

**CEO DECISION – CD187**

**Title: Affordable Workspace Delivery Plan**

**Executive summary**

This decision requests approval from the Chief Executive Officer to procure consultancy support to develop the Affordable Workspace Delivery Plan (Delivery Plan). The Delivery Plan will set out a range of short and long-term interventions to enable and accelerate the delivery of new affordable workspace. This commission will support the development of a detailed business case for three delivery options identified through previous studies (DD120 WhatWorks Park Royal).

**Decision**

That the Chief Executive Officer approves:

- i. expenditure of up to £75,000 to procure consultants to develop the Affordable Workspace Delivery Plan
- ii. Cumulative expenditure on the project inclusive of previous approvals totals £125,000

**Chief Executive Officer**

I declare that I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC's priorities and has my approval.

**Signature:**



**Date:** 21/09/2022

## PART 1: NON-CONFIDENTIAL FACTS AND ADVICE

### 1. Background and context

- 1.1 The OPDC area currently hosts 14 affordable workspaces. This includes a significant number of managed artist studios / creative workspace, many of which have arrived in the area in the past two to three years. As with affordable workspace across London, there is evidence of substantial demand. The majority of these spaces are fully let with vacant spaces often re-let in a matter of hours. Many local operators have substantial waiting lists for space.
- 1.2 Park Royal's success as London's premier industrial location has put greater pressure on both affordable and low-cost/threshold workspace. Prime industrial rents are as high as £28 per square feet (an asking price that has more than doubled in the past year). Average land values in the area have surged to over £10m per acre (compared to the London average of £7.1m per acre), driven by demand for large industrial space. Vacancy rates are often as low as 2% to 3%. In addition, industrial-led redevelopment has focussed on high footprint, high-value uses such as logistics and data centres, often redeveloping sites that previously provided affordable or low-threshold workspace.
- 1.3 If these challenges around affordability are not addressed the area will become unaffordable to start-ups, SMEs and many other organisations. This presents three key risks to the OPDC:
  - **Reduced opportunity** – affordable business space is a vital infrastructure to allow businesses to test their ideas, start-up and grow. Without an adequate supply of affordable space there are fewer opportunities for those from disadvantaged backgrounds to start-up their own business, as well as charities, social enterprises and others to deliver vital local services.
  - **Undermines an important business ecosystem** – the wide range of start-ups, SMEs and small organisations often support many of the successful and established industrial uses in Park Royal, for example film and television industries are dependent on a network of local freelancers, artists and other supply chain businesses.
  - **Loss of vitality** – smaller independent businesses are a crucial part of the character of the area. This is particularly true in areas such as Old Park Royal with its mix of artists, creative fabricators, and minority-ethnic owned businesses. This character is now regularly cited by larger businesses and investors as part of the draw of locating in the area (e.g. Garden Studios, Imperial and City and Docklands investing in the Park Royal Design District). Losing the small business base that has made Park Royal so successful would make the OPDC area less attractive to investors in the long run.
- 1.4 In response to these challenges, the OPDC Local Plan also sets out a clear ambition to create substantial new affordable workspace within Park Royal and Old Oak (POLICY E3: Supporting Small Businesses and Start Ups). The policy sets clear aspirations for creating a range of different space types, catering to different sectors, and to different business sizes. In addition, the OPDC Planning Policy team are in the process of formalising policy guidance as part of a Planning

Obligations Supplementary Planning Guidance to direct the delivery of affordable workspace through the planning system. These include a number of size, affordability and time thresholds for affordable workspace policy. These will likely include different thresholds for different development types (e.g. mixed-use, office, and industrial – see figure 03 in the appendices). In the event that a developer cannot meet these thresholds the OPDC would look to negotiate an off-site contribution.

- 1.5 As well as utilising planning policy levers, there are a growing number of examples of local authorities taking a proactive approach to utilising their own assets to deliver affordable workspace (e.g. London Borough (LB) Lambeth – International House, LB Barking – Roycroft House) as well actively acquiring new property. This includes purchasing redundant assets to convert them into substantial affordable workspace (e.g. LB Sutton – Sutton Works, LB Enfield – Building Bloqs) and negotiating head leases on affordable space secured through the planning process (e.g. LB Islington – Better Space, White Collar Factory and 160 Old Street).
- 1.6 In 2019 OPDC and the Park Royal Business Group jointly commissioned the #whatworks Study (2019) which explored opportunities for OPDC to take a similar interventionist approach towards affordable workspace delivery. This produced the following recommendations:
  - develop a clear Park Royal (or OPDC) workspace strategy to set a strong framework for the curation and coordination of supply of space. This would be underpinned by active intelligence on evolving demand and supply across the area
  - where needed, develop new workspace networks and brokerage activities to help counteract market inefficiencies, and to help ensure businesses know where they can access space to either start or move on locally
  - explore opportunities for more direct intervention to stimulate supply of smaller spaces for start-up, innovation and acceleration.
- 1.7 The study went on to explore different options for the delivery of all four recommendations. This included longer-term opportunities around the creation of different types of delivery vehicle to manage existing public assets for the purpose of workspace as well as seeking to actively acquire new assets. The study also identified more immediate interventions including a workspace grant / loan fund, targeted business support, a favourable business rates regime to support affordable workspace and a landowner / workspace provider network.

## **2. The proposal and how it will be delivered**

- 2.1 In response to the recommendations in the #whatworks study, OPDC are seeking consultancy support to prepare an Affordable Workspace Delivery Plan (“Delivery Plan”) to be commissioned via an open tender. This commission will;
  - establish a crosscutting Affordable Workspace framework including social and economic Key Performance Indicators (KPI)

- support the development of a detailed business case for three delivery options identified through previous studies, and agreed by Senior Management Team (16 August 2022). These include:
  - an OPDC workspace provider and landowner network loan and grant funding opportunities for new or intensified affordable workspace, as well as business occupiers
  - a delivery vehicle to manage existing publicly owned property, as well as acquiring new property, for the purpose of delivering meanwhile and permanent affordable workspace.

- 2.2 OPDC has already developed planning policies and further supplementary planning guidance in relation to affordable workspace. Therefore, we are excluding the development of any new planning policies from the scope of this commission.
- 2.3 The appointed consultant team will help frame the strategic priorities for the Affordable Workspace Delivery Plan and to deliver a detailed business case for the three options, which will include identifying suitable funding sources where required. The Delivery Plan priorities will build on the set out by the Local Plan and the Regeneration and Economic Development priorities to establish a cross-cutting set of Affordable Workspace delivery priorities.
- 2.4 In addition, the team will support OPDC to run further external consultation, and to assist OPDC officers through subsequent decision-making processes to secure funding. The brief clearly sets out which tasks are expected to be delivered by the consultants and which will be delivered by OPDC.
- 2.5 OPDC officers will be responsible for writing the final Delivery Plan. However, the appointed consultant team will produce a final report at the end of the commission. Content from this report will be provided in a format that can be easily pulled across into the published Delivery Plan.
- 2.6 The final Delivery Plan will set out a framework that will help to frame the delivery plan priorities. The framework will provide a consistent set of priorities and metrics which will inform delivery decisions. This framework will cover:
- OPDC's affordable workspace objectives and principles
  - priority workspace types
  - a clear methodology for benchmarking affordability; and
  - a framework of KPIs for measuring the socio-economic value of affordable workspace projects
- 2.7 The framework will be informed by the evidence and findings from previous studies as well as data from the proposed commission. The framework will build on the priorities and KPIs set out by the Local Plan, the Supplementary Planning Guidance on affordable workspace and the Regeneration and Economic Development priorities to establish a cross-cutting set of delivery priorities.
- 2.8 The Delivery Plan will also set out the practical steps OPDC will take to enable the delivery of genuinely affordable workspace. These steps will be further developed and tested by the consultant commission. The Delivery Plan will present a range of

short and longer-term interventions. We will work with the Senior Management Team and other key stakeholders, including the boroughs, the GLA, business and community groups, to strike an appropriate balance between opportunistic short-term interventions and longer-term strategic interventions.

- 2.9 We have benchmarked our estimated costs against previous comparable studies undertaken by the GLA and OPDC, including the OPDC's WhatWork's Study 2019 (£50,000), GLA's Market Demand for Science & Technology Workspace study 2015 (£52,000), GLA's Productive Valley study 2018 (£45,000) and Royal Docks Place & Workspace commission 2019 (£100,000). These commissions were of similar scope requiring consultant support to develop a business case for comparable affordable workspace support programmes as well as mapping workspace supply and demand.

### 3. Objectives and expected outcomes

3.1

| Objective   | Outcomes  |
|---|---|
| A. Publish an Affordable Workspace Delivery Plan / Establish a cross cutting framework of Affordable Workspace priorities and KPIs. | <p>Provides a consistent framework of detailed delivery priorities and KPIs with which to assess the value for money and strategic fit of workspace projects</p> <p>Provides a framework with which to apply for additional external funding</p> <p>Provides a comprehensive delivery framework to guide OPDC's investment decisions on the ground</p> <p>Clearly articulates OPDC's delivery aspiration to external parties</p>  |
| B. Establish the business case for an Affordable Workspace Group  | <p>Work proactively with developers, landowners and agents to map the pipeline of spaces coming forward, thereby minimising risk of oversupply within specific time periods and neighbourhoods (Local Plan Policy E3)</p> <p>Encourage the adoption of emerging best practice amongst landowners, developers and workspace operators (Local Plan Policy E3)</p> <p>Encourage the provision of spaces and programmes that align with OPDC priorities (Local Plan Policy E5)</p> <p>Explore arrangements could be developed to share risk with developers on the delivery of subsidised spaces for start-ups and target sectors (Local Plan Policy E3 and E5)</p> |
| C. Establish the business case for an Affordable Workspace and Business Loan fund   | <p>Supports the creation of high quality, London Living Wage jobs in target sectors (Local Plan Policy E5)</p> <p>Supports the creation of new intensified industrial floorspace (Local Plan Policy E1)</p>   |

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Supports the creation of genuinely affordable workspace (Local Plan Policy E3)

Support the retrofit of buildings to be more energy efficient and deliver on OPDC's climate goals (Local Plan Policy EU9)

Support the adoption of local procurement requirements amongst businesses and workspace providers (Local Plan Policy E5 and EU7)

Opportunity to deliver outputs in the short to medium term

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E. Establish the business case for an Affordable Workspace Delivery Vehicle

Supports the creation of high quality, London Living Wage jobs in target sectors (Local Plan Policy E5)

Supports the creation of new intensified industrial floorspace (Local Plan Policy E1)

Supports the creation of genuinely affordable workspace (Local Plan Policy E3)

Support the adoption of local procurement requirements amongst businesses and workspace providers (Local Plan Policy E5 and EU7)

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#### 4. Strategic fit

- 4.1 The Affordable Workspace Delivery will unlock the delivery of more genuinely affordable workspace, new high quality jobs, as well as intensified industrial floorspace within the OPDC area. This delivers on the clear objectives set out in the Local Plan to deliver additional affordable workspace (Policy E3) as well as to “protect, strengthen and intensify land within the designated SIL boundary” (Policy E1). The programme has the potential to make a significant contribution to OPDC's target of creating 35,000 new jobs by 2038.
- 4.2 The interventions within the delivery plan, underpinned by a consistent framework and KPIs, will require workspace operators to provide subsidised space and outreach programmes for target sectors and SMEs (Policy E1), groups facing multiple disadvantages (Policy SP4), deliver environmental improvements and improve the efficiency of existing buildings (Policies EU2 and EU9), as well as local procurement requirements (Policy E5). OPDC will also use its convening and influencing powers to encourage other landowners and workspace providers in the area to adopt similar good practice.
- 4.3 In March 2022 the OPDC agreed the Regeneration and Economic Development (RED) strategic principles. These include:
- deliver an adequate supply of the right type of workspace for businesses to start-up, grow, move-on and thrive.

- work with our existing business base and strengths - food manufacturing, creative industries, film and media, and logistics – and support existing businesses to adapt to the challenges of climate change and be more resilient.
- support the adoption of better pay and the Mayor’s ‘Good Work Standard’.
- ensure that the right employment, training and skills offer is in place.

4.4 The Affordable Workspace Delivery Plan is an important step in delivering against these principles. The Affordable Delivery Plan framework will build on the RED KPIs already agreed by OPDC Board and ensure they are specific to the opportunities in the Delivery Plan.

## 5. Project governance and assurance

5.1 The project will be managed by OPDC’s Head of Regeneration and Economic Development, assisted by a Project Support Officer. They will manage the contract with the consultant and have regular project review meetings, as well as arranging regular updates to the RED Programme Board.

5.2 The client group will include officers OPDC from OPDC Planning and Delivery.

### *Risks and issues*

| Risk description   | Inherent Score                                | Mitigations   | Target Score                                  |
|--|---|---|---|
| OPDC unable to secure sufficient resources to deliver the interventions set out in the Delivery Plan | Likelihood: [3]<br>Impact: [5]<br>Total: [15] | Brief clearly sets out a range of interventions with diverse potential funding sources to minimise risk.  | Likelihood: [2]<br>Impact: [5]<br>Total: [10] |
| Consultant commission recommends projects or approach that OPDC does not wish to pursue              | Likelihood: [2]<br>Impact: [3]<br>Total: [6]  | Commission will be carefully managed with regular meetings. OPDC officers will also author the final Delivery Plan to ensure this reflects OPDC and stakeholder views | Likelihood: [1]<br>Impact: [3]<br>Total: [3]  |
| Consultant team is uncoordinated due to the multi-disciplinary skill sets required                   | Likelihood: [2]<br>Impact: [4]<br>Total: [8]  | Brief requires the project to identify a lead consultant who will be responsible for managing the consultant team.  | Likelihood: [1]<br>Impact: [3]<br>Total: [3]  |
| Lack of stakeholder buy-in for the proposed interventions  | Likelihood: [3]<br>Impact: [4]<br>Total: [12] | OPDC with the consultant team will engage with a wide range of stakeholders to test ideas during development  | Likelihood: [2]<br>Impact: [3]<br>Total: [6]  |

## **6. Equality comments**

- 6.1 OPDC must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to the need to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.<sup>1</sup> No adverse impacts on people with protected characteristics are expected.
- 6.2 Affordable workspaces are employment space where rents are maintained below the market rate for a specific social, cultural or economic development purpose. They provide a diverse range of workspaces that are accessible to start-ups and specific sectors that have social or cultural value, including charities or social enterprises, artists' studios and designer-maker spaces, disadvantaged groups starting up in any sector, as well as the provision of educational outcomes through connections to schools, colleges or higher education, and supporting start-up businesses or regeneration.
- 6.3 The Affordable Workspace Delivery Plan provides an opportunity to increase the provision of space providing for groups with protected characteristics and to actively tackle systemic inequalities through the provision of subsidised spaces, as well as targeted outreach and education programmes.
- 6.4 The Delivery Plan also provides an opportunity to develop a more consistent framework that ensures affordable workspace is provided to those with the greatest needs, including groups with protected characteristics. Monitoring impact is a recurring issue for the affordable workspace sector with many providers failing to properly monitor how their spaces are benefiting groups with protected characteristics. OPDC will put in place KPIs and other metrics that ensure that workspace providers are required to actively monitor the diversity of their tenant base, as well as the impact of any programmes they run.

## **7. Other considerations**

### *Communications and engagement*

- 7.1 OPDC's Engagement Team will provide support for any engagement with stakeholders in the wider OPDC area through online and in-person consultation, as well as other bespoke outreach opportunities.

### *Sustainability*

- 7.2 The initiative is an opportunity to demonstrate OPDC's commitment to environmental sustainability and promote environmentally sound and innovative green space management and maintenance approaches. We will ensure that the framework and associated KPIs reflect OPDC's sustainability and environmental

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The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status. Fulfilling this duty involves having due regard to: the need to remove or minimise any disadvantage suffered by those who share a protected characteristic or one that is connected to that characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low. Compliance with the Equality Act may involve treating people with a protected characteristic more favourably than those without the characteristic. The duty must be exercised with an open mind and at the time a Decision is taken in the exercise of the OPDC's functions.



policies and standards and set clear targets in close consultation with OPDC's sustainability officer.

#### *Data protection*

- 7.3 The appointed consultant will need to demonstrate they are capable of managing personal data of the people they engage with in compliance with GDPR policies.

### **8. Conflicts of interest**

- 8.1 No one involved in the preparation or clearance of this Form, or its substantive proposal, has any conflict of interest.

### **9. Financial comments**

- 9.1 Expenditure of up to £75,000 to be funded from the 2022/23 Regeneration and Economic Development (RED) programme budget. Cumulative expenditure on the project, including expenditure of £50,000 approved in DD120 WhatWorks Park Royal, totals £125,000.

### **10. Legal comments**

- 10.1 The foregoing sections of this report indicate that the decisions requested of the Chief Executive Officer concern the exercise of the OPDC's general powers, falling within the OPDC's statutory powers to do such things considered to further or that are facilitative of, or conducive or incidental to, the promotion of economic development and wealth creation, social development or improvement of the environment, in Greater London.
- 10.2 In implementing the proposals in respect of which a decision is sought, officers should comply with the OPDC'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.
- 10.3 In taking the decisions requested, as noted in section 6 above, the Chief Executive Officer must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sex, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment) and persons who do not share it; and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Chief Executive Officer should have particular regard to section 6 (above) of this report.

10.4 Section 1 of this report indicates that part of the sought budget will amount to the provision of grant funding, and not payment for services. Officers must ensure that the funding is distributed fairly; transparently; in accordance with the OPDC's equality policy and subsidy control rules; and in a manner that affords value for money in accordance with the OPDC Contracts and Funding Code. Officers must ensure that an appropriate funding agreement is put in place and executed by the OPDC and the recipient before any commitment to funding is made.

## 11. Summary timeline

| Activity   | Date                          |
|--|-------------------------------|
| Open procurement active                          | September 2022                |
| Procurement closes                               | October 2022                  |
| Consultant appointed                             | October/November 2022         |
| Task A complete                                  | November 2022                 |
| Task B-D   | November 2022 – February 2023 |
| Final consultant report produced                 | March 2023                    |
| Draft Workspace Delivery Plan presented to Board | March 2023                    |
| Final delivery plan published                    | June 2023                     |

## Appendices

- None

## Other supporting papers

- [Affordable Workspace Study \(2022\)](#)

### **PUBLIC ACCESS TO INFORMATION**

Information in this Form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA). OPDC aims to publish the Form within three working day of approval.

If immediate publication risks compromising the implementation of the Decision (for example, impacting a procurement process), it can be deferred until a specific date (when it will be published). Deferral periods are kept to the shortest length strictly necessary.

#### **Part 1 – Deferral**

Publication of this Part 1 is to be deferred: Yes

The deferral is until: 31 October 2022

This is because: Not revealing the budget ahead of procurement

## Part 2 – Confidential information

Only the facts or advice that would be exempt from disclosure under FOIA should be included in or attached to any separate Part 2 Form, together with the rationale for withholding the information at this time.

There is a separate and confidential Part 2 Form: **No**

## DECLARATIONS

**Drafting officer:** Alex Marsh has drafted this Form in accordance with OPDC procedures, including for handling conflicts of interests, and confirm that:



**Advice:** The Finance and Legal teams have commented on the proposal.

## CONFIRMATIONS

**Section 106 funding:** N/A

**SMT review:** This Decision was circulated to the **Senior Management Team** for review on Tuesday 13<sup>th</sup> September 2022.

### Chief Finance Officer

Financial and legal implications have been appropriately considered in the preparation of this Form.

**Signature:** 

**Date:** 20 September 2022

### Director of Projects

I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC's priorities and can be referred to the CEO for final approval.

**Signature:** 

**Date:** 16<sup>th</sup> September 2022