



Mayor and Cabinet

Affordable Workspace Strategy

Date: 19th July 2023

Key decision: Yes

Class: Part 1.

Ward(s) affected: All

Contributors: Joe Lee, Principal Business Development Officer; John Bennett, Head of Economy, Jobs and Partnerships

Outline and recommendations

This report provides a summary of the Affordable Workspace Strategy and presents an action plan to implement the strategy. Mayor and Cabinet is recommended to:

- Approve the Affordable Workspace Strategy and action plan
- Approve the proposed grant programmes for occupying empty properties and creating more workspace in the borough, including in Council-owned assets, funded by UK Shared Prosperity Fund

Timeline of engagement and decision-making

Re-accreditation of the Creative Enterprise Zone – February 2022

Lewisham Affordable Workspace Forum – September 2022, January 2023 and April 2023

1. Summary

- 1.1. Following the re-accreditation of the Deptford and New Cross Creative Enterprise Zone (CEZ) last year, a commitment was made to produce an Affordable Workspace Strategy. This report presents the proposed strategy, plus an accompanying action plan which sets out how the strategy will be delivered.
- 1.2. The report also presents details of two actions which could be brought forward immediately – using under-used council assets to provide affordable workspace and using the borough’s allocation of UK Shared Prosperity Fund to increase the availability of workspace and reduce the number of empty premises in town centres.

2. Recommendations

- 2.1. It is recommended that Mayor and Cabinet approve the adoption of the Affordable Workspace Strategy and Action Plan.
- 2.2. It is further recommended that Mayor and Cabinet approve the delivery of capital grant programmes to support local businesses and workspace providers in turning empty and underused spaces across the borough into either workspace or high street businesses. This includes in council-owned assets. These grant programmes will be funded using the council’s allocation of UK Shared Prosperity Funding.

3. Policy Context

- 3.1. The Affordable Workspace Strategy, action plan and proposed activities all align with Lewisham’s Corporate Priorities, as set out in the Council’s [Corporate Strategy \(2022-2026\)](#) in particular to the priority for A Strong Local Economy. By providing affordable workspace we will generate more opportunities for job creation and attract more businesses to Lewisham. This will also help the Council to continue to ensure that the borough is the best place in London for entrepreneurs to start their businesses.
- 3.2. The Affordable Workspace Strategy also aligns itself to the new draft Local Plan which is in the final stages of being adopted. The draft Local Plan also includes the designation of the Creative Enterprise Zone in Deptford and New Cross.
- 3.3. The Council’s Creative and Digital Industry (CDI) baseline study and CDI strategy (July 2018), highlight that Lewisham is an emerging growth borough for the CDI sector. Statistics showed that the CDI sector was growing at a rapid rate with +71% employment growth over the five years leading up to 2018, faster than the capital as a whole at 34%. The catalyst for the growth is in New Cross and Deptford with its strong links to Goldsmiths, University of London. The key challenges are visibility, networks, and workspace availability and affordability, with the additional challenge as a result of the pandemic of the need to increase footfall and cash flow.

4. Background

- 4.1. Workspace demand is on the rise across London, with workspaces closing across the capital including within the London Borough of Lewisham due to a number of issues including rising costs, leases not being renewed and permitted development rights allowing landlords to convert commercial space into residential without needing planning permission.
- 4.2. The demand for workspace locally within Lewisham has risen since the pandemic due to the displacement of creative businesses for the reasons above, the rise of working from home and the growth in new businesses looking for “move on” space (from home working to commercial space). This demand is across a number of sectors including: commercial kitchen space, hot-desking, artist studios and small office space.
- 4.3. There has been consistent growth in jobs within the creative industries from 2016-2021

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across a range of creative, arts and entertainment sectors. The food and beverage sector has also seen sustained growth in jobs.

- 4.4. In 2016 Lewisham Council appointed Bow Arts to deliver affordable workspace within the Old Town Hall. This was funded by a grant received from the GLA. The project has been previously extended but the current lease is due to expire in December 2023. The 4th Floor of the Old Town Hall is currently home to 35 studios for creative practitioners.
- 4.5. Lewisham delivered a Creative and Digital Industries Strategy in 2017 to seek to address the under-representation of Lewisham residents within the higher value and higher wage sectors. The Council supplemented this with design guidance for workspace requirements for the creative and digital industries.
- 4.6. Lewisham is home to one of the seven Creative Enterprise Zones (CEZ) across London, this is located within Deptford and New Cross. Originally awarded in 2019 the CEZ looks to strengthen the position locally for the retention and growth of affordable creative workspace within the CEZ. Affordable Workspace protection and development has also been included as part of the new Draft Local Plan.
- 4.7. In February 2022, Deptford and New Cross was successfully re-accredited as a Creative Enterprise Zone by the Mayor of London. As part of the action plan for the re-accreditation the Council committed to delivering an Affordable Workspace Strategy. Recognising that the issues of affordable workspace go beyond Deptford and New Cross, a brief was prepared to do a boroughwide Affordable Workspace Strategy and action plan. Following a competitive procurement process a consortium of PRD, REDO and Bow Arts were appointed to produce the Strategy and Action Plan.
- 4.8. The Affordable Workspace Strategy & Action Plan was developed with the work of the Workspace Task and Finish Group in mind. The Task and Finish group were consulted during the development of the Strategy, we have also taken into consideration the recommendations from the Task and Finish group and have amended the priority for rehearsal space from low-medium to medium. The Affordable Workspace Strategy & Action Plan will also be referenced as the Council develops its new Economic Development Strategy; the Strategy will also be used to help shape the workspace element of the Levelling Up Fund programme in Lewisham Town Centre.

5. Affordable Workspace Strategy & Action Plan

- 5.1. The Mayor of Lewisham has set a target of 4,000 new jobs for Lewisham. Affordable workspace is an important tool for the council to safeguard existing jobs as well as bring new jobs to the borough by attracting businesses and creating conditions for residents to start their own enterprises. This Affordable Workspace Strategy and action plan provides a framework for protecting and creating more affordable workspace in the borough.
- 5.2. The process for developing the Strategy included a number of engagement sessions with workspaces currently operating within the Borough as well as those operating outside the borough, especially in sectors that are not represented in Lewisham e.g. kitchen spaces. This took place through the Affordable Workspace Forum which is convened by the council and meets quarterly, and through 1-1 interviews.
- 5.3. The Affordable Workspace Strategy sets out current workspaces in the borough, current demand, future need, how meanwhile use can be used, how we can deliver these spaces as well as an approach to defining affordability relating to workspace.
- 5.4. The Action Plan provides a number of actions to help support the delivery of the Strategy for two years following its adoption. These include internal Council coordination, building on current projects, forging key relationships, making the most of developments, preparing for the future, trying new approaches and implementing a framework for impact and measurement.

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- 5.5. The scope of this strategy is to support affordable workspaces that help generate income for tenants and provide economic outputs such as productivity or jobs. Many workspaces will have wider impact in terms of social and community benefits (e.g. through public events, spaces for hire, social value from services provided by tenants). Spaces which are solely for community or educational purposes are not considered within this strategy as the approach to these assets will be driven by their social benefits rather than economic outcomes, and therefore the approach would be different.
- 5.6. The council is interested in encouraging job and business growth in creative, digital, information technology, hospitality (including night-time activities), and professional activities, as well as expanding opportunities for the borough's young people. This will be further developed through the Economic Development Strategy being developed by the Opportunity and Investment partnership of the Local Strategic Partnership (LSP).
- 5.7. Lewisham has an estimated 35,000m² of workspace, of this approximately 25,000m² is operated by third sector organisations, co-operatives or organisations with shared ownership structures.
- 5.8. The critical mass of workspace both in terms of square meterage and number of spaces is found in Deptford and New Cross, this is primarily aimed at people doing creative activities. There are pockets of workspaces in other town centres, including Lewisham, Catford and Forest Hill. There are currently no workspaces in the southeast of the borough.
- 5.9. There are four headline objectives for the Affordable Workspace Strategy:
- Create and safeguard affordable workspace: where possible working through the planning system to safeguard existing spaces and secure new ones to help maintain a baseline of supply
 - Affordable from the bottom up: For workspace and its benefits to be accessible to everyone
 - An affordable workspace in every neighbourhood: expanding affordable workspace through the borough, providing more start-up and networking opportunities for more residents
 - Evolving and fit-for purpose approaches: the Affordable Workspace Strategy will need agile delivery so it can adapt to new circumstances and take advantage of new opportunities.
- 5.10. Lewisham's Draft Local Plan acknowledges the importance of affordable workspace for supporting new businesses, especially in cultural and creative sectors. The Draft Local Plan commits all major commercial development for Class E(g) office and light industrial, Class B2 industrial, Class B8 storage and distribution and similar Sui Generis uses must make provision for at least 10% of rentable floorspace as affordable workspace at 50% of market rents.
- 5.11. Affordability has been viability tested during the preparation of the draft Local Plan so is based on sound evidence. However, it is recognised that this may still lead to a lack of affordability for some businesses or sole traders when their income levels are considered. Therefore where the council or partners are using their own assets to create affordable workspace a broader definition of affordability may be needed to recognise the specific circumstances such as location, sector or business age.
- 5.12. Affordable workspace in new developments should be provided on site. Where it can be demonstrated that this is not feasible or that off-site provision will achieve greater economic benefits, off site provision will be considered. Off-site provision will be secured through planning obligations with payments in lieu calculated using the formula set out in Table 8.2 of the draft Local Plan.

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- 5.13. The Strategy provides four key methods for delivering workspace, these are:
- Co-located space – using available space in Council assets (e.g. libraries, town hall, community centres) to house small-scale or informal workspaces
 - Interim space – using assets awaiting redevelopment or reuse usually publicly-owned, sometimes private owned to provide temporary workspace
 - Long term space – Providing dedicated space in private or public assets through long-term leases
 - Brokered space – Matching private or third sector landlords with surplus space to businesses or operators who have approached the Council
- 5.14. The Strategy also outlines the requirements for Meanwhile Use to be delivered well. This includes providing a lease for at least five years and dependent on fit-out costs provided by the landowner. However, it is recognised that shorter meanwhile uses may still be possible and can help activate unused spaces, depending on the individual circumstances of the opportunity.
- 5.15. The Action Plan sets out what is required to begin delivering the Affordable Workspace Strategy. They have been grouped into broad themes and assigned to a number of delivery partners including: London Borough of Lewisham, Affordable Workspace Forum, Goldsmiths University of London, The Albany, Phoenix Community Housing.
- 5.16. The actions are informed by the strategy's objectives, the types of spaces Lewisham needs and how they can be delivered, and conversations with affordable workspace operators about what will enable more efficient operation and more effective delivery of workspace. The action plan is intended to be refreshed every 2-3 years, whereas the strategy takes a longer-term view aligned with the draft Local Plan.
- 5.17. Alongside the Strategy and Action Plan the Consultants also provided an appendix to support the recommendations and findings in the Strategy. The appendix includes a mapping exercise of current workspace in the borough and new developments that have the potential to deliver affordable workspace. The appendix also includes a SWOT analysis of the borough including insight into travel and broadband infrastructure, Council assets and workspace affordability. The appendix also includes interview feedback from other local authorities, affordable workspace operators and partner organisations.

6. Workspace and empty property grants

- 6.1. In the Budget report in February, Mayor and Cabinet approved the acceptance of UK Shared Prosperity Fund (UKSPF) grant funding from the Greater London Authority (GLA). This includes £937k in capital funding to support the creation or improvement of creative workspace, plus a further £40k in capital funding to support workspace in town centres. This funding must be spent by March 2025 and must be used to create or improve at least 7 buildings and a minimum of 630m² of workspace.
- 6.2. It is proposed to UKSPF to deliver commitments in the Affordable Workspace Strategy and action plan as the aims of the two are mutually compatible. This would be through a combination of grant funding and investment in council assets.
- 6.3. Empty Property Grants – grants of up to £10k for those taking on leases of town centre properties which have been empty for at least six months. Total UKSPF allocation: £142,000.
- 6.4. Workspace Small Grants – grants of up to £5k for interventions which create affordable workspace for the creative industries in currently underused space, which would not be financially viable without this grant funding. Total UKSPF allocation: £35,000.
- 6.5. Strategic Workspace Grants – grants of up to £200k for projects which provide

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significant quantities of new affordable workspace in the borough, with priority for Lewisham residents and businesses. Total UKSPF allocation: £500,000.

- 6.6. Council assets – investment in council-owned assets to create affordable workspace. Total UKSPF allocation: £300,000.

7. Financial implications

- 7.1. The cost of developing the Affordable Workspace Strategy and action plan has been met using the grant from the GLA for the Creative Enterprise Zone.
- 7.2. The actions proposed are all either covered by existing resources, generally officer time; grant funding, such as UK Shared Prosperity Funding; or will have a positive effect by reducing council costs or generating income, such as use of council assets as affordable workspace.
- 7.3. The use of council-owned assets as affordable workspace will potentially reduce the costs currently borne by the council of security and Business Rates for the buildings, and potentially generate additional rental income.
- 7.4. The proposed grants would be entirely covered by UK Shared Prosperity Fund. The grant agreement for the UKSPF between the council and the GLA has been signed and processes are in place to ensure compliance with the grant terms and monitoring.

8. Legal implications

- 8.1. Section 1 of the Localism Act 2011 the Council has a general power of competence to do anything which an individual may do unless it is expressly prohibited. The Council has sufficient powers to approve the Workspace Strategy and Action Plan and to approve grant programmes.
- 8.2. The London Plan and the Council's Regulation 19 Local Plan make provision for affordable workspaces and the Workspace Strategy and Action Plan are consistent with these. The Council's Regulation 19 Local Plan states that affordable workspace will be secured through the use of planning obligations and/or legal agreements with further detail to be set out in a Planning Obligations SPD. The London Plan permits the use of planning obligations to secure affordable workspace in the defined circumstances set out in its Policy E3.
- 8.3. The giving of grants is a discretionary power which must be exercised reasonably, taking into account all relevant considerations and ignoring irrelevant considerations. Any grant above £10,000 requires the approval of Mayor and Cabinet. In making any grant the Council must comply with state subsidy law, which permits the grant of minimal financial assistance (grants below £315,000 over the course of 3 financial years) provided certain conditions are complied with. Detailed legal implications will be provided on a case-by-case basis.

9. Equalities implications

- 9.1. There are no immediate equalities implications associated with the recommendations of this report. However, it is recognised that some residents and business owners face greater disadvantage in securing workspace due to its affordability such as those from Black, Asian or Minority Ethnic backgrounds, females and disabled people. These groups are highlighted as a priority in the Creative and Digital Industries Strategy approved by the council in 2017. This strategy, action plan and grant programmes would have a positive impact on addressing these disadvantages.

10. Climate change and environmental implications

- 10.1. There are no immediate climate change and environmental implications associated with the recommendations of this report

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11. Crime and disorder implications

- 11.1. There are no direct crime and disorder implications associated with the recommendations of this report. However, encouraging the occupation of empty high street properties will reduce the number of vacancies on our high streets and

12. Health and wellbeing implications

- 12.1. There are no immediate health and wellbeing implications associated with the recommendations of this report

13. Background papers

- 13.1. [Lewisham Creative and Digital Industries Strategy](#)

14. Glossary

- 14.1. [Link to Oxford English Dictionary here.](#)

Term	Definition
CEZ	A geographic area designated by the GLA as a creative enterprise zone located in New Cross and Deptford
CDI	A term used to describe the Creative and Digital sectors
SIC	Standard Industrial Classification code – a four-digit numerical code that categorises the industries that companies belong to
SWOT	An exercise undertaken to review the strength, weakness, opportunities, and threats relating to a subject area

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16. Appendices

- 16.1. Please attach appendices as separate documents and list them below.
- *Appendix A – Affordable Workspace Strategy & Action Plan*
 - *Appendix B – Affordable Workspace Strategy & Action Plan Appendices*

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