

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2349

### Title: Pilot Workspace Accreditation Scheme

#### Executive Summary:

The Workspace Affordability Crisis Report, commissioned by the London Economic Action Partnership (LEAP) in 2018, found that open workspace providers engaged with London's SME community are supportive of a voluntary workspace accreditation scheme which will recognise and reward positive social and economic impact. Such a standard would be useful for policy makers, practitioners and land owners and contribute towards keeping London's workspace open and affordable for all Londoners.

In line with the Mayor's Economic Development Strategy (EDS) and LEAP's commitment to support the availability, affordability and flexibility of London's workspace for Small and Medium Enterprises (SMEs), this project will support the delivery of a 'Workspace Accreditation' pilot scheme, which will work to secure greater social outcomes from the sector.

#### Decision:

That the Executive Director of Development, Enterprise and Environment approves:

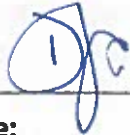
Expenditure of £100,000 (£50,000 from LEAP Core Funds and £50,000 from the Good Growth Fund research budget) to pay for an external partner to deliver a one-year pilot of a voluntary workspace accreditation scheme.

#### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Debbie Jackson



**Position:** Executive Director,  
Development, Enterprise and  
Environment

**Signature:**

**Date:** 06/06/19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. In 2018, the London Economic Action Partnership (LEAP) on behalf of the Mayor's Workspaces Providers Board, commissioned a report to identify the challenges the workspace sector currently faces. The Workspace Affordability Crisis Report found that lack of affordable workspace is one of the main challenges the sector faces and that many providers that engage with London's Small and Medium Enterprise (SME) community are supportive of a voluntary workspace accreditation scheme, which would recognise and reward social outcomes.
- 1.2. Affordable workspace is defined as workspace that is provided at rents maintained below the market rate value for a specific social, cultural, or economic development purpose. It can be provided and/or managed directly by a dedicated workspace provider, a public, private, charitable or other supporting body through grant and management arrangements and/or secured permanently by planning or other agreements.
- 1.3. The new London Plan indicates that as well as ensuring there is a sufficient supply of affordable workspace, it is important to support sectors that have cultural or social value such as artist studios, designer-maker spaces and charities and social enterprises for which low-cost space can be important.
- 1.4. Many small, community focused workspace providers offer significant community benefit but increasing costs (including business rates) mean that they are at risk of being squeezed out of the market by larger, more commercial providers (who charge higher rates). Consequently, this could exclude a range of SMEs, social enterprises or those businesses with a greater social focus.
- 1.5. It is proposed that a one-year pilot project, to be managed by the GLA Regeneration and Economic Development team, is set up and delivered to test a voluntary accreditation system. The GLA expects that a voluntary accreditation scheme which measures, recognises and provides the GLA and Local Authorities with a mechanism to ensure their investments in workspaces are affordable for all Londoners.
- 1.6. During the drafting of the Workspaces Affordability Crisis Report, several local authorities expressed interest in being part of the pilot. The pilot project will be delivered in four London local authorities (two outer and two inner boroughs). To be able to select the four local authorities we will work with London Councils to identify the most suitable boroughs to be part of the pilot project. Part of the criteria to select local authorities will be to provide in-kind officer support and ensure that those workspaces under the remit and management of their borough will participate in the pilot project. We will also explore the potential for links between accreditation and business rate reliefs with participating boroughs, and the role that accreditation can play in workspaces developed by local authorities.
- 1.7. The proposed pilot is closely aligned with the objectives of the LEAP and was endorsed by the LEAP Board in September 2018. It also aligns well with the wider policies of the Mayoralty, including the specific commitment in the Economic Development Strategy to take forward a workspace accreditation scheme.
- 1.8. This accreditation system, the first of this type in the sector, would be useful for policy makers and practitioners and would contribute to keeping London's workspaces open, diverse and affordable for all Londoners. Additionally, with a robust and recognised accreditation scheme in place, it would be help benchmark workspace providers against community impact priorities. This scheme could also directly support and help measure the impact of the LEAP's capital investments through the Good Growth Fund, as well as borough supported schemes.

## **2. Objectives and expected outcomes**

- 2.1 The funding will commission an external provider that will be responsible for developing, testing and delivering a one-year pilot of the voluntary workspace accreditation scheme. The external organisation will also be responsible for commissioning an ongoing evaluation of the pilot project and test how the project can be rolled out in year two (subject to funding). The organisation that will be delivering the project will be procured in accordance with the GLA's Contracts and Funding Code with support from TfL Procurement team. The organisation will need to have expertise and knowledge of the affordability and workspace agenda in London and will be expected to work closely with the GLA and Local Authorities.
- 2.2 The accreditation pilot would be open to workspaces run by public or private providers. Below is a proposal of possible criteria requirements in order to qualify for an accreditation that will be tested during the pilot scheme:
- Support members or tenants to grow through provision of business support;
  - Make at least 20% of workspace available at less than 50% of comparable market values;
  - Promote events, facilities and services to local residents and community groups;
  - Facilitate a collaborative culture, peer learning and support amongst its users and members;
  - Engage with members of the local community, particularly those that face specific barriers and challenges because of their race, gender, disability or socioeconomic status;
  - Support local charities and social enterprises and / or make a meaningful contribution to the cohesion of an area;
  - Operate with good business conduct e.g. pays the London Living Wage, has terms of trade with suppliers and clients which include 3 months' notice;
  - The possibility of, in some instances, adopting the Good Work Standard accreditation as part of the project;
  - Support entrepreneurs from diverse communities, particularly those from BAME groups, women or disabled groups among other. This will be decided according to the requirements of each borough or area; and
  - Monitor and evaluate their social, economic and / or environmental impact.
- 2.3 The list above set out examples of criteria that will be tested with the workspaces that are selected as part of the initial pilot scheme. These categories will be amended as lessons are learned from the project, but the criteria will always be linked to social objectives and provision of affordable space to London based micro businesses and SMEs. The final decision on who gets accredited will be taken by the GLA based on the advice and supporting evidence obtained by the delivery organisation.
- 2.4 After initial conversation with some local authorities, it is expected that the workspaces awarded the accreditation will have better opportunities to link their spaces to funding and planning decisions at a local level and city level, thus allowing local authorities and the GLA to recognise that accredited providers are delivering added value at a local and community level. For the purposes of this project, 'community' includes people that live, work or study locally as well as businesses, charities and community organisations using workspaces.
- 2.5 The main activities of the project are:
- To invite local authorities to express an interest and select four to participate in a workspace accreditation pilot.
  - To procure a delivery partner to:

- Develop the criteria, methodology and approach to measuring and monitoring social outcomes from London's workspaces as part of a workspace accreditation model;
- Work with four pre-selected Local Authorities and a number of workspace providers within each area to deliver a pilot of the workspace accreditations scheme;
- Collect data from accredited workspaces that will help improve cost benefit and impact intelligence and marketing and network building;
- Quantify resource requirements for running the accreditation process and ongoing monitoring over 1, 3 and 5-year period;
- Provide detailed evidence of potential value to the participating workspaces in terms of discretionary rate relief and any subsequent knock on effects on the affordability of workspaces;
- Deliver a programme of marketing and engagement aimed at workspace providers within each locality and develop a 'brand' for the scheme;
- Provide detailed quantitative information on impact from the participant Local Authorities and workspaces against the criteria set out in the accreditation application;
- Identify how the outcomes of this pilot could be promoted to other workspaces in other parts of London;
- Support policy makers by providing accurate data and refine criteria of the accreditation as the project evolves;
- Ensure that a greater number of workspaces are delivering social outcomes (e.g. provision of free or affordable workspace, better integration with the local community, and achieve diversity of businesses supported);
- Champion good practice and workspaces with higher levels of community impact and added value are recognised and priorities for the award of contracts from local authorities and the GLA; and
- Promote good practice in letting borough-owned properties and spaces agreed under s106 agreements for open workspace to socially responsible providers.

## 2.6 The expected outputs/outcomes for the pilot are:

- How a voluntary accreditation scheme would work, its impact and how it could be expanded to other boroughs in London;
- Evidence of at least 20 workspaces delivering social outcomes (e.g. the provision of free or affordable workspace, better integration with the local community, greater diversity of businesses supported); of these spaces at least 5 to obtain the accreditation;
- Developing criteria for the establishment of affordable workspaces; and
- Better coordination of local authorities, GLA and workspaces with social aims to provide more affordable spaces.

## 2.7 We envisage that the £100,000 will be paid to the delivery partner following the completion of key milestones as follows:

Agree criteria with workspaces and Local Authorities	40%
Identify how the spaces are implementing the criteria and adapt or amend as necessary.	20%
Mid-term evaluation	20%
Evaluation and presentation at an event with Local Authorities and selected number of Workspaces	20%

2.8 The above are approximate percentages and will vary depending on the proposals put forward by the successful delivery partner.

### 3 Equality comments

3.1 Section 149(1) of the Equality Act 2010 provides that in the exercise of their functions, public authorities must have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

3.2 This pilot project will ensure that one of the criteria to award the accreditation is how the workspace adds social value to their communities and create affordable spaces to start ups and SMEs, particularly those that are established by diverse entrepreneurs. The project will ensure there is particularly focus on BAME, disabled and young entrepreneurs.

3.3 The delivery organisation will be required to monitor the type of SMEs that use their workspaces, including collecting data on their backgrounds. To provide the accreditation we may require that a minimum number of diverse type of organisations are using the space (to be determined during the lifetime of the project). This will link with the outcomes of the diversity roundtables the Economic Development team have been hosting in early 2019 as part of the work the Growth Hub is doing to support diverse entrepreneurs. One of the issues highlighted by the disabled entrepreneurs roundtable was that majority of workspaces are not adapted to the needs of disabled entrepreneurs. This project will establish a criteria on how to ensure the spaces cater for the needs of entrepreneurs from all diverse backgrounds. The model will be measured in terms of greater accessibility to workspace by groups that share a protected characteristic under the Equality Act and/or from lower socio-economic or lower income groups.

3.4 All the criteria that will be agreed by the pilot for the workspaces to get the accreditation will need to comply with the Equality Act 2010 as mentioned in paragraph 3.1.

### 4 Other considerations

#### Links to Mayoral strategies and priorities:

4.1 London's SMEs account for almost half of jobs in the capital. Open workspaces are rapidly becoming vital to the survival of early-stage SMEs in London. Almost a third of SMEs founded between 2009 and 2011 used an incubator, accelerator, or coworking space. Such SMEs contain much of London's future innovation, enterprise and growth.

4.2 The Economic Development Strategy (EDS) indicates that:

*A range of different types of workspace will be needed to accommodate the growth in London's businesses from those just starting up to those that are growing and in need of new premises.*

*This mix will include affordable workspace - which maintains rent below market rate for specific socio-economic purposes - low-cost workspace, and secondary and tertiary business space available at low rent levels. The Mayor wants to ensure there is adequate business space at competitive rents across the capital, recognising the competing demands for space. He will therefore work with partners to identify innovative models that deliver genuinely affordable workspace through permanent and meanwhile spaces.*

- 4.3 For the above reasons the Mayor in the EDS has committed to specific actions that will support his commitments to create more affordable workspace. These actions are:
- Develop a system of accreditation, which encourages more consistent monitoring of economic and social value to demonstrate the contribution that these workspaces make to London; and
  - Government formalises a way for small businesses who use large open plan environments (such as co-working spaces) to benefit from the small business rate relief they would be eligible for if they worked in a small self-contained unit.
- 4.4 The Mayor is committed to ensuring London's economic prosperity is shared by all Londoners. A voluntary accreditation scheme which measures, recognises and rewards community and economic value will contribute to this objective, as organisations gaining accreditation will:
- Support their members or tenants to grow;
  - Make at least 20% of workspace available at less than 50% of comparable market values;
  - Promote events, facilities and services to local residents and community;
  - Facilitate a collaborative culture, peer learning and support amongst its users and members;
  - Engage with 'harder to reach' groups in the local community;
  - Support local charities and social enterprises and/ or makes a meaningful contribution to the culture of an area;
  - Operate with good business conduct e.g pays the London living wage, has terms of trade with suppliers and clients which include 3 months' notice; and
  - Monitor and evaluate their social, economic and environmental impact.

#### Risk and impact assessment

Risk	Likelihood	Mitigation
Not sufficient take up from local authorities and workspace providers during this pilot phase	Low	Expressions of interest process will be run prior to the appointment of a delivery partner. This will allow for demand to be assessed prior to funds being committed.
Expenditure of funds covered under this pilot will only support the project for an initial 12 months.	Medium/High	Internal identification of funds to commence after project has been ongoing for 5 months and we can start identifying potential outcomes.



Workspaces don't comply with many of the requirements and not ready to adapt practices.	Low/Medium	As this is a pilot, GLA will need to identify if the requirements are unrealistic and we need to re-consider them during the lifetime of the project.
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## 5 Financial comments

- 5.1 The proposed expenditure of £100,000 on this one-year pilot project will be funded equally between LEAP Core Funds (via BEIS grant) and the Good Growth Fund research budget for 2019-20 held within the GLA's Regeneration & Economic Development Unit (£50,000 each).

## 6 Legal comments

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 The decisions requested of the director concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and
- 6.1.2 In formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people;
  - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
  - consult with appropriate bodies.
- 6.2 In taking the decisions requested, the director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010 and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 (above) of this report.
- 6.3 Officers must ensure that they are content that the GLA can comply with any conditions to which the BEIS funding is subject. In any event no reliance should be placed upon such funding until there is a legally binding commitment from BEIS to provide the same.
- 6.4 The services required must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code.
- 6.5 Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the services.

## **7 Planned delivery approach and next steps**

- 7.1 Our procurement route will be in line with advice from TfL Commercial, and delivery requirements will be outlined in the appropriate procurement documentation, the subsequent bid from the successful delivery partner and the contract that will subsequently be put in place.

<b>Activity</b>	<b>Timeline</b>
Procurement of delivery partner	June 2019
Selection of the four Local Authorities	June 2019
Announcement of delivery partner	June/July 2019
Delivery Start Date	July 2019
Model developed and criteria tested with one provider in each borough	September/October 2019
Final criteria developed and rolled out to wider provider base within each borough	October/November 2019
First accreditations awarded	February 2019
6 months review of accredited providers	March 2020
Pilot findings, recommendations and evaluation produced	May 2020
Delivery End Date [for project proposals]	May 2020

### **Appendices and supporting papers:**

None.



**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 - Deferral****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: Commercial confidentiality. The project will be procured and information, particularly around budgets, is kept limited so all organisations have the same information.

Until what date: 1<sup>st</sup> August 2019 when we expect the contract will have been signed

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Maria Diaz has drafted this report in accordance with GLA procedures and confirms the following:

**Assistant Director/Head of Service:**

Nabeel Khan has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

**Financial and Legal advice:**

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 3 June 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. D. Allce*

Date

*3.6.19*

