



WORKSPACE THAT WORKS

Report

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**FUTURE OF
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Future of London is an independent not-for-profit urban policy network focused on the challenges facing regeneration, housing, infrastructure and economic development practitioners in the capital. We are a borough-led membership organisation with a number of external partners, which provides top career development, expert-led policy research, and topical networking and speaker-led events.



INTRODUCTION

Throughout 2016, Future of London worked with our practitioner network to share insight and guidance on the evolving relationship between small-business workspace and regeneration. That relationship is a priority for local authorities: workspace is under threat from higher-value residential use, and planning changes introduced in 2015 have accelerated the loss of office and industrial space.

At the same time, small and medium enterprises, or SMEs, can help support economic development, community engagement and physical regeneration. Small and micro businesses with fewer than 50 employees make up 99% of all London businesses and account for 41% of employment, for a huge collective impact. SMEs provide sustainable employment, offer more community links, are a natural fit for mixed-use development, enliven neighbourhoods and offset budget cuts with business rates.

It's clear that to take advantage of those benefits, local authorities should do all they can to support SME workspaces, which face spiralling rents and walloping rates hikes across much of the capital.

That being said, businesses are often reluctant to engage with a public sector they see as risk-averse, slow to act and bureaucratic. Supporting workspace – whose physical and planning components make it a logical public-private hybrid – offers an avenue to build trust, a sustainable local economy and a mutually reinforcing relationship.

On top of the core activity of hosting businesses, we found ample regeneration benefits linked to workspace: it can activate unused spaces, provide borough rental income, offer training, test ideas and bring cultural or leisure activity. But while all of these outcomes can be linked to workspace, no one workspace can deliver them all.

This report, in distilling Future of London's popular programme of seminars, visits, workshops, networking events – and supplemented by key interviews – showcases best practice in linking workspace provision to regeneration, and highlights issues local authorities should be aware of when planning workspace projects.

This programme is not meant to stand alone. The Greater London Authority and Local Enterprise Partnership for London recognise the importance of workspace to the capital's economy and are funding initiatives and workspaces themselves. The GLA, local authorities and Fol's sister policy organisations have also published research on trends and best practice in design, sector focus and more, the best of which we captured in our Nov 2016 research forum. You'll find those and further resources at the end of this report.

EXECUTIVE SUMMARY

Over the last 12 months, Future of London's Workspace that Works programme has gathered insight and best practice on SME workspace provision from operators, property professionals and planning, regeneration and economic development officers.

They all agreed that, when it responds to local economic and social conditions, workspace can have a positive impact on regeneration. They also said the public sector has an important role to play in defining priorities and ensuring that the right types of workspace are delivered.

Through visits and interviews, we heard from a wide range of workspace providers with differing offers, from subsidised to commercial providers, central- and outer-London workspaces, and desk-based workspace to studios, maker spaces, laboratories and kitchens. This diversity is flexible workspace's strength, and for local authorities it gives the possibility of working with operators to provide space that is responsive to an area's economic and social needs.

Affordability came up regularly as an issue, with pressure from housing development driving up rents. Participants noted that while rent affordability is a headline issue, interventions such as business rates relief, sharing management overheads and allowing flexibility in contracts can have as much of an impact on SME costs as rent. With affordable space in short supply, it's important to have clear and fair mechanisms to choose who can benefit from it.

Flexible workspace is often linked to **start-up businesses**, but spaces catering only to start-ups are rare: more common is a mix of start-ups and established businesses. Those targeting only start-ups tend to have a focus on business support and development, linked to fixed timescales after which tenants are encouraged to make space for new beneficiaries. To provide effective help to SMEs, detailed knowledge of an area's economy and of the flexible workspace sector is essential. Local authorities are strong on the former but weaker on the latter, and are well-served by partnering with experienced

workspace providers who can bring a commercial focus, private- and/or third-sector connections and a different perspective.

Temporary or **meanwhile workspace** is widely used as a way to bring life to land awaiting development, but can present difficulties for operators: on the one hand, they are able to access land or buildings at low cost; on the other, many are wary of taking spaces on short contracts as it is difficult to earn back money invested in fit-out, especially if affordability is a priority. Meanwhile workspace rarely offers clear options for tenants when their time is up, something operators, councils and developers could work to improve.

Increasingly, councils are using their own land and property for workspace, both meanwhile and permanent. **Council-owned workspace** allows authorities to generate revenue from underused assets and link employment space to social outcomes such as business support, training and public events. Offering flexible workspace, usually through a third-party operator, also allows authorities to build a relationship with both operators and SME tenants, who can be wary of interacting with councils.

While flexible workspace is concentrated in central London, spaces beyond Zone 2 are expanding. Lower costs and larger spaces make **outer London** attractive to workspace operators and tenants, while reducing commuting is a strong selling point. Outer London spaces still face a challenge getting on the radar when compared to more glamorous central London locations, but town centres with good transport provide the right ingredients.

Among the regeneration impacts cited by participants were:

- Providing the conditions for small businesses to grow (flexibility, affordability, networking)
- Providing opportunities for learning, work experience and apprenticeships
- Providing business support, both formal and informal
- Providing space for charities and social enterprises
- Bringing activity to underused buildings or high streets, or to sites awaiting development
- Supporting economic sectors which are underserved by the property market
- Working with local institutions (colleges, universities, major employers) to provide pathways for employment or developing businesses

London's industrial space is being lost at a rapid pace, and what is left is subject to rising prices. Part of the answer is industrial densification, and **industrial, artist and maker spaces** offer a model for this. Industrial, maker space and studio operators we spoke to had long waiting lists, indicating strong unmet demand, and examples show that it's possible to integrate light industrial uses into residential areas. However, engaging with operators on space design at an early stage is important to keep costs down.

Workspace targeting sectors with specialised requirements has the potential to reduce costs for tenants significantly. Sector-specific workspace which provides flexible access to resources such as kitchens or laboratories is more expensive to run than office-based spaces, but can give tenants access to specialist equipment, advice and networks.

Local authorities (as well as the GLA, development corporations and other public bodies) can play

a vital role in supporting workspace that will benefit communities and local economies. They can:

- Protect existing employment and industrial land through planning policy
- Identify areas of need in the local economy (skills, types of space, services)
- Develop guidelines on how best to support particular sectors or types of business
- Work with developers to ensure new space is suitable
- Encourage a variety of workspace types and sizes, to ensure growing businesses have space to move to
- Help operators measure their social impact
- Invest in facilities and services linked to social outcomes
- Use their own land and buildings to house workspace

Future of London's Workspace that Works visits, workshops and networking events showed a strong desire among the sector to bolster the regeneration aspect of workspace provision. We will continue to support public-sector practitioners and their partners to make the most of SME workspace for the benefit of tenants and wider communities; check www.futureoflondon.org.uk for updates.

BACKGROUND

Workspace targeting small businesses has always existed, and serviced offices have been a persistent and growing feature of the London property market over recent decades.¹ Since the 2008 recession, though, there has been an explosion of SME workspace in less traditional forms, such as co-working, incubator and maker space. Workspace that Works focuses on these latter types.

With the growth of outsourcing and freelancing and a constant flow of start-ups, there is now huge demand for small business workspace. This market shift has come alongside a change in what people expect of a workplace: leisure, culture, flexibility and community.² Even large corporations are getting in on the act, redesigning traditional offices to act and feel more like co-working spaces.³

Despite this demand, SME workspace is under threat in the capital. The London Plan seeks to accommodate the capital's population growth within GLA boundaries, through densification and redevelopment of brownfield land, much of which has existing (albeit low-density) employment use. Redevelopment can mean loss of floorspace and higher rents for what remains.

Planning changes introduced in 2013 made it easier to convert office space into housing, while industrial space is being appropriated at approximately three times the rate anticipated by the GLA, despite high demand and low vacancy.⁴ With residential land values significantly higher than for commercial uses, and with political pressure to build more homes, there are strong incentives to replace workspace with housing.

Many councils have introduced Article 4 directions to protect employment areas from permitted development, but isolated sites are still vulnerable and almost 9m sqft office space (1m sqft of it fully occupied) has already been lost.⁵

The GLA has been supporting SME workspace provision at a London-wide level. Regeneration funding has been used to support projects under the theme "Places of Work", accompanied by research and guidance documents to inform bids. Mayor Sadiq Khan's 2016 election manifesto included a commitment to supporting workspace for the creative industries and establishment of Creative Enterprise Zones; the GLA is currently researching how the zones will work in practice.

At borough level, councils are adapting policy to better protect workspace, especially flexible and affordable options suitable for small businesses. Planning policies can secure re-provision of employment floorspace in mixed-use redevelopment, and authorities are developing detailed guidance to make sure the final product is fit for purpose (for example, through design guidelines, recommended partners and/or affordability criteria).

Councils are also providing workspace on their own property, often linked to regeneration goals such as helping people find jobs or engaging with the local community.

The market for flexible workspace in London continues to grow. Recent reports have estimated that London has averaged 900,000 sqft of new flexible workspace in each of the five years since 2012, 8% of all new office space.⁶

Strong demand combined with an increasingly innovative approach to the form workspace can take mean that there are a multitude of options for linking workspace to regeneration. The case studies that follow highlight the range of possible interventions and regeneration impacts.

AFFORDABLE WORKSPACE

For workspace as with housing, affordability is a major concern and local authorities and business leaders alike are keen to see affordable space retained or re-provided. But affordability is a slippery term: different models address it in different ways. Further, how can limited affordable space be fairly allocated?

Many local authorities and charitable providers are wary of offering space to end users for free or at significantly below-market rates, as this can disincentivise companies from developing viable business models. In interviews, operators and council officers felt that any subsidy should be reduced over time so businesses are eventually ready to pay market rents, either staying in the facility and subsidising others, or leaving and making space for new businesses. However, they

acknowledged that an increasing disparity between affordable and market rates could make this step difficult for small businesses.

Other providers linked subsidy to certain behaviours and outputs. For example, users of Camden Collective's free space (p. 9) must take part in regular reviews and contribute time to improving the space or sharing skills.

Where no explicit subsidy is provided, flexible workspace can still end up reducing costs for small businesses. As well as rents, costs include deposits, long leases, administrative costs, inflexible contracts (e.g. the cost of up- or down-sizing), services and utilities, and business rates. One office space provider estimated that for his clients, rent accounted for 4–7% of turnover; evidence elsewhere indicates that businesses are willing to pay more per square foot for

shared workspace if this reduces risk or costs elsewhere.

Sectors with high levels of self-employment or low growth may be more sensitive to affordability; the vulnerability of artist workspace, for one, came up regularly in interviews. Increasingly, local authorities are specifying how affordable workspace should be provided in planning policy and Section 106 agreements. Examples include the London Legacy Development Corporation specifying the price per sqft to end users; LB Hackney's requirement that new workspace developments over 10,000 sqft provide 10% affordable workspace; and LB Islington's suggestion that affordable workspace should be inclusive of management costs, offer short leases and charge per desk rather than per sqft.

Bootstrap company

Bootstrap Company is a registered charity with aims of supporting businesses which can demonstrate a social impact and helping young people start businesses. It was established in 1977 and moved to Ashwin Street, Dalston, in 1980. Over time it has expanded and now occupies 60,000 sqft across three buildings in the Ashwin Street area. Bootstrap provides a mixture of desks, studios and offices on leases ranging from two weeks to several years. Currently it has 145 tenants providing 736 jobs, largely in the creative industries.

With limited space to continue expanding, Bootstrap has sought to use dead spaces around its buildings: the roof hosts a bar and event space, a WW2 bunker is a performance space and a former carpark is now a communal space for tenants and houses a bakery and

a brewer in refurbished shipping containers. These uses contribute to Bootstrap's running costs and charitable fund.

The organisation's charitable aims include helping local residents and students access work placements and training. Bootstrap works with housing association Peabody and charity Peter Cruddas Foundation to run Enterprise Bootcamp, which gives young people the chance to develop business plans, receive mentoring, gain qualifications and access funding.

As a charity, Bootstrap is eligible for business rates relief, and its surplus is channelled into a fund which subsidises rents for tenants whose social impact aligns with Bootstrap's charitable objectives. An independent auditor measures Bootstrap's social impact.



© Bootstrap Company

Facing steep rent increases following a 25-year lease renewal, Bootstrap's management stressed that planning ahead and building contingency plans are essential for shared workspaces, many of whose tenants get used to the 'false subsidy' of a leaseholder contract negotiated under very different circumstances.

Studiomakers

Studiomakers was launched in 2016 in response to the GLA's 2014 report Artists' Workspace in London, which said that a third of artist studios are under threat resulting in artists and creatives leaving London for other cities in the UK and abroad.

The Studiomakers initiative looks to secure long-term affordable workspace for the arts sector by transferring property into a Creative Land Trust (similar to how Community Land Trusts work). Money and assets will be raised from public and private donations, to ensure properties will be held in perpetuity for artistic uses at affordable rents. The definition of affordability follows from GLA research which found that rents should be in the range of £7 to £25 per sqft for the end user.⁷ In 2017, the initiative seeks to raise sufficient funds to support the purchase of assets for the trust.

Studiomakers is led by Outset Contemporary Art Fund, an independent philanthropic fundraising body that supports the production of art, and has partnered with the GLA (which has provided



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has provided part-funding to evaluate the feasibility for the Creative Land Trust), workspace providers, arts promoters, architects and Create, an agency which commissions projects that link artists and communities and provide employment support to young people.

The initiative also works with developers to secure space in new developments. In Clerkenwell, Studiomakers has partnered with

developer General Projects and studio operator Arebyte in a meanwhile space to host 35 artist studios, two galleries and desk space hire. The venture looks to take on affordable workspace negotiated through planning once the development is complete, to ensure that the new space is designed and built appropriately for use as affordable artist workspace.

Impact Hub Brixton

Impact Hub Brixton is a Community Interest Company launched in 2014 to provide small business workspace in Brixton. The company was originally based in Lambeth Town Hall but moved to Pop Brixton (p. 13) in 2015 when the town hall closed for refurbishment. The hub is part of a network of 90 Impact Hubs around the world; there are also Impact Hubs in Islington, King's Cross and Westminster and the Brixton Hub shares staff with IH Islington to keep costs down.

Impact Hub Brixton provides co-working space to early-stage businesses and those focused on social impact. Lambeth Council

initially provided space at the town hall in return for social impact outputs and a profit-sharing agreement. Its 2,400 sqft space in Pop Brixton was initially underwritten by the GLA's High Street Fund, but since mid-2016, Hub has been independent of public-sector support and rents space from Pop Brixton at market rates.

The hub is run on a membership model, with access varying by membership level – members can start with a few hours a month and upgrade as necessary. Membership packages range from £60/month for 30 hours' access to £250/month for unlimited access.

Impact Hub also offers free space one night a week to start-ups who can't afford membership but would benefit from access to the diverse charities and social enterprises using the space. Joost Beunderman, Director of Impact Hub Brixton, stressed the value of community within a workspace and the informal learning and collaboration that come from sharing space; an internal survey reported that half of Hub's members had given advice or feedback to another member, while 43% of respondents said they had worked on projects with another member. The same survey found that Hub Brixton's tenants had benefitted 50,000 people in 2015.⁸

Stone Studios

Hackney Wick and Fish Island became popular with artists in the 1990s thanks to low rents and abundant space post-deindustrialisation. The area now has some of the highest densities of artists' workspace in the world, but these are under threat as property values rise as a result of Olympic-led redevelopment. The London Legacy Development Corporation (LLDC) has developed extensive regeneration plans which will see around 4,500 new homes, but is keen to preserve affordable workspace which help

provide the area with its vibrant character.

Redevelopment of a light-industrial complex by architects Pollard Thomas Edwards and developer Groveworld will re-provide existing affordable workspace on the site. The former stone merchants and logistics depot has more recently been used as artists' studios on a short-term lease. As well as 140 new homes, the new development will provide affordable studio space, to be managed by the current operator, Cell Studios. The

studios, ranging 15–450 sqft, will be affordable rates in perpetuity; the maximum rents for end-users are determined by the LLDC, based on a benchmark of existing rates in the area.

LLDC's Supplementary Planning Document for Hackney Wick and Fish Island sets out appropriate types of SME workspace, including studios, maker space and managed workspace and includes design guidance for these typologies.⁹

See also

-  Camden Collective (p.10)
-  Dek (p.15)
-  Acme studios (p.19)

WORKSPACE FOR START-UPS

Although public perception of start-ups is often tech-oriented, technology represents only a fraction of London's diverse start-up scene. This diversity means there is no one-size-fits-all approach to fostering new business growth and success. Different industries – and individual start-ups within the same industries – have different needs in terms of workspace and business support.

Workspace for start-ups tends to target businesses with under five years of trading and potential for growth, with rents increasing as a business establishes itself. Higher rates for established businesses sometimes subsidise lower rates for start-ups. Once a business matures or grows, they are often encouraged to find traditional office space or other flexible workspaces more conducive to the 'scale-up' stage of business.

In interviews, council officers said they were concerned that while workspace catering to micro-businesses with 1–9 employees

is relatively common, once a company grows it can be difficult to find suitable space. This poses a threat to businesses, which are forced to compete for scarce move-on space, and for local authorities, who risk losing investment in start-ups which then move elsewhere when they grow.

Business support is an important feature of start-up workspaces. Common benefits include mentoring, networking events, advice, workshops and introductions to buyers and investors. Workspaces offering the most comprehensive business support often work with third-party specialists, although some said that grant funding for this type of work is becoming harder to come by. Most workspaces also arranged more informal networking and peer-to-peer knowledge-sharing.

Supporting start-ups is attractive since it can spur genuinely new job creation and economic growth. It also offers the possibility of

breathing life into existing sectors and can bring inward investment, as larger businesses are keen to benefit from new ideas and technologies.¹⁰

Some interviewees cautioned focusing exclusively on SMEs: SME failure rates are high (60% of new London businesses don't last five years), and high-growth SMEs may be more likely to create value for investors than the local economy.¹¹ Suggested remedies included mixing start-up and established tenants and targeting smaller growth across a larger number of businesses.

While this section focuses on workspaces for start-ups, it's important to note that many operators are start-ups themselves. It's crucial that they are supported, as their failure can kill a much larger number of fledgling tenant businesses.

Camden Collective at Temperance Hospital

Camden Collective began in 2008 with funding from Camden Town Unlimited BID (CTU) to turn unused retail spaces in Camden town centre into workspaces for local start-ups. With £150,000 from each of CTU and the GLA, in early 2016 Camden Collective set up workspace at the Temperance Hospital, a disused building awaiting demolition for the High Speed 2 rail works around Euston station. Camden Collective refurbished the building to be functional rather than flashy – tenants value a high-speed internet connection more than high-spec design.

Temperance Hospital caters to creative industries from pre-trading to established businesses.



Rents are free for new businesses (comprising around 60% of the 250 tenants) and subsidised for established tenants. To qualify for free space, businesses must be less than six months old, prepare a business plan and undergo

quarterly reviews with Camden Collective. They are also required to volunteer two hours a month by improving Temperance Hospital (e.g. with painting or furnishing) or swapping skills with other tenants.

Camden Collective undertakes robust impact monitoring. As an indication of its success, across the sites it operates, 100 new full-time-equivalent jobs have been created since September 2012; tenants spend £23 on business-related items and £35 on socialising locally each week; and a cost-benefit analysis calculated

£16.7m in local economic benefits from £1.4m of funding. Camden Collective's impact also extends to the public realm by activating an empty building on a main road in a key regeneration area in Camden.

The relationship with CTU is instrumental for Camden Collective. The two organisations share staff to keep costs down. More importantly,

CTU isn't subject to the same operational restrictions as local authorities, such as procurement frameworks, tenant selection criteria, budget cuts, and a more conservative attitude towards risk. For Camden Collective tenants, being part of a space that is not branded as a public sector project adds to the appeal.

Bathtub 2 Boardroom

Bathtub 2 Boardroom (B2B) is a registered charity set up in 2011 to support job creation by early-stage start-ups with affordable workspace and support services. B2B itself began with loans from its trustees which allowed the opening of a site in Bethnal Green in a former chapel. With help from a loan from Trust for London in January 2014 B2B opened a second space, occupying 18,000 sqft at Frederick's Place in the City of London.

B2B tenants come from a wide range of sectors, including tech, fashion, recruitment and food. Dedicated desks or hot-desk spaces are rented monthly. After two years, larger businesses either move to more suitable workspaces or to a stepped rent arrangement, which helps subsidise rent for

new members through bursaries, awarded in collaboration with the Prince's Trust and other charities.

For business support, B2B provides mentoring via a pool of experienced entrepreneurs as well as drop-in surgeries from partners on legal, accounting and intellectual property. They also encourage peer-to-peer learning and help facilitate connections to investors. Social interaction among tenants often leads to business collaborations that can increase a start-up's skills and profile, and the charity hosts monthly public talks by experts.

In May 2016, the Bethnal Green site was closed following a 50% rent rise and B2B took over management of a new purpose-built workspace within Tech City



College in Islington. B2B works with students at the college to improve their understanding of work options, and is piloting ways to integrate work experience, mentoring and other support with B2B tenants.

The Mercers' Livery Company owns the Frederick's Place buildings and gives B2B rent-free space as part of its charitable aims. This is a meanwhile arrangement while the Company refurbishes Frederick's Place.

Cockpit Arts

Cockpit Arts has provided affordable studios for designer-makers since 1986 when it set up its first site in Holborn. In 2003, LB Lewisham sold the freehold of Drake House, a council property on Deptford Creek, to Cockpit Arts – on the condition that it refurbish the 25,000 sqft building for use as studios. The refurbished building provides space for around 70 tenants in 40 studios, some of which are shared to offer tenants greater affordability and flexibility.

Tenant products include jewellery,

ceramics, furniture, musical instruments, toys and textiles. Around 70% of tenants at Deptford are early into their crafting careers and benefit from the most affordable rents, which increase the longer tenants stay; on entering their sixth year, tenants are gently encouraged to find new space. Regardless of tenure, tenants can access business support such as loans, workshops, seminars and coaching.

As a self-sufficient social enterprise, Cockpit Arts generates 10% of its income from fundraising and 90%



from 'social purpose trading', which includes tenant rents, private tours, company days out and consultancy work. Cockpit Arts supports local economic growth through its Creative Careers programme. Operated jointly with the Prince's Trust, the programme

provides space for unemployed young people to start their own craft or design business and access to mentors to help with business growth and marketing. After the pilot year, all 16 participants have successfully maintained their craft businesses.

Cockpit Arts social and economic impact monitoring also shows that not only are tenants at its two sites

increasing profits year-on-year, the loan scheme creates substantial social return on investment: every £1 invested yields £3.36 in social outcomes.

Alongside neighbouring workshops and studios around Deptford Creek, Cockpit Arts has established Deptford as a creative hub. But with this reputation comes inevitable change:

until recently, Cockpit Arts attracted young tenants because of Deptford's affordability; rising costs of living now threaten to push them out. New strategies from LB Lewisham aim to safeguard local creative workspace while using it as a catalyst for regeneration in Creekside and Deptford town centre.



© City Business Library

City Business Library

City Business Library offers business resources, training room hire, seminars and workshops, and workspace to members of the public. Although CBL doesn't target specific stage businesses or industries, the workspace element is mainly used by sole traders and early-stage businesses. Seminars and workshops are delivered for SMEs, often in partnership with

colleges, universities, and business organisations. They're a major draw for CBL, bringing in 68% of its users. CBL also works with other specialist libraries including the British Library and Westminster library.

CBL is fully funded by the City of London and venue hire fees, but is seeking sponsors to support its

transition to a resource hub with a more professional image. This involves new programming plus renovations such as (mobile) phone booths to avoid disrupting library users. CBL is also expanding its online services with a business-support webchat, offering support to people who can't get to the library in person.

See also

- Wimbletech (p.17)
- Makerversity (p.19)
- TMRW (p. 22)

MEANWHILE WORKSPACE

Meanwhile space has seen an explosion since the 2008 financial crisis, when stalled development sites were opened to social enterprises to use for temporary projects. Lasting anywhere from six months to five years, meanwhile spaces have been used for workspace but also retail, leisure, tourism and housing. Over time, they have become more professionalised and are now seen as less risky and are encouraged as part of the development process.

Workspace providers, local authorities and developers have mixed feelings on the benefits and drawbacks of meanwhile space.

For providers, any space they can secure is useful, and meanwhile space is often offered for free or at a discount, provided social outputs are met. However, short timescales can make it difficult to make back money invested in building or refurbishing a space. Most operators are now wary of taking spaces for less than a year.

For local authorities, meanwhile space can animate areas undergoing regeneration and provide a visible sign of progress; however, unless there is an identified pipeline of meanwhile sites or other SME workspace, there is the risk that businesses will be

displaced when development starts. For developers and landowners, the activity on site can provide security, reduce the cost of keeping an empty site, and generate a buzz; however, there's also the risk of negative publicity if locals feel left out or businesses can't find move-on space when development starts.

Despite concerns from workspace operators about the lack of stability, meanwhile projects remain popular. They are also being tied more closely to economic development strategies, with authorities keen to attract uses which they think might have a place in future developments.

Pop Brixton



Pop Brixton is a temporary use project on LB Lambeth-owned land awaiting redevelopment into a major mixed-use scheme. Constructed from shipping containers and opened in 2015, the site was initially secured for three years.

Pop Brixton consists of retail, leisure, office and community uses, including co-working space (Impact

Hub Brixton, see p. 7), offices, studios and an events space. Sixty businesses employ 300 people on the 160,000 sqft site. All traders are independent, and local business are prioritised (70% are from Lambeth, 50% from Brixton).

Units are offered on a tiered rent system, where businesses pay according to their ability and the level of community work they

commit to. All businesses must pledge at least one hour per week to share time and skills to benefit the community; those pledging more can pay lower rents.

Bars at Pop Brixton have profit-sharing agreements with the management company, Make Shift, which in turn has a profit-sharing agreement with the council, and 10% of Pop Brixton's surplus is

invested in a Pop Foundation, which supports community initiatives. Businesses all use Pop Brixton's point-of-sale system, which allows it to monitor business growth and adjust rents accordingly. This data

also strengthens the company's business case – Make Shift currently has 10 other sites in the pipeline. For example, Peckham Levels in LB Southwark will take over a council-owned multi-storey carpark

awaiting redevelopment. As part of the deal, the council will get a share of any profits, and 10% will go to a ring-fenced community investment fund.

Meanwhile Campus

LB Haringey owns significant land in Wood Green, a major employment area in the borough and a target for regeneration. With a long-term regeneration strategy anticipating change over a 20-year period (tied to a proposed Crossrail 2 station), the council is using its assets to stimulate economic activity and link the existing linear high street to its residential hinterland. Haringey will use High Street Fund backing to bring workspace to sites it owns on Station Road, linking Wood Green station to Alexandra Palace. Currently the 6,250 sqft area is used for council offices and car parking and is due for

redevelopment in five years.

At the Wood Green Meanwhile Campus, operator Meanwhile Space CIC will run workshops, a cafe, flexible workspace and eight self-contained studios ranging from 40–65 sqft and £235–760 per month. The initial operator lease is for five years, and after the second year the council can activate a profit-sharing agreement.

The Meanwhile Campus is part of a broader regeneration strategy for Wood Green which will see investment in public realm to link nearby employment sites more coherently – among other things,

plans are underway to renovate 95,000 sqft of office and studio space at the Workspace Group-operated Chocolate Factory, and a new residential development on a former gasworks site will add an additional 50,000 sqft of workspace.

CoClub

CoClub is based in the Perfume Factory building in North Acton, LB Ealing, and offers co-working space with access to meeting rooms, event space, an on-site cafe and mentoring. The space currently houses 35 companies across 94 dedicated desks (£199/month) and 10 hotdesks (£19/day). Among the tenants is the Old Oak & Park Royal Development Corporation, which rents space for a small team of staff in order to have a local presence during redevelopment throughout Park Royal.

The Perfume Factory itself is part of this redevelopment, having

received planning permission to be replaced with private rented flats. CoClub is working with developers to move to different parts of the site once development starts; the operator will move three times and eventually take space in the finished development.

Jason Sodha, Director of CoClub, shared his ambition to expand the space's offer by having a high



street bank represented on-site to work with tenants and develop tailored financial plans; difficulty in accessing finance is regularly cited by SMEs as a barrier to growth.¹²

See also

- Camden Collective (p.10)
- Bathtub 2 Boardroom (p.11)
- Dek (p.15)

WORKSPACE IN COUNCIL-OWNED PROPERTIES

As property owners, councils often have unused or underused assets that can be repurposed as workspace, for long-term use or as meanwhile space awaiting redevelopment. Local authorities are also uniquely placed to act where the market can't or won't provide the right types of workspace. The benefits are clear: it's a low-risk way to encourage job creation, tie into wider regeneration strategies, bring in revenue and engage with small businesses. If offering space rent-free, councils often expect

providers to renovate properties or commit to social goals such as training or community engagement.

As local authorities take on a more active role in development through joint ventures and development vehicles, they are also looking at other ways to get best value from their assets, and this includes underused council-owned properties such as car parks, offices and libraries.

In most cases, local authorities act only as landlords, commissioning operators to manage workspaces.

The right partnership arrangement is important; the council should set out a workspace vision and procure an operator who has the right experience to deliver it. Responsibility for fitting out buildings depends on the property; in some cases, local authorities have managed refurbishment, while in others operators have sourced funding for renovations. Operators are generally better placed to do this as they know what tenants need.

Dek, LB Lewisham

Compared to other boroughs, Lewisham has high proportions of students, micro-businesses (75% of which are home-based) and residents with qualifications. However, LB Lewisham's Business Growth Strategy 2013–23 identified limited opportunities for people to access affordable workspace and recommended expanding space for new businesses in the borough.

To do this, Lewisham council's economic development team carried out feasibility studies to establish demand, made a business case for using council-owned buildings for workspace and liaised with other council departments achieve buy-in and find suitable spaces. The council set aside space in Catford Town Hall, the Place/Ladywell housing and commercial

complex, and Deptford's new library. GLA High Street Funding and the New Homes Bonus covered fit-out and operating costs for the first two years. Each of the three workspaces, branded Dek, has a slightly different offer:

- Dek Catford, the largest workspace, has 150 desks, four offices and 36 studio spaces
- Dek Deptford provides 540 sqft of workspace for local startups requiring business advice and support
- Dek Ladywell has 14 coworking and community enterprise spaces on a four-year meanwhile use arrangement

The Deks are located in key growth areas for the borough: Deptford Dek is part of a town centre



© Dek

regeneration programme, while both Ladywell and Catford Dek are located in the Lewisham, Catford, and New Cross Opportunity Area.

Bow Arts and London Small Business Centre operate the Deks on leases subsidised for three years. Affordable rent starts from £99/month for a hotdesk, £185/month for a dedicated desk and £350/month for a private office. Each Dek provides free business support, mentoring, workshops and events.

Green Rooms, LB Haringey

The London Plan identifies Wood Green as an opportunity area capable of creating up to 4,000 jobs and up to 7,000 new homes. LB Haringey sees workspace as an important part of Wood Green's future and is using its own buildings

to kick-start workspace provision and regeneration in the area.

Among the first of these spaces is a disused council housing office in a large art deco building. In 2015, workspace operator The MillCo

Project approached Haringey with a plan to establish an Art Hotel in the building, providing affordable hotel space for visiting artists. The council granted MillCo a 10-year lease and £40,000 funding, complemented by £140,000 of

GLA funding, in return for MillCo delivering local benefits such as new jobs at the hotel for young and unemployed people, public-facing events and creative workshops for local schools.

The resulting Green Rooms Art Hotel has 80 beds aimed at travellers in working in the arts and creative industries. The Green Rooms also contains open rehearsal space, a bar/cafe with tables for working and a restaurant. The restaurant offers residencies to up-and-coming restaurateurs to help them get experience before establishing their own restaurant. Tenants take the kitchen rent-free for six months, receiving business support from established industry professionals and introductions to funders.



© Green Rooms Art Hotel

Wimbletech/The Workary

Wimbledon Library has been home to community interest company Wimbletech since 2014, after founder David Fletcher approached LB Merton with a plan to activate underused library space as affordable workspace for start-ups. The council's economic development and library teams offered space in a library meeting room and seed funding in return for social outputs. Wimbletech attracted 30 members in its first three months, growing to 150 after a year of operation.

Following the success of Wimbletech, Fletcher took the model to other libraries under new branding, The Workary.

Workary locations have been set up in Chiswick, Hanwell, Rainham, Northolt, Richmond, Chelsea, Brompton and Notting Hill libraries.

Desk space starts at £65 per month for outer London libraries and £95 per month for inner London libraries. Tenants at all locations can access business support including mentoring, breakfast sessions to swap skills and knowledge with other tenants, access to investors and an 'hour of power' to solve business challenges in a group setting. Tenants are curated to establish communities with a diverse range of businesses that can support one another by sharing skills and expertise.



© Wimbletech CIC

This model has multiple benefits: businesses can access affordable space and business support, while libraries increase footfall and revenue. Wimbletech also runs a free Coding Club for adults and children in the local community to practice coding skills.

See also

- City Business Library (p.12)
- Pop Brixton (p.13)
- Meanwhile Campus (p.14)
- TMRW (p.21)

INDUSTRIAL, ARTIST & MAKER SPACES

London's maker spaces – typically oriented towards small-scale production – are crucial to the city's economy and cultural production. While maker space products are highly varied, they are commonly located in low-density industrial areas, which offer enough physical space to produce things, relatively affordable rent, and quick access to London markets and distribution chains.

Low-density industrial areas are also prime targets for regeneration, offering significant opportunities for high-density, mixed-use development. Over a third of London's industrial land has no strategic designation, and the GLA's industrial land release target of an average 37 hectares per year until 2031 is being exceeded: an average of 106 hectares is being released yearly.¹³ At current rates, London could reach its 2031

target as early as 2017.¹⁴ An extension of permitted development rights allowing light industrial to residential conversion from October 2017 to October 2020 could exacerbate loss of industrial space.

The impact on London's creative economy is huge: the GLA has estimated that up to 30% of artist studios are at risk of being lost, in addition to spaces for performance and manufacturing.¹⁵ For SMEs supplying products to London markets, losing workspace means they may have to relocate farther from clients or take more expensive space, driving up costs for all involved.

Including maker space in new developments faces several barriers: developers may not see it as viable; residents and developers may consider homes near industrial uses unappealing because of noise; and land use classes are inflexible

towards mixing industrial and commercial or residential space.

Artist spaces tend to fit more easily into mixed-use schemes and there are examples throughout London. However, while supply and demand for industrial space is monitored, data on artists' spaces isn't tracked by local or central government. There is a substantial knowledge gap about the supply and demand for artists' workspace.

Where maker spaces are re-provided during redevelopment, keeping them affordable is crucial for operators and tenants. Long leases with favourable rates for operators are ideal because it allows them to pass on affordable rent to tenants and resist rising costs that can drive away makers during regeneration. All maker space and studio operators we spoke to said they had waiting lists, indicating strong unmet demand.

Fashioning Poplar

Fashioning Poplar is a partnership between London College of Fashion (LCF), The Trampery and Poplar HARCA to establish Poplar as a fashion hub. New workspace will be provided through converting disused garages owned by Poplar HARCA with funding from the GLA. In addition to learning space for LCF's Masters students, the hub will include commercial studios, a manufacturing unit, workspace for fashion enterprises, markets and event space.

Workspace at Fashioning Poplar forms part of an ecosystem that supports new fashion-oriented businesses: LCF's Centre for Fashion Enterprise will support new fashion businesses with incubation space from inception to becoming investment ready, aiming to incubate 70 businesses in the first two years. Once established,

businesses can move into on-site affordable workspace operated by The Trampery or in the widening Leaside Fashion & Creative Cluster, allowing them to retain local connections. Workspace will also be available for other fashion-related businesses such as crafts, upcycling, and production (e.g. props, catwalks).

Business support will be provided through LCF's Fashion Business School, which includes peer support, mentoring and business coaching. Workshops on topics such as business planning, marketing, risk management and sustainability will prepare SMEs for expansion.

Poplar's heritage as part of London's textiles and garment manufacturing industry provides an opportunity to tap into and build local skills in this sector; the



© Poplar HARCA

manufacturing unit, which will take orders from both commercial and emerging designers, will offer training and employment to locals. LCF's Department of Social Responsibility will also bring its programme of training ex-offenders in fashion production to the hub. Further economic benefits will come from a new Sunday market at Chrisp Street for Fashioning Poplar businesses, activating the neighbourhood on a quiet day and bringing income to local businesses.



© Makerversity

Makerversity

Based in the heart of London at Somerset House, Makerversity's vision is to bring making and production to central London. Somerset House is providing 25,000 sqft of workspace and workshops at a favourable rate on a seven-year lease, which allows Makerversity to offer affordable rent to tenants. Since opening in spring 2014, Makerversity has attracted 170 members and sees high demand for its spaces. Tenant selection favours makers/producers in the early stage of business development who share Makerversity's vision.

Makerversity works with Somerset House Studios to develop business support activities. Tenants have access to five workshops with digital and traditional tools (many of which would be prohibitively expensive for tenants to purchase on their own), networking

events, seminars and opportunities for peer-to-peer knowledge sharing. Peer support is particularly important as it establishes a sense of community and helps tenants gain new skills.

As part of its ambition to promote making and production in London, Makerversity also runs an extensive education program. For example, primary and secondary schools are invited to workshops to 'learn through making'; young people not in education, employment or training can take a one-week product design course; and there are opportunities for work experience placements. Tenants are encouraged to contribute to these programs and share their knowledge with the wider community. Makerversity also offers an 'under-25 membership', giving eight young people per year free hotdesk space

for three months, then scaling them up gradually to normal rent rate. These schemes are not only key to Makerversity's ethos, they demonstrate social impact to potential sponsors.

Somerset House shares Makerversity's vision to support making in central London, and the relationship between the two is fruitful. For Makerversity, it's preferable to working with the public sector, which can be stymied by regulation, bureaucracy, internal financial stress and risk aversion. They also seek relationships with other arts and culture organisations that could support their work or suggest unused/underused spaces that may offer opportunities to expand. Makerversity opened its second site in Amsterdam in April 2016.



© Photograph by Hugo Glendinning. Courtesy Acme, Acme archive.

Acme Studios

Acme has provided affordable studios in London since 1972. Its roster includes 16 buildings, 582 studios, 22 live-work units and over 700 tenants. Buildings are a mix of purpose-built and refurbished spaces across inner and outer London. Demand for studio space is high and Acme's waiting list stands at over 1,800 applications. Allocation of space is based on proof of a fine art career and waiting list tenure. Average rent is £11.15 per sqft per year, including business rates, service charges and insurance.

Acme's support programme offers 66 awards and residencies each year, including bursaries, rent-free or subsidised studios, mentoring, studio visits and exhibition opportunities. These initiatives are intended for artists from graduate level to more

established artists. For tenants facing exceptional circumstances and financial difficulties, Acme provides a hardship fund to cover rent.

Although financially self-sustaining, Acme requires grant input or Section 106 terms to take on new spaces. New developments rarely provide studios at rental or purchase rates affordable to artists, while existing stock can involve large capital costs to convert or maintain, rendering it unviable. Acme is occasionally asked to take on buildings; many don't work for artists, but could be suitable for other types operators. Acme's experience reinforces the case for proactive engagement by planners. A London-wide clearing-house of available affordable space on the model of Open Poplar could also help.¹⁶

On the policy front, Acme has developed design and Section 106 guidance to help councils and developers deliver space suitable for affordable artists' workspace. Engaging at an early stage in the development and agreeing terms prior to planning permission being granted can ensure space is delivered at lower cost to the developer, can prevent the need for costly conversions by the operator later, and give financial certainty for the workspace elements of a scheme. Acme partnerships at Matchmakers Wharf in Hackney and the Galleria in Southwark benefit several groups: developers achieved planning permission by providing a community-focused element; boroughs fulfilled strategic ambitions; and Acme received new spaces for long-term occupancy.

See also

- Studiomakers (p.8)
- Cockpit Arts (p.11)
- Dephna (p.23)
- Fab Lab (p.22)

WORKSPACES BEYOND CENTRAL LONDON

As opportunities for new central London workspace are stifled by rising prices, erosion of suitable space and the heavy business rates hikes about to hit, some operators are moving beyond the Central Activities Zone in search of more affordable space and new markets. At the same time, newcomers based beyond Zone 2 are opening facilities to take advantage of local demand.

Residents benefit from employment opportunities near home, with the potential for stronger local services and the immediate benefit of reduced travel time and costs. Fewer commuters also relieves

London's stressed transport networks, though this means outer London workspace tends to work best in town centres with good public transport. The other ingredients are suitable vacant or underused buildings, and enough housing density to supply SME tenants.

This is all good news for outer London boroughs, keen to promote local employment and town centre regeneration. Workspace beyond central London has potential to feed both operator and borough aspirations.

Perception is still a barrier, though. Some of London's outer town

centres are seen as outdated, unsafe, unappealing or just not on the radar as somewhere to do business – particularly for 'traditional' co-working sectors like tech or creative.

Workspaces and boroughs beyond central London may need to serve less glamorous – but equally useful – publics, and to put in more effort to present themselves as attractive places to work, but in doing so, they can change broader perceptions. For example, until recently North Acton housed largely industrial uses; the area is now home to a handful of flexible workspace operators.

Cowork Hub

North Acton's Cowork Hub opened in September 2015 with funding from a venture capital firm interested in start-ups. One of west London's largest flexible workspaces, Cowork Hub leases a privately-owned 10,000 sqft building. Cowork Hub welcomes office-based tenants from all industries; its current roster of 34 businesses employ 120 people and include web designers, town planners and shampoo makers. Around half of tenants are early start-ups and the other half are established.

Rents for tenants are set against similar local workspaces, and are generally more affordable than those in central London; desks cost £180–275 per month and can also be rented daily or hourly. Turnover is low; where tenants have left, it's usually to accommodate their growth with larger or dedicated office space.

Tenants benefit from free meeting rooms, seminars, weekly networking and informal mentoring. Peer support is common, with tenants

swapping skills and advice. One recent programme encouraged tenants to share their experiences with students from local colleges, helping them gain insight into London's job market. Cowork Hub has also worked with WestTrans (a transport partnership of five west London boroughs) to encourage tenants to cycle, contributing to a better local environment and reducing congestion.

Third Door Workhub & Nursery

Responding to a gap in the market for desk-based workspace with access to childcare, Third Door Workhub & Nursery opened near Wandsworth Town in 2010. It offers 18 hotdesk spaces and an Ofsted-registered nursery. Tenants come from new and established companies and a range of sectors; most are freelancers or consultants.

Third Door holds a 10-year lease on two floors in a privately-owned building. Rent is flexible, based on

the number of hours per month or days per week of required access. For tenants who need childcare, rent includes a space at the nursery, and discounts are available for siblings. An online booking system calculates the number of childcare spaces available based on the number of staff to ensure an appropriate child-to-staff ratio. While aimed at working parents, Third Door also welcomes childless tenants at lower rent.

Although there is low demand for business support – tenants tend to focus more on achieving a good work/family balance than boosting business – Third Door offers workshops, seminars, accelerator courses, access to mentors and member lunches. The combination of workspace and nursery space also has a social impact for tenants, reducing isolation that can come from doing work and childcare entirely from home. Being outside of

central London within a residential area benefits tenants by providing work and nursery space close to home, reducing travel time and costs.

Third Door has achieved profitability and seeks to expand,

but obtaining initial funding was challenging as banks had no frame of reference for the viability of a combined workspace/nursery; Third Door's founders self-funded its set-up. For future sites, Third Door is open to profit-sharing if up-front and fit-out costs – particularly expensive

for nurseries – could be reduced. They would also like to secure outdoor space for the nursery. Third Door also seeks to develop their social offering through relationships with local authorities and housing associations.

TMRW

LB Croydon's Davis House contains nine floors of commercial space, accommodating some council operations and commercial tenants. In May 2015, Croydon council proposed using some of the floor space to support its Croydon Tech City initiative to draw tech industries to the borough and contribute to regeneration. With the council providing 21,000 sqft across two floors for an initial rent-free period, workspace provider TMRW secured over £900,000 from the Mayor's Regeneration Fund to fit out the space and launched in May 2016.

With lower rent than in central London and access to Croydon's extensive transport and amenities, TMRW is highly attractive to the tech startups it targets. Tenants cover a broad range of tech businesses, such as virtual reality,

gaming, vlogging, and online retail. They work across 350 desks and 10 private offices, and have access to meeting rooms, event space, and an on-site cafe. TMRW offers in-house support services such as web development and hosting, as well as legal, recruitment and accounting advice.

Managed entirely by tech industry professionals, TMRW's board and senior staff have access to a large network of investors and mentors, bringing a strong business support package to tenants. Courses in R&D, finance, team building, sales/marketing, and intellectual property help tenants learn new skills; business clinics, mentoring, networking events, and investor meetups expose tenants to new connections. Large companies have also benefitted: with more flexibility

to innovate, TMRW's start-ups have helped them solve business challenges and implement new ways of working.

Beyond the tech and business community, TMRW supports Croydon's economy by using local staff and suppliers for jobs like maintenance, furnishing and its cafe. A partnership with the Rise Gallery provides space for local artists to display work with a focus on modern and digital art. The event space is also available for community groups. Rather than expand throughout London, TMRW is keen to build its presence in Croydon. Following initial support from Croydon council and the GLA, TMRW seeks corporate sponsorship to fund ongoing operation.

See also

- Meanwhile Campus (p.14)
- CoClub (p.14)
- Green Rooms Art Hotel (p.15)
- Wimbletech (p.16)
- Dephna (p.23)

SECTOR-SPECIFIC WORKSPACE

Most SME workspace in London is general-purpose, but a minority cater to more specialised sectors. These facilities are less likely to be aimed at desk-based businesses, and may need specialised equipment and more fit-out than studio or light industrial spaces. Designing shared workspace for food production or lab work, for example, is challenging since it must meet industry standards for

cleanliness and preventing cross-contamination. Other technical challenges include metering utilities and creating secure environments.

Sector-specific workspace has other unique challenges: the greater the specialisation, the more limited the pool of tenants; and industry-specific equipment or space standards can mean costlier fit-out,

maintenance and staff.

These operators tend to be specialists themselves, with strong sector knowledge. The availability of experienced staff is a strong draw for tenants. These spaces are also more likely to offer virtual offices, where clients can use meeting rooms, phone, post and reception services without having to take physical space.

London Bioscience Innovation Centre

The London BioScience Innovation Centre (LBIC) opened in 2000 in response to government research which found a lack of commercial lab spaces in central London. LBIC is a wholly-owned subsidiary of the Royal Veterinary College (RVC), from which it rents its premises on a 25-year lease. The two institutions share a chief executive, and the college provides tech and administrative services to LBIC. In 2005, LBIC secured a commercial bank loan to expand facilities on same site.

LBIC contains a mix of labs and offices across five floors, as well

as meeting rooms and event spaces. The facility is home to 60 companies, 28 occupying space and the remainder as virtual clients. Tenants can choose lab and/or office space, and receive assistance from the centre's technical staff in equipping and running labs. Labs range from 250–800 sqft, and offices between 100–1,190 sqft, all on annual leases. Virtual clients use the administrative facilities and meeting rooms to keep a presence in central London.

To apply for space at LBIC, companies must have a bioscience link, and the centre prefers to take

companies which can collaborate with RVC's work and research. While most of LBIC's clients are small businesses, some large multinationals use the space as a central London base.

Jeanette Pickles, Operations Manager at LBIC, said that the centre's links with the college are mutually beneficial: LBIC maintains a disused part of the RVC estate and pays rent back to the college, and the availability of the college's resources – as well as its excellent location – provide a strong draw for bioscience companies.

Fab Lab

Fab Lab's two London workspaces are part of an international network of affiliated digital maker spaces that was started at the Massachusetts Institute of Technology in 2006. Fab Labs aim to make access to equipment easier. As the cost and size of manufacturing equipment has dropped, it has become feasible to develop workshops with advanced manufacturing in a high street setting.

Fab Lab offers access to digital manufacturing equipment at sites in Bank and Notting Hill Gate. In Bank, it occupies 4,000 sqft of a floor of a building owned by the Mercers' Company (see also Bathtub 2 Boardroom, p. 10). Fab Lab's Bank site includes an electricians' lab, 3D printers, laser cutters and textile machines. Memberships cost £60 per month for occasional access to machines, £210 for a hotdesk and £1,220 for

a private studio. One day a week, the space is open to the public to use for free, and there is also a weekly workshop with students to develop small projects using the equipment. Specialist staff offer training on how to use machinery and software.

Notting Hill Gate Fab Lab occupies former bank offices on the high street and is supported by Barclays' Eagle Labs network, which helps

high-growth businesses develop products, access support and pitch to investors. The space specialises in virtual reality and Internet of Things technologies and is intended

to incubate high-growth start-ups. Only companies or individuals developing a product are eligible to use the spaces, and staff have experience in bringing products to

market and helping start-ups find investment. Desk space is offered at £295, rising to £450 for access to machines; an event space provides additional income.



Dephna

Dephna is a food industry workspace provider, operating flexible kitchens, cold storage and office space in nine London locations. Standardised 6x6m kitchen units are fitted out to meet commercial standards, with access to gas, water, electricity and drainage. The units have removable walls and can be expanded as necessary, and leases start at three months. The fixed unit sizes and layouts make it easier for food businesses to install equipment and start production without having to design custom kitchens. Clients include restaurants, online retailers and pop-up shops, and given their wide range of needs, clients

provide their own equipment. Dephna's cold storage units and serviced offices are rented separately, also on a flexible basis. The space we visited in Park Royal consisted of 40,000 sqft over two floors, with 25 kitchens on the ground floor. In total, Dephna operates 400 flexible kitchens in London.

Park Royal is one of London's largest industrial areas, and is also one of London's largest development opportunities thanks to the arrival of Crossrail and HS2. The area is set to undergo significant change over a 30-year timescale, with targets for 25,500

homes and 55,000 jobs. New housing development will require better use of space in what is currently low-density industrial land-use.

As part of the Park Royal Business Group, Dephna advises the OPDC on industrial intensification, and is currently exploring options for mixed-use redevelopment of the North Acton site. Early plans are based around integrating food manufacture into the area's identity by making it more visible, setting up retail space for businesses to sell to the public, and improved public space to draw people from existing retail by North Acton station.

CONCLUSIONS

Future of London's year-long **Workspace that Works** programme brought together more than 300 individuals and organisations, just a sampling of the cross-sector experts and practitioners involved in workspace provision. The operators, council officers and developers we heard from are convinced that workspace can play a positive role in regeneration, provided there are clear expectations and strategic thinking about how they can best support SMEs and surrounding communities.

London's flexible workspace sector is highly resilient, but permitted development, rapid loss of industrial land and rising costs pose serious and immediate threats. Local authorities are uniquely placed to mitigate these risks, through planning and by using public-sector land and property.

The main concern will continue to be **affordability**. Authorities need a good understanding of the costs small businesses face, and how these differ for businesses of different ages or in different sectors. With 2017 business rate hikes predicted to hit small business particularly hard, councils interested in retaining SMEs may want to (quickly) explore options for workspace-operator rates relief.

London's **industrial and light industrial workspace** is also vital, for employment provision and for the small-scale production that underpins London's larger economy. Boroughs and the GLA should consider ways to stem the rapid loss of industrial space, whether through

stronger planning protections, design solutions for industrial uses in mixed-used development, or options for industrial densification.

Outer London houses much of this land, but boroughs beyond Zone 2 also have other potential. With the central London workspace market becoming crowded and increasingly expensive, **outer London boroughs** have an opportunity to attract operators and house locally-based SME tenants. While farther from London's traditional or trendy employment hotspots, outer London locations with good transport links can compete by offering larger spaces and lower rents.

The offer, of course, must go beyond square footage for these facilities to really contribute to an area or local economy. **Business support** is key, and can include training, mentoring, legal advice and much more, ideally tailored to the tenant group. Many flexible workspace operators are themselves SMEs, and could benefit from business support aimed at their sector. Where the goal to help tenant businesses grow, there must be suitable space for them to move to nearby, to ensure continuity for the business and maintain links to the local economy.

Move-on space is similarly important for tenants of meanwhile workspace. Establishing pathways to find new space is a minimum requirement; more directly, offering space to operators in completed developments can ensure it's filled quickly and brings street-level activity.

For operators, **working with the public sector** is an opportunity that should be made more of. Funding is available for workspace projects, especially those which can demonstrate positive impacts. Gathering data on impact should be a core task of any workspace operator; it can provide insight into tenant needs and business trends, and can make it easier to work with developers and local authorities with spaces to fill.

Councils have real power to set the agenda in workspace provision. They can use planning powers to safeguard existing workspace; work with developers to procure suitable operators; provide a strategic view on what types of workspace or support will benefit an area; and host facilities using their own land and buildings. Local authorities also have the luxury of taking an area-wide or portfolio approach – not all workspaces have to provide everything, and a diverse offer fosters a resilient environment which can support businesses with varying needs.

The threats to London's SME workspace are varied and pressing, but if Future of London's findings are any indication, there are ample ways – and reasons – to overcome them. We encourage you to get in touch with us or any of the contributors here to find out more and help each other deliver the space the capital needs to thrive.

WORKSPACE DOS AND DON'TS FOR COUNCILS

This section summarises advice gathered from experts over the course of the programme. Contributors included workspace operators, local authority and GLA officers and property sector consultants.

How to identify the right provider

Do: Set desired outcomes first

Decide what outcomes you want the space to produce, and bring in a provider based on these, e.g. to bring in high-growth companies, provide affordable space, or give training in the local community.

Do: Understand the community and its needs

Understand what the existing community needs – what works in some areas might not be appropriate in others and different communities will need different types of spaces. Once you have this mapped out, you can get a sense of who you want to attract to work in the area and build the workspace structure around this.

Do: Understand viability and feasibility

Assess a provider's business model and make sure it's viable and feasible within any constraints (e.g. funding, type of space, location, timescale). Don't parachute in ideas from elsewhere without testing feasibility/viability in your own context first. Speak to providers early in the process to gauge suitability and make sure the offer works for them.

Don't: Assume a model will work

Don't replicate a model just because it's been successful elsewhere; don't implement a project without having a good understanding of how it will work in a new context.

How to design a space that facilitates productivity and growth

Do: Be flexible, get advice

In new-build workspace, make sure the space is flexible enough to be adapted to different uses. If possible, apply for funding to help with fit-out costs.

Speak to potential workspace operators early in the process and get expert advice on how best to use the space for its intended purpose – retrofitting is expensive, whatever the age of the building. Colleagues working in regeneration and planning policy may be able to provide guidance on what constitutes suitable design specification and fit-out, and what to look out for in assessing proposals.

Do: Design the specification to fit the tenure

The specification should take into account the length of time the space is available for: a space with a long-term lease will be able to meet higher standards than a meanwhile space. Design the space and management to fit the tenure and allocate funds appropriately – don't spend lots of money fitting out a space that will only be around for a short time!

Don't: Spend too much on fit-out before you know who will be occupying the space

Avoid overdoing it on fit-out before you know how the space will be used and who will occupy it. Adapting spaces to different uses later on is costly, and could impact affordability.

How to develop an effective strategy

Do: Tailor an approach for each space/ neighbourhood

Understand what is appropriate for the area in terms of the scale and mix of workspace and the types of tenant it will bring. Use this to tailor an approach which suits the context.

Do: Know why you're investing and monitor progress against that

Understand why to use your assets and what you get

in return; agree metrics for evaluating the investment. Compare agreements and outputs with other councils and GLA investment programmes. Use GLA benchmarks (see p. 26) to get standardised, comparable data.

Do: Have a local authority lead for workspace who can take a strategic view

Getting the most from workspace requires dedicated staff time and resources, ideally with someone who can take an area approach, looking at what an area

already has and what it needs. This role can be part-funded by developers and/or workspace providers, on the basis that this curatorial role would add value to their investments.

Do: Involve colleagues in different departments

Successful regeneration needs good relationships across departments. Establish a corporate mandate

and encourage communication and information-sharing across economic development, skills, regeneration, planning and property teams.

Don't: Assume any one model or one-size-fits-all approach will work

The management model should be responsive to local context and desired outcomes.

How to support businesses

Do: Explore different models of business support

Be aware of the different ways of providing support. These include signposting to external services; attracting grant funding to bring in specialist providers; and providing support in-house as part of the workspace business model.

Do: Encourage/require tenants to contribute time and expertise to the community

Provide a mechanism whereby tenants can share knowledge and expertise among themselves, or volunteer for the benefit of other tenants or the local community. These might be included in a contractual relationship or more informal, such as networking and skill-sharing sessions.

Do: Make sure the provider is committed

Work with providers who are experienced at providing training and support alongside workspace.

Don't: Take this element of the offer lightly

If using an outside provider, make sure they provide quality services and have a proper business model. If sharing internally, keep it organised. A half-hearted effort at business support will damage the facility's reputation and lower tenant expectations.

How to measure the regeneration impact of workspace

Do: Use recognised measures to evaluate impact

Use established measures such as those listed in the London Regeneration Fund prospectus, which includes:¹⁷

- Jobs created, jobs safeguarded
- Area of public realm improved
- Number of buildings or shop fronts improved
- Value of match funding secured
- Number of businesses supported, number of pre-starts supported, number of businesses improving performance
- Number of cultural events held
- Increase in footfall
- Area of commercial space created or improved
- Local environmental improvements.

Do: Monitor devolved business rates retention

As business rates take on greater importance through devolved funding, monitor the amount of business rates being retained within the borough. Providing clear pathways for business to grow and move premises without leaving the borough will be increasingly important, and being able to show links between workspace provision and increased business rates receipts could be useful for demonstrating the value of workspace for economic development.

Do: Consider soft/less tangible benefits and broader strategic impact

Look for ways to measure impacts on strategic council or GLA priorities, such as effects on wellbeing, relief of traffic congestion, etc.

RECOMMENDATIONS

For local authorities

- Use council-owned land and buildings to support businesses and communities through workspace
- Take an area-wide approach and encourage diversity of supply
- Tie free or subsidised space to social or regeneration outputs
- Benchmark existing typologies and rents, monitor change over time
- Act as intermediary between developers and operators
- Build on existing local economies and identified needs in the London economy (e.g. lab space, artist studios). Profile nature and extent of demand, work with local institutions, e.g. colleges, universities, major private-sector employers
- Help establish pathways for growing businesses and ensure availability of move-on space
- On temporary sites, plan ahead for what will happen to businesses when they have to leave
- Planning policy should give detailed guidance on what types of workspace are suitable, including advice on design and management
- Protect existing employment and industrial land and seek re-provision in case of development
- Explore options for industrial densification and inclusion in mixed-use schemes
- Explore business rates discounts for affordable workspace providers

For the GLA

- Explore ways to slow industrial land release and secure appropriate re-provision
- Expand Open Workspace Providers Group to offer mentoring and advice within the flexible workspace sector
- Explore whether there is a case for dedicated use class for flexible workspace and maker space
- Streamline process of applying for regeneration funding
- Act as intermediary between developers and operators
- Explore equivalent of London Living Rent for small businesses (i.e. linked to local business benchmarks)
- Use flexible workspaces for meetings and area work
- Help secure internet speed improvements
- Organise clearing house for property owners with employment space to fill

For workspace providers

- Review tenants regularly to check progress and assess support needs
- Measure social impact on local area and community
- Produce guidelines on space specifications to inform industry
- Encourage skill-sharing between tenants
- Tailor business support to sector and characteristics of tenants (age, size, market)
- For meanwhile workspaces, plan for post-development, have path in place for tenants if they'll have to move
- Build links with local institutions, e.g. colleges and universities
- Help resident SMEs to offer training, experience, apprenticeships

For developers

- Work with local authorities to understand what sorts of space are suitable/needed
- Work with providers from early stage to build suitable space
- Encourage meanwhile uses; develop pathways where workspace operators can take space in finished development
- Build potential of flexible workspace as a ground-floor use

APPENDIX 1: CASE STUDY MATRIX

Bootstrap Company

www.bootstrapcompany.co.uk

- Affordable workspace
- Industrial, artist and maker space

Studiomakers

www.studiomakers.com

- Affordable workspace
- Industrial, artist and maker space

Impact Hub Brixton

www.brixton.impacthub.net

- Affordable workspace
- Beyond central London

Stone Studios

www.pollardthomasedwards.co.uk/project/stone-studios-hackney-wick

- Affordable workspace
- Beyond central London

Camden Collective

www.camdencollective.co.uk

- Affordable workspace
- Start-up workspace
- Meanwhile workspace

Bathtub 2 Boardroom

www.bathtub2boardroom.com

- Affordable workspace
- Start-up workspace
- Meanwhile workspace

Cockpit Arts

www.cockpitarts.com

- Start-up workspace
- Industrial, artist and maker space
- Beyond central London

City Business Library

www.cityoflondon.gov.uk/cbl

- Start-up workspace
- Council-owned property

www.popbrixton.org

- Meanwhile workspace
- Council-owned property
- Beyond central London

Meanwhile Campus

www.haringey.gov.uk/regeneration/wood-green/station-road-revival

- Meanwhile workspace
- Council-owned property
- Industrial, artist and maker space
- Beyond central London

CoClub

www.thecoclub.com

- Meanwhile workspace
- Beyond central London

Dek

www.smallbusinesscentre.org.uk/dek-catford-workspace
www.smallbusinesscentre.org.uk/dek-ladywell-workspace

- Affordable workspace
- Meanwhile workspace
- Council-owned property
- Beyond central London

Green Rooms Art Hotel

www.greenrooms.london

- Council-owned property
- Industrial, artist and maker space
- Beyond central London

Wimbletech

www.wimbletech.com

- Start-up workspace
- Council-owned property
- Beyond central London

Fashioning Poplar

www.poplarharca.co.uk/fashioningpoplar

- Industrial, artist and maker space
- Beyond central London

www.makerversity.org

- Start-up workspace
- Industrial, artist and maker space

Acme Studios

www.acme.org.uk

- Affordable workspace
- Industrial, artist and maker space
- Beyond central London

Cowork Hub

www.Coworkhub.co

- Beyond central London

Third Door Workhub & Nursery

www.third-door.com

- Beyond central London

TMRW

www.tmrw.co

- Start-up workspace
- Council-owned property
- Beyond central London

London BioScience Innovation Centre

www.lbic.com

- Sector-specific workspace

Dephna

www.dephna.com

- Industrial, artist and maker space
- Beyond central London
- Sector-specific workspace

Fab Lab

www.fablablondon.org

- Meanwhile workspace
- Industrial, artist and maker space
- Sector-specific workspace

Makerversity

Pop Brixton

RESOURCES

GLA (2016), Open Workspace survey templates, <http://bit.ly/2lCo7nB>

IPPR (2016), Start Me Up: The value of open workspace, <http://bit.ly/2kahTiA>

New London Architecture (2016), WRK/LDN, <http://bit.ly/2lAf4DT>

Centre for London (2016), Spaces to Think: Innovation Districts and the Changing Geography of London's Knowledge Economy, <http://bit.ly/2lA7V6f>

GLA (2015), Creating Open Workspaces, <http://bit.ly/2lA6aWO>

GLA (2015), Co-Making: Research into London's open access makerspaces and shared workshops, <http://bit.ly/2lAbXf5>

GLA (2014), Incubators, Accelerators and Coworking Spaces, <http://bit.ly/2lAeiXt>

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5 | London Councils (2015), <http://bit.ly/2lvd8x8>

6 | FT (2016), <http://on.ft.com/2k7NGAB>, Cushman & Wakefield (2016), <http://cushwk.co/2k7GDrX>

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9 | LLDC (2016), <http://bit.ly/2lz5ipw>

10 | Imaginatik & Masschallenge (2016), <http://bit.ly/2lzkIDA>

11 | ONS (2016), <http://bit.ly/2lDQCRK>

12 | RSA (2014), <http://bit.ly/2kWQEXU>

13 | GLA (2015), <http://bit.ly/2lyJ2vJ> - 51% strategic industrial land; 14% locally significant industrial sites; 35% non-designated

14 | Segro (2017), <http://bit.ly/2lyzuRA>

15 | GLA (2014), <http://bit.ly/2lySuzc>

16 | Open Poplar, <http://bit.ly/2lyNU4j>

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