

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3005

Title: Research and support to operators of affordable, flexible workspace

Executive Summary:

Mayoral approval is sought for expenditure of £200,000 from LEAP Core Funds to support London's small and medium size businesses access to workspaces that are flexible, affordable and sustainable while delivering social and economic value.

Decision:

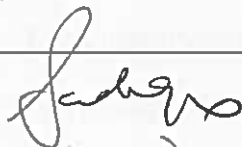
That the Mayor approves expenditure of £200,000 to be invested on a package of business support activities that will support flexible, affordable workspace in London.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

3/10/21

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. Flexible workspaces – including co-working spaces, artists' studios and maker spaces – play an important role in the continued success of London's economy. These workspaces allow entrepreneurs to share facilities, specialist equipment and networking opportunities on flexible contractual terms. This flexibility incentivises entrepreneurs to start businesses, innovate and grow.
- 1.2. In 2016, the Institute for Public Policy Research launched a report that concluded that a third of all businesses founded in the capital between 2009 and 2011 used an incubation, accelerator, or a co-working space.
- 1.3. Since that report was published, the number of workspaces in the capital has grown considerably. This is reflected in the London Growth Hub workspace [map](#) which contains over 900 flexible workspaces.
- 1.4. In 2017, the Mayor's [Workspace Advisory Group](#) (WAG) was established to better understand the above mentioned challenges and identify activities to address them.
- 1.5. The WAG advises the Mayor of London and the London Economic Action Partnership (LEAP) and its members represent the views of workspace operators, users and developers.
- 1.6. Officers from the GLA's Culture and Creative, Regeneration and Enterprise teams attend WAG meetings, implement actions and jointly propose group membership to the Mayor.
- 1.7. The agreed aims of the group are:
 - improving the affordability and social value of flexible workspace: ensuring workspaces remain accessible to all, supports businesses to grow and contribute to local communities
 - promoting the role of flexible workspace in supporting sustainable High Streets in order to revitalise town centres, meet local demand and reimagine vacant space
 - understanding and supporting new flexible ways of working and the flexible space needs of emerging sectors
 - using data, insights and intelligence to understand current and future flexible workspace needs.
- 1.8. These four main objectives are aligned to four of the five pillars of the Economic Recovery Framework for London:
 - **Jobs:** Affordable and flexible workspace will permit businesses to dedicate more resources to employability and better-quality employment opportunities.
 - **Business:** London's business community, particularly the self-employed, micro and small businesses, needs to be able to access flexible and affordable workspace.
 - **Thriving neighbourhoods:** Supporting the development of flexible workspace in town centres will allow to revitalise high streets, meet local demand, and reimagine vacant space.
 - **Global London:** Affordable workspaces attract innovation and talent from around the world.

- 1.9. Since its inception, the WAG has advised the Mayor on the development and implementation of initiatives like the workspace accreditation pilot, shared workspace support programme, flexible workspaces in High Streets pamphlet and surveys of London's flexible workspace sector.
- 1.10. In 2018, the GLA's Workspace Affordability Crisis report (Appendix 1) found that the increasing shortage in the availability of affordable space for start-ups and small businesses, combined with the disparity in the application of business rates, risked threatening the future economic growth of London. This report stated that many small, community focused workspace operators offered significant community benefit but increasing costs meant that they were at risk of being squeezed out of the market by larger, more commercial operators. The WAG's ongoing work has sought to explore and address these issues.
- 1.11. The current appointment of WAG members ends in June 2024. GLA officers are exploring options for the group's future for the Mayor's consideration.
- 1.12. In the meantime, given the significant changes that have taken place in the sector as result of the pandemic, and as advised by the WAG members, there are a range of activities and research that are proposed to be delivered over the next 18 months. The purpose of these is to support and strengthen the affordable, flexible workspace sector, and to ensure that the learning from the WAG's work since its inception is captured for future use.

2. Objectives and expected outcomes

Objectives

- 2.1 The list below indicates the activities that will be designed and implemented with the £200,000 funding and that will support the affordable and flexible workspace sector.

Project	Description
Research on diversity in the flexible workspace sector	<p>There is some evidence that workspaces are under-utilised by minority ethnic entrepreneurs. The same may apply in respect of ownership of workspaces. No research has ever been undertaken on this topic.</p> <p>We will commission research to understand who uses and runs flexible workspace sectors, possible reasons for the lack of representation of diverse groups and recommendations on how we might address any gap.</p>
Net zero in flexible workspaces	<p>Supporting flexible workspace operators and users to comply with the Mayor's net zero agenda. A range of activities will be explored and developed in close collaboration with the GLA Environment team.</p> <p>The outputs and outcomes of the initiatives will be recorded in pamphlets or videos and promoted to other workspaces.</p>
High Streets pamphlet – phase 2: case studies	<p>To develop a series of engaging case studies to display different workspace models, typologies and sectors. The case studies will align with the Flexible Workspaces on our High Streets pamphlet published by the Mayor in March 2021.</p>

	The case studies will provide practical information on how innovative spaces can be developed and will be promoted to local authorities, operators and developers.
Support, advice and guidance to affordable workspaces operators	<p>The provision of free advice and guidance for workspace operators on topics including: 1) business rates 2) accreditation and social value 3) support to operators to negotiate premises with landlords 4) marketing and positioning workspace to attract new businesses.</p> <p>The list is not exhaustive and other topics will be included depending on demand – further research and engagement is needed to determine the sector's priorities.</p>
London workspace map	The London Business Hub hosts the Flexible workspaces map which includes all types of workspaces in London. The map currently includes over 800 workspace facilities – and funding will enable it to be updated every six months to ensure it provides accurate information.

- 2.2 The remaining budget will be allocated to priority initiatives identified through the workspace survey programme, which is due to be completed in Autumn 2022 and will provide recommendations on how best to support the sector.
- 2.3 In parallel, GLA officers are working with external stakeholders including King's College, Leading Inclusive Futures through Technology (LIFT) and Central London Forward (CLF) on a range of research and studies on how the new hybrid ways of working are impacting in the office sector (and by default flexible workspaces).

Outputs

- 2.4 Expected outputs include:
- A research report on ethnic diversity in the flexible workspace from a user and operator perspective. The report will provide recommendations on how to address any gaps/challenges.
 - A minimum of 200 affordable workspaces receiving support, advice, and guidance on a range of topics to ensure their spaces maximise their economic and social opportunities.
 - A minimum of 15 London local authorities to actively engage and participate in the workspace support programme.
 - A pamphlet with case studies that will showcase successful workspaces in different locations. The case studies will mirror the GLA's workspace high street pamphlet. The document will give practical information that can be used by local authorities, developers and operators when creating their own spaces. There is scope for some of these case studies to be developed into videos to promote through the GLA's flexible workspaces webpage.
 - A minimum of 15 workspace operators accredited demonstrating their affordability and complying with the GLA's criteria (Appendix 2).
 - A minimum of 15 flexible workspaces acting towards making their buildings carbon neutral.

- The workspace map to be updated three times during a period of 18 months. The updated information will include spaces that have closed, new spaces that have opened, relevant contact details.
- Increase by at least 30% the number of users of the flexible workspace map

Outcomes

2.5 Expected outcomes:

- A minimum of 15 new affordable workspaces become accredited.
- A minimum of 100 affordable workspaces improve their understanding of business rates and how it should be implemented in their premises.
- A minimum of 15 affordable workspaces become carbon neutral.

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
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

3.2 The obligation in section 149(1) is placed upon the decision-maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.

3.3 Taking into account the obligations under section 149(1) of the Equality Act 2010, it is envisaged that the activities developed by this funding will promote equality and work to deliver new diverse and inclusive opportunities.

3.4 It is not anticipated that any of these projects will have a negative impact on any protected groups identified under the Equality Act 2010. The new projects will actively promote and encourage diversity and equalities by encouraging more diverse workspace operators and entrepreneurs to participate in the delivery of these activities.

4. **Other considerations**

Link to Mayoral strategies and priorities

4.1 As mentioned in section 1.8 all proposed workspace initiatives are closely aligned to London's Recovery plan.

4.2 These initiatives are also aligned to London Plan policies E1 to E3 concerning office floorspace and use classes. The London Plan commits to improving the quality and flexibility of office floorspace and the need to protect business space for different sized enterprises.

- 4.3 Policy E3 concerns the need to secure affordable workspace at below market rents, in light of local evidence of need and viability.
- 4.4 These initiatives are designed in close collaboration with the GLA's Culture and Creative Industries unit to ensure research, support and case studies include creative flexible workspaces.

Risk assessment

Risk description	Likelihood (Low, medium, high)	Impact (Low, medium, high)	Mitigation
Difficulty in appointing the correct organisation for tenders (i.e. the flexible workspace map, case studies).	Low	Medium	Approach a range of companies with different skill sets and experience with a view to inviting them to tender.
Shortage of affordable workspaces operators participating in the business-support initiative.	Low	Medium	Good promotion of the project via different channels, networks and Local Authorities.
Delays in launching some or all the project tenders.	Low	Low	GLA officers to develop robust project plans and to maintain strict deadlines.

- 4.5 The WAG code of conduct requires members to declare any interest that them, family members or close friends have on items discussed by the group. This interest is to be declared to GLA officers who will inform the LEAP Secretariat. Secretariat officers will subsequently provide advice as to actions that you should be taken to remove any conflict.
- 4.6 Declaration of interest is a standing item at each WAG meeting.

5. Financial comments

- 5.1 Following the Mayor's Workspace Advisory Group recommendations £200,000 is required for business support activities for micro-, small- and medium-sized businesses using or running workspace facilities in London.
- 5.2 This will be funded from underspends identified within the 2021-22 Enterprise team budget (LEAP Core Fund) which has subsequently been carried over to 2022-23.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the Authority's general powers and fall within the Authority's statutory power to do such

things considered to further or which are facilitative of, conducive or incidental to the promotion of social development within Greater London and 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
- consult with appropriate bodies.

- 6.2 In taking the decisions requested, the Mayor 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 between persons who share a relevant protected characteristic (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) 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 (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3 To the extent that the requested £200,000 budget be used to procure services or provide funding, the officers are reminded to ensure that they comply with the requirements of the Contracts and Funding Code. Furthermore, the officers must ensure that an appropriate contract or funding agreement be put in place between the Authority and the contractor/funding recipient prior to the commencement of the services or the activities the subject of the funding.

7. Planned delivery approach and next steps

Activity	Timeline
Launch tender to commission a pamphlet that will identify good, practical case studies of affordable workspaces in London's High Street	September 2022
Commence delivery of the case study pamphlet	October 2022
Commission research on ethnic diversity in the workspace sector	September 2022
Launch a tender to commission a company that will update the workspace map every six months for a period of 18 months	September 2022
Commence the regular updates of the workspace map	November 2022
Launch a tender to commission a project that will provide free support, guidance and advice to operators of affordable workspace	October 2022
Commence delivery of project providing support to workspace operators	January 2023

Appendices and supporting papers:

1. Appendix 1 - Affordability workspace crisis report
2. Appendix 2 - Criteria for the Accreditation project

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? NO

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:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Rajesh Agrawal has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 22 August 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gove

Date: 20/9/22

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date 26/9/22