council policy directly for full context and update at time of use]

Borough	Local Plan Status	Adopted Policy Reference	Emerging/Draft Policy reference	Trigger	Quantum (amount)	Terms	Other observations	Providers list	
1	Barking Dagenham	Core Strategy 2010, and Submission Local Plan Reg 19 for Examination in Public December 2021	n/a	DME2: Providing Flexible, Affordable Workspace	Development of min 1,000sqm office and workspace	undefined - incorporate 'appropriate' provision. a) demonstrate that there is sufficient critical mass to ensure the sustainability of any provision b) provide units in turn key form which are accepted by the Council or the registered workspace.	offered at below market rate, for shared workspace in small business units through Section 105 agreement, subject to development viability	Where not feasible, payment in lieu may be accepted (focusing on identified 'Transformation Areas'). Definition provided: 'Workspace that is provided at rents maintained below the market rate for that space for a specific social, cultural, or economic development purpose. The definition of affordable workspaces varies across London. In Barking and Dagenham, the Council-owned B-Lite Class Workspaces are charged at subsidised rents up to 80% of market rent for the occupiers or to the workspace provider (who must pass onto occupier) that use the spaces for charitable purpose and in return for delivering significant community benefits in line with LBBD's Social Value policy priorities. The Council has also been securing affordable workspace at the current market rate for cultural or creative purposes.	No - but 'applicant should establish robust management links with registered workspace providers agreed by the Council'.
2	Barnet	Core Strategy 2012, Submission Local Plan Reg 19 November 2021 for Examination in Public (due to commence September 2022)	Policy C58 'Promoting a strong and Prosperous Barnet' encourages range of sizes and types such as affordable and flexible workspaces with new employment provision to support SMEs.	ECY02		Undefined	CS8 - flexible and affordable workspace in office development or redevelopment. ECY02 - New employment space in the ECY02 - equating to a minimum of 10% of gross Borough's designated employment new employment floorspace, or equivalent call areas and mixed use development, in lieu payment for off-site provision of affordable in Brent Cross, Edgware, New Southgate and District Town Centres should provide affordable workspace.	SPD: Delivering Skills, Employment, Enterprise and Training from Development through S106 (October 2014) [this is referred to within the emerging policy also]. ECY02: Developers should liaise with managed workspace providers at the design stage of the development to determine end user requirements and ascertain a range of unit sizes that are flexible, suitable for subdivision and configuration for new uses and activities, including for occupation by small or independent commercial enterprises. Mixed use development proposals in town centres should consider the provision of flexible space within the scheme that can be used by individual workers, start-ups and as accelerator space.	No
3	Bexley	Core Strategy (2012) and the Unitary Development Plan (saved policies of 2004). Examination in Public for New Local Plan was held from May 2022, Inspectors report due.	n/a	n/a	n/a	n/a	n/a	Consultation policy SP3 Employment growth, innovation and enterprise encourages development that would diversify supply of No workspace	No
4	Brent	Brent Local Plan 2019-2041 (Adopted February 2022)	Policy BE1 Economic Growth and Employment Opportunities for all (with n/a specific guidance amongst some site allocations).		In Alperton, Burnt Oak Colindale, Church End, Neasden, Staples Corner and Wembley Growth Areas major development >1,000sqm schemes more than 3,000sqm employment floor space	Minimum 10% total floorpace	Secured for lifetime of development (each lease should cover period of at least 10-15 years). Evidence should be submitted to show consultation with operator to determine design of space suitable and affordable at no more than 50% of comparable local market rate.	Affordable Workspace Supplementary Planning Document Approved by Brent Council in June 2022.	Yes
5	Bromley	Adopted Local Plan 2019	n/a	n/a	n/a	n/a	n/a	Draft Planning obligations SPD (consultation February 2022) proposes: affordable workspace and/or small units for SMEs should be designed into the new development; a planning obligation may need to be secured to control the use of such floorspace, i.e. • Require the Council's approval on the operation of the workspace, which may include approval of a designated workspace provider or specific occupant; • Restrict the occupancy of such units to identified sectors or size of n/a businesses; and • Place controls on rent levels and service charges. In cases where the provision of floorspace as part of the development is not possible on-site, the developer must identify and secure alternative premises for any businesses displaced. Should neither be possible, the Council may accept a payment in lieu towards the provision of future workspace or local employment and skills.	No
6	Camden	Local Plan 2017	Policy E2: Employment premises and sites	n/a	>1000sqm	Appropriate terms of affordability will be agreed on a case by case basis. An example cited is 20% of the workspace to be provided at 50% of comparable market values. Another example cited suggests a peppercorn rent. Space to be fitted out to CAT A. A statement required as part of planning application on how it proposes to implement affordable workspace.	n/a	SPD: Employment Sites and Business Premises for full details on affordable workspace.	No
7	City of London	Local Plan 2015, Reg 19 City Plan 2040 due by Q1 2023 (previously City Plan 2036)	Emerging Strategic Policy S4 (as per City Plan draft 2036): Offices and Policy OF1: Office Development	n/a	n/a	n/a	draft policy notes 'At present there is no evidence that a specific policy requirement for subsidised workspace is needed in the City, but developers are encouraged to consider a range of leasing structures, including below market rents, where appropriate'. Draft policy S4 'Where appropriate, encourage the provision of affordable office workspace that allows small and growing businesses the opportunity to take up space within the City'.	Emerging definition 'Affordable Workspace': 'Workspace that is provided at rents maintained below the market rate for that space for a special social, No cultural, or economic development purpose.	No
8	Croydon	Local Plan 2018 (Local Plan Review in progress)						Local Plan review consultation due Summer 2021	
9	Ealing	Core Strategy 2012 and Development Management DPD 2013 (Draft Local Plan due consultation Summer 2022)	n/a	n/a	n/a	n/a	n/a	Policy 3.3: Promote Business & Industry in Park Royal' explanatory text states 'new entrepreneurial activity will be supported by centres of n/a excellence and managed affordable workspace'.	
10	Enfield	Core Strategy 2010, Local Plan 2021 at Reg 19 Stage (Consultation Summer n/a 2021 - Submission Draft due)	Emerging policy E4 'Supporting small business' and Emerging policy E3 'Office'	Within major mixed-use schemes and commercial schemes in emerging growth and investment areas. In addition, the Council will seek the inclusion of affordable workspace on replacement or new business accommodation across the borough to mixed-use developments in SIL, L515 and non-designated employment sites to ensure there is no net loss of jobs on these sites.	E3 - Enfield Council will support a minimum of 24,000 sqm of new modern flexible office and workspace to accommodate SME in Class B1	n/a	Emerging Policy E3. Unit sizes of approximately 80sqm are desired in order to efficiently adapt to a range of business needs, resulting in flexibility. The Council also calls for the workspace to offer shared facilities to share costs, promoting more viable spaces. Para 4.4.8 outlines the Council's decision to seek appropriate provision for short term, flexible leases and/or space on a per-desk rather than per square foot basis.	No	
11	Greenwich	Core Strategy 2014, Site Allocations Local Plan is in preparation, with the n/a latest consultation in early 2022.	n/a	n/a	n/a	n/a	n/a	n/a	Yes
12	Hackney	Local Plan 2020	LP29 Affordable Workspace & Low Cost Employment n/a Floorpace.	>1000sqm of gross employment floorpace.	Shoreditch POA: at least 10% should be affordable Major proposal in the designated areas at no more than 40% of market rent in perpetuity. (DEA, CAZ, TC) which redevelop low cost Remaining POA/CAZ/TC: at least 10% should be affordable at no more than 60% of market rent in perpetuity (subject to viability).	Affordable Workspace is called for within: PP4 Stamford Hill & PP6 Hackney Wick.		Yes	
13	Hammersmith and Fulham	Local Plan 2018	Policy E1 Providing for a Range of Employment Uses and Policy E2 - Land and Premises for Employment Uses	n/a	Require flexible and affordable space suitable for SMEs in large new business developments, unless justified by the type and nature of the proposal and subject to viability. Developments should provide affordable workspace within Strategic Site Policy: Shepherd's Bush Market & Adjacent Land (WCRA2).	n/a	Applications for new business developments will be expected to provide affordable workspace via: flexible leasing arrangements; cross subsidised rent through s106 agreements; reduced rent arrangements; provide co-hubs or start up space.	Affordable Workspace SPD consulted upon end 2021. Identified 4 priority sectors for affordable workspace (Creative and Digital, Financial and Professional, Life Sciences and Manufacturing). Also identified area based need: Discounts to Market Rents for sub-areas • Shepherd's Bush (mixed-use commercial); • Hammersmith Town Centre (mixed-use commercial); • Fulham Centre (mixed-use commercial); • Olympia and West Brompton (mixed-use commercial); and • Townmead and Imperial (Industrial). Proposes Discounted Rents and Floorspace will be required on new commercial developments over 1,000 sqm (gross) on different terms per area.	Yes
14	Haringey	Strategic Policies 2013 (with alterations 2017), Local Plan 2020 Reg 19 expected Summer 2022	n/a	Reg 18 stage: 'The New Local Plan also needs to ensure that there is a supply of affordable workspace in the borough, especially to support smaller enterprises and start-ups' which can provide a jobs boost.	n/a	n/a	n/a	Under text to adopted policy SP8 (Employment) supporting para 5.3.14 notes: 'It will be important for a flexible approach to economic development to be taken on Local Employment Areas by carefully managing the type of use that is permitted on allocated sites'.	Yes
15	Harrow	Core Strategy 2012, Early preparation for a new Local Plan in process, as reaffirmed by LBA Council n/a 24th February 2022.	n/a	n/a	n/a	n/a	n/a	n/a	n/a
16	Havering	Havering Local Plan 2016-2031 (adopted 2021)	Policy 21: Affordable Workspace	n/a	The proportion of affordable workspace to be provided within schemes will be added on a case-by-case basis, taking into account the viability of development.	Major commercial & mixed-use developments should provide a minimum of 10% floor space as affordable workspace for a minimum of 5 years, subject to viability.	A workspace provided where rent and service charges, excluding business support services, are on average at least 10% less than comparable local market rates for the possible, financial contributions for equivalent off-site provision will be sought. Financial contributions will normally only be agreed in exceptional circumstances when it has not been possible to secure appropriate on-site reduced rents may be needed to render physical space. The amount secured will be dependent on the outcome of a viability assessment and negotiations with the Council. The Council Affordable workspace provided should intends to use affordable workspace as a key driver for the local economy incorporate flexible design features to provide adaptability for a variety of occupants.	The proportion of affordable workspace to be provided within specific schemes will be addressed on a site specific, case-by-case basis, taking into account the viability of the development. Where on-site provision is not possible, financial contributions for equivalent off-site provision will be sought. Financial contributions will normally only be agreed in exceptional circumstances when it has not been possible to secure appropriate on-site reduced rents may be needed to render physical space. The amount secured will be dependent on the outcome of the viability assessment and negotiations with the Council. The Council Affordable workspace provided should intends to use affordable workspace as a key driver for the local economy incorporate flexible design features to provide adaptability for a variety of occupants.	In Development
17	Hillingdon	Local Plan: Part 1 (2012) / Local Plan: Part 2 (2020)	Policy E6 - Small and Medium-Sized Enterprises: Hillingdon will encourage the development of affordable accommodation for SMEs in appropriate locations.	n/a	n/a	n/a	n/a	Affordable workspaces for small and medium-sized businesses are referenced for some Sites within Local Plan Part 2: Site Designations. Note: No no requirements or triggers have been outlined.	No
18	Hounslow	Local Plan 2015 to 2030. Progressing through Local Plan Review (West of n/a Borough and Site Allocations).	n/a	n/a	n/a	n/a	n/a	ED1 - Promoting Employment Growth and Development: Expect developments to provide incubator space appropriate for start-up businesses as part of employment related or town centre mixed use development proposals. Para 4.3 of Policy ED1 outlines the requirement to meet the changing needs of businesses by providing a mix of size location and costs - suggesting the potential introduction of affordable workspaces moving forward. Aim to diversify the economy.	No

19	Islington	Islington Core Strategy (2011). Local Plan review Policy CS 13 / Policy BC 8 advanced, post EIP.	Policy B4: A(i) Affordable Workspace. Within the CAZ, Bunhill and Clerkenwell AAP area, CAZ Fringe Spatial Strategy areas (Angel and Upper Street, and King Cross and Fentimville Road), (i) Major development proposals involving 1,000sqm or more net additional office and/or research and development and/or a sui Generis use akin to office/research and development floorspace must incorporate at least 10% affordable workspace (as a proportion of proposed office and/or research and development and/or a sui Generis use akin to office/research and development floorspace (GIA) to be leased to the Council at a peppercorn rent for a period of 20 years. A(i) Major developments involving 10,000sqm or more, (same as above), to be leased to the Council at a peppercorn rent in perpetuity. B. Within the Vale Royal /Brewery Road L55 and other L55s, major development proposals involving 3,000sqm or more net additional office, research and development and/or sui Generis use akin to office/research and development floorspace must incorporate 10% affordable workspace, to be leased to the council at a peppercorn rent for a period of 20 years.	Major >500m2 (GIA) non-residential developments where the majority of floorspace is not in public education, community or social infrastructure uses.	Proposals of >10,000m2 gross employment floorspace the proportion of affordable workspace should be equivalent to 3% of the total amount of proposed employment floorspace.	Requiring developments to provide a proportion of affordable workspace.	All proposals which provide affordable workspace must prepare an Affordable Workspace Statement alongside a relevant planning application. Emerging Policy will require at least Cat A fit out. Proposals for major commercial development not covered by Parts A to D – such as hotels and retail – may be required to provide affordable workspace and/or affordable retail space, subject to viability. Priority will be given to on-site provision. Expect amendments through EIP process; an affordable workspace viability addendum was issued to the Inspector in February 2022. Islington Draft Local Plan consultation on main modifications is extended until late September 2022.	Yes	
20	Kensington and Chelsea	Local Plan (2019). A new local plan review is progressing, publication update due Autumn 2022.	BC3: Affordable Workspace	BC3: new development > 5,000sqm (GIA) business floorspace	BC3 - 10%	BC3 - For development in CIL charging zones F and H (those areas north of the Westway, including the Kensal Causeway) this affordable workspace must be provided at a capped rate of at least 50% less than the prevailing market rate for comparable premises for a period of at least 20 years; 2. For development in all other locations this affordable workspace must be provided at a capped rate of at least 50% less than the prevailing market rate for comparable premises in perpetuity	No		
21	Lambeth	Local plan 2021	Policy ED2	Draft SPD: Affordable Workspace (2020)	c. 1,000sqm office space	discount dependent on site location and development scale. Waterloo/South Bank and Vauxhall 10% of rentable floorspace at 50% of market rents. Oval, Kensington and Clapham 10% of rentable space at 80% of market rent. Brixton (CEZ) 10% of rentable floorspace	dependent on location - 15 to 25 years. Affordable workspace must be provided on site and be designed to meet local need for office, light industrial or research and development.	Adopted definition AW: Workspace that is provided at rents maintained below the market rate for that space for a specific social, cultural, or economic development purpose. If proposal cannot provide the affordable workspace requirement, viability information must be submitted.	In development
22	Lewisham	Core Strategy 2011 (with Development Management Local Plan and Site Allocations Local n/a Plan). New Local Plan 2040 in progress (consultation draft 2020).	EC4: Providing suitable business space and affordable workspace	EC4 - "Major commercial development, mixed-use incorporating floorspace"	EC4 - 10% of new employment floorspace to be affordable	The affordable workspace must be secured for a period agreed with the Council, with appropriate management arrangements. Evidence of an agreement to lease below market rent is required. If no affordable workspace to be provided, then a viability assessment appraised by a verified professional is required.	Development providing affordable workspace should ensure a mix of suitable types, sizes and rents are provided, to help meet the need of small and medium sized businesses, including start ups. Lewisham have identified that the lack of low-cost affordable workspace is a key barrier into the local economy and that proposals will be treated favourably - highlighting the need for an increase supply.	No	
23	Merton	Core Planning Strategy 2011-2026. Submission Local Plan Reg 19 for n/a Examination in Public December 2021	EC13.1	n/a	n/a	n/a	Emerging policy makes no specific requirements but recognises benefits of flexible/co-working space. Supporting para 13.5.23. The availability of small units provides improved choice for business location and affordability. In turn, having a variety of businesses provides choice for consumers and this contributes significantly towards maintaining and enhancing the attractiveness and viability of Merton's town centres. Small units are often more affordable, thereby encouraging more specialist or independent retailers. Also, at 13.2.24. Flexible working and co-working business spaces are characterised by: - Monthly rents or less, making the space more affordable and flexible, rent being inclusive of services.	No	
24	Newham	Local Plan (2018). Review of the Local Plan in progress - issues consultation end 2021.	J3: Skills and Access to Employment and 54 - Canning Town and Custom House: Continued emphasis on curation of TC. Including affordable workspace.	n/a	n/a	n/a	As part of Local Plan review, Council have noted they have not managed to negotiate AW into mixed use schemes despite policy. Spaces for Enterprise strategy is a Council-led driven programme which aims to improve the provision of affordable workspace, and tackle barriers to employment and enterprise. The draft strategy identifies that planning policy could be developed to become more prescriptive on affordable workspace to better secure and bring forward this workspace. Local Plan 2018 J3 highlights that quality affordable workspaces are encouraged in Strategic Sites set out in J2.	No	
25	Redbridge	Local Plan (2018)	n/a	n/a	n/a	n/a	No specific requirement for affordable workspace, instead emphasis on 'flexibility': LP14: Stimulating Business and the Local Economy / LP15: Managed Workspace. Supporting para 12.2.3 of Policy LP15 states: 'The Council will seek the inclusion of a proportion of affordable workspace within major commercial development schemes (generally B1 and B2 development), and within mixed-use schemes in the Investment and Growth Areas'.	No	
26	Richmond	Local Plan (2018). Regulation 19 of revised Local Plan due Autumn 2022. Adoption of new local plan now expected in Autumn 2024	LP41: Offices	Policy 25: Affordable, flexible and managed workspace.	LP41: >1000sqm of office space	LP41: At least 10% of proposed office floor space / Rent & services charges less than 80% of comparable market rates.	Office must remain affordable for a minimum of 10 years. Affordable office provision will be agreed case-by-case via planning obligations.	No	
27	Southwark	Southwark Plan 2022	P31: Affordable Workspace	n/a	>500sqm GIA or more employment floorspace	At least 10% of the proposed gross employment floorspace as affordable workspace at discount market rates.	Must remain affordable for at least 30 years. Prioritise affordable workspace for existing small and independent businesses with Council, local businesses, business associations, public sector stakeholders, and workspace providers to identify the businesses that will be nominated for occupying affordable workspace.	Yes	
28	Sutton	Local Plan (2018). Sutton Local Plan 2023-2038 progressing (initial n/a consultation expected June 2022)	n/a	n/a	n/a	n/a	n/a	No	
29	Tower Hamlets	Local Plan (2020)	D.EMP2: New employment space	n/a	within major commercial and mixed use development schemes	At least 10% of new employment floorspace as affordable workspace	The workspace should be let at a rate that requires exclusive use of a single office property, such as a global headquarters building, we may consider implementing the development for the relevant location, for a period of not less than ten years. Applicants should work in the first instance be provided as part of the same development with Sutton's Enterprise team and scheme or secondly within the same sub area (as defined in Policy 5.5G1). recognised affordable workspace providers but where this is not possible, nor in our view desirable, then provision to determine the nature of the necessary elsewhere in the borough may be considered. Any alternative provision should be of equivalent value which may translate into greater floorspace than the original proposal if an alternative location is considered.	Yes	
30	Waltham Forest	Core strategy adopted 2012. Draft Local Plan 2020-2035 progressing n/a (Inspector awaited).	Policy 33: Affordable Workspace.	New employment floorspace of >1000m2 in SIL, L55, BEA, TC.	Undefined	<1000sqm of economic floorspace are expected to provide a range of unit sizes to accommodate / >1000sqm of economic floorspace must provide a proportion of 'open workspace', equivalent to 10% of the gross economic floorspace and no less than 400sqm (whichever is greater); or, provide a proportion of economic floorspace at an affordable rent, in perpetuity, at rates: in the VNEB OA at least 10% of floorspace at a capped rate of 50% less than market rent (MR); in the Wandie Valley: at least 10% of floorspace at a capped rate of 25% of MR; at all other locations at least 10% of floor space must be capped at 20% less than MR. Development in mentioned locations (P.g. PM3: Nine Elms) must comply to policy set out in LP18.	Workspace will be provided at rents maintained below market rate for a specific social, cultural, or economical development purpose, secured in perpetuity or a period of at least 15 years. Emerging policy snas require for a specific social, cultural, or economic development purpose, and secured in perpetuity or for a period of at least 15 years by legal agreement. The delivery of affordable workspaces will be required to be provided: A. As part of the delivery of new employment floorspace of 1000m2 or greater in SIL, L55, BEA and in town centres, where viable; B. As part of major mixed-use developments in town centres, in Strategic locations or as part of regeneration schemes, where viable; C. In other areas, within a commitment to how the workspace should be provided.	No	
31	Wandsworth	Core strategy (adopted 2016). Local Plan 2020-2038 at Reg 19 n/a consultation stage.	Policy LP18 Affordable, Flexible and Managed Workspace (plus area policies e.g. PM3: Nine Elms, PM7: Roehampton and Alton Estate Regeneration Area).	LP41: All developments provide economic floorspace.	that affordable rent, in perpetuity, at rates: in the VNEB OA at least 10% of floorspace at a capped rate of 25% of MR; at all other locations at least 10% of floor space must be capped at 20% less than MR. Development in mentioned locations (P.g. PM3: Nine Elms) must comply to policy set out in LP18.	in perpetuity.	Council have appointed REDO to provide support for allocation of 'Wandsworth Affordable Workspace Fund'. This will be secured by way of S106 planning obligation and/or conditions. Details provided in an Affordable Workspace Management Plan.	No	
32	Westminster	Westminster's City Plan (2015-2040) – adopted April 2021 (WCCLP)	13.C. Supporting economic growth	economic Draft Affordable Workspace 'Informal Planning Guidance Note' (March 2022)	Undefined	Undefined	Undefined	No - emerging guidance note refers to space to be operated by a 'qualifying tenant' which is 'an organisation that can demonstrate their intention and means to deliver the proposed affordable workspace. The Qualifying Tenancy could be the developer, owner of the property, or a managed workspace provider, such as those identified on other central London borough affordable workspace registers.	

NOTES: The London Boroughs of Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, Hounslow and the Old Oak and Park Royal Development Corporation (OPDC) commissioned an affordable workspace study to identify the needs for, and potential approaches to deliver, affordable workspace across West London.

ANNEX TWO

Summary of different types of affordable workspace providers

When we refer to affordable workspace providers, these fall into various categories. Broadly, they will deliver the following services:

- affordable workspace
- space for local businesses
- business support for tenants
- community engagement
- local employment
- local supply chain.

Some local planning authorities require those who operate affordable workspace to be registered on an 'approved provider list'. The market is being driven by a number of different types of provider, which can be considered to fall within one of the categories on the following page.

Overall, providers are likely chosen by local authorities where they meet set criteria, which may include:

- delivery of affordable workspace at below market rates
- provision of flexible tenancy agreements
- prioritisation of space for local businesses
- delivery of business support for tenants
- community engagement
- skills and employment opportunities for Hackney residents
- understanding of Hackney's economy and need for affordable workspace in the borough
- commitment to buying goods and services locally.

Developer led

This can include developers who set up a separate arm focussed on the management of affordable workspace to enable the long term, comprehensive management of assets under the same parent ownership. Examples include HB Reavis²² and Landsec.

Conventional Providers

This would include long standing providers of low-cost commercial floor space, traditionally for the creative sector. It should be noted that they are becoming increasingly sophisticated in their operations and offer. Examples include Arbeit Studios²³ and Space²⁴.

Local Authority

Islington has taken the lead on this to date, where they have sought to oversee and manage the provision of affordable workspace delivered on developments, and secured through section 106 legal agreements²⁵.

Specialist Provider

These are purposefully organised operators with extensive experience within the co-working and affordable sector. Examples include Affordable Workspace Partnership²⁶ and The Trampery²⁷.

²² <https://hbreavis.com/uk/spaces/4th-floor-elizabeth-house/>

²³ <https://www.arbeit.org.uk/>

²⁴ <https://spacestudios.org.uk/>

²⁵ <https://www.islington.gov.uk/business/support-information-for-business/affordable-workspace#>

²⁶ <https://affordableworkspace.org.uk/>

²⁷ <https://thetrampery.com/>

ANNEX THREE

Case study projects

The table below provides some example projects in London which include delivery of affordable workspace secured through a Section 106 planning obligation. The information has been sourced from planning application documents on the relevant local authority planning register. Only schemes that have been granted planning permission and have had regard to London Plan 2021 policy E3 have been included. There are several more projects in the pipeline, but at the time of writing they remain under negotiation.

Borough	Project	Approved	Development overview	Affordable workspace provision
Camden	1 Triton Square, Regent's Place	2016	Substantive retrofit and extension of a 1990s office building to provide c29,000 sqm NIA of workspace (an uplift of 59%) plus new retail, leisure, public realm and 22 affordable homes on a neighbouring site.	<p>Provision of 1.015 sqm 'Community and Affordable Workspace' at a rent of no more than 50% of the rental value for comparable commercial floorspace, to be let to a workspace provider as agreed with the Council.</p> <p>S106 provisions to minimise as far as practicable the amount of any service charge to be charged to the affordable workspace provider and to ensure flexible of tenancy/licence terms. Marketing strategy to include local business networks such as the local BID.</p> <p>Obligation is in place for the building's lifetime. The agreement pre-dates LBC's Affordable Workspace Policy.</p>

Borough	Project	Approved	Development overview	Affordable workspace provision
City of London	22 Bishopsgate	2015	Commercial led tower scheme with over 200,000 sqm GEA.	Incubator space comprising '50 desks for 50 entrepreneurs' to be let at no more than 50% market rental value of 'typical London shared working space' during the first five years of any occupier's use and maintained in perpetuity. Post-planning an operator actually took up a larger proportion of the scheme, which has created a diverse ecosystem of tenants in the building.
Ealing	CP House, Uxbridge Road	2015	Demolition of the existing 12 storey office building, and construction of part 11, part 13 storey office building with flexible uses at ground floor including hard and soft landscaping and all necessary ancillary and enabling works	1,130 sqm floorspace secured as affordable workspace with 80% market discount and to be maintained for a period of 20 years before reverting back to market.
Hackney	1 Crown Place	2016	Mixed use redevelopment including c.250 homes, a hotel and commercial space within two towers and retained Victorian terrace	Circa 9% of the commercial floorspace (c. 1800sqm) provided as affordable workspace. To be offered to an 'affordable workspace provider' as per Hackney's approved list (updated from time to time) for ten years on agreed lease terms (to be approved by the borough) or at least 20% below market rent.
Hackney/ Tower Hamlets	Bishopsgate Goodsynd	2021	Mixed use redevelopment of a major City fringe site straddling the administrative boundary that comprises 12 buildings providing residential and commercial uses with a new public park	Average rental discount of 60 percent in Hackney and 10 percent in Tower Hamlets. Discounts secured in perpetuity. Category A fit-out requirement. Service charges to be capped at a level commensurate with average charges at comparable premises within identified wards. Space to be delivered by a workspace provider or the landowner as a subsidised workspace option.
Islington	250 City Road	2017	Mixed-use redevelopment to provide up to 995 residential units and up to 7,600 sqm B1 commercial floorspace, plus relocated data centre, flexible retail, crèche and hotel.	700 sqm affordable workspace, which equates to c10% of the total business floorspace in the scheme. To be let at 50% of open market rents for a fixed term of 10 years.

Borough	Project	Approved	Development overview	Affordable workspace provision
Lambeth	Elizabeth House, Waterloo	2019	178,000 sqm GIA mixed-use floorspace including 146,000 sqm GIA B1(a) office	<p>Workspace facility of c9,300 sqm (NIA) – equivalent to 10%, providing a range of flexible tenant options, offered at market rents. The space can be provided anywhere in the building, to provide letting flexibility.</p> <p>In addition, it was agreed that the developer would provide funding equivalent in value to providing 10% of the floorspace at 50% discount for 15 years. This funding must be available for 15 years and drawn on each year in equal amounts for that 15-year period.</p> <p>Subject to demand, the fund will subsidise a flexible range of discounted membership options in the managed workspace facility each year.</p>
Tower Hamlets	North Quay, Canary Wharf	2022	Multi-phased outline mixed-use development (c230,000 sqm) in the Canary Wharf Estate	<p>Minimum c4,600 sqm (NIA) to be sub divided into one or more units prioritising SMEs in the Life Sciences sector at an average of 50 percent of the market rent for a period no less than 15 years. A cascade mechanism is in place in the S106 that sets out the circumstances whereby provision can be made elsewhere on the estate, or alternatively by way of a payment in lieu.</p>
Westminster	105 Victoria Street	2020	Redevelopment to provide a fourteen-storey building comprising office accommodation; flexible retail, restaurant, bar, community and leisure uses.	500 sqm (GIA) for a period of 15 years at 50% of the market rent

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