



Hammersmith & Fulham

Affordable Workspace Strategy 2026 - 2031

Foreword

Our borough boasts an innovative, productive and high-profile economy with strengths in health, science, digital, technology, professional, green, creative and cultural sectors among others.

We are committed to nurturing this valuable ecosystem and turbocharging its growth as articulated in our *Upstream London* (2024) strategy, as well as its predecessor - the *Hammersmith & Fulham Industrial Strategy* (2017).

These documents highlight our commitment to STEM³-led economic growth that benefits all our residents and the prosperity of West London more widely¹.

As part of these ambitions, we recognise that our future economic success relies as much on early-stage entrepreneurs and small businesses as it does on high-profile multinationals.

Such businesses do, however, face challenges to starting up and scaling locally. This often includes struggling to find the right type of commercial space at the right price point.

This is why we have developed this *Affordable Workspace Strategy* (2026-2031) - to help deliver commercial floorspace that meets the needs of these vital groups.

We already have some great Affordable Workspaces in our borough, from Scale Space in White City through to Create Space London in Hammersmith, and we want to see more.

Through this strategy we set out a clear and actionable plan which uses all the levers and assets we have at our disposal to achieve this.

This involves more than just planning policy – we will be bold, innovative and ambitious in our approach to delivery.

This work will help us to foster inclusive economic growth, while also supporting wider ambitions around innovation and productivity.

We invite you to read this document with interest.

If you have any queries, or would like to get involved in our programme, please do not hesitate to get in touch. We are very open to working with partners and will be happy to broker relationships between the right parties.

Our contact details are provided at the back of this report.

With best wishes,

Cllr XXXXX

¹ STEM³ refers to science, technology, engineering, medicine, maths and media industries

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01.

Introduction

Introduction

We, the London Borough of Hammersmith & Fulham (LBHF), have published *Upstream London* (2024) - our borough's economic strategy. This builds on our previous *Hammersmith & Fulham Industrial Strategy* (2017).

Upstream London (2024) captures our vision to “transform the borough into a global beacon of innovation and growth” by supporting STEM³-related businesses undertaking health, science, digital, technology, professional, green, media and creative activities among others².

The document is structured around three pillars, 'Partnership', 'Place', and 'Pathways', as the diagram below illustrates.

Central to our 'Place' pillar is ensuring that we provide the right types of commercial space in the right locations across our borough.

This is not just about securing more commercial space. It is also about improving the accessibility of space to businesses of different sizes.

This is because we recognise that for a number of reasons small businesses often struggle to access conventional commercial space, but are lean and agile enough to drive the innovation and

breakthroughs *Upstream London* is looking to secure.

These businesses also tend to deliver more local economic benefits than larger established businesses as they are often founded by and employ local residents and use local suppliers.

Working with our partners, we have therefore developed this *Affordable Workspace Strategy* (2026-2031) which sets out our five year plan to deliver specific types of commercial space (or 'workspace') that meets the needs of small businesses.

It focuses on reducing their premises-related barriers to entering and then scaling up within the market. Ultimately it should support businesses to start and grow, as well as produce future occupiers to take on 'conventional' commercial space provided by the market.

This *Affordable Workspace Strategy* is not, however, our first foray into the topic. We were one of the first boroughs to introduce a policy in our *Local Plan* (2018) to secure Affordable Workspace as part of major commercial and mixed-use schemes.

We also published a first-of-its-kind *Affordable Workspace Supplementary Planning Document* (2022)

LBHF Upstream London Pillars (2024)



² STEM³ refers to science, technology, engineering, medicine, maths and media industries

(SPD) which explains the *Local Plan* (2018) policy in more detail.

We are currently in the process of writing a new *Local Plan* which will update and supersede these documents. This is planned for adoption by the end of 2027 and includes a review of the *Affordable Workspace SPD*.

While our approach has helped us to secure some important on-site and off-site Affordable Workspace contributions to date, we do, however, recognise the limitations of a 'policy-first' approach. For example:

- It can take a long time for schemes to come forward through the planning system.
- Delivery is intrinsically linked to fluctuations within the real estate market.
- Some applicants use the planning system to increase values rather than deliver schemes. This means some commitments never come forward.
- Delivery tends to be concentrated in places where commercial development is being delivered meaning some areas miss out.
- It can sometimes be challenging to operationalise new Affordable Workspace if contributions are not provided to the right specification, size or price point.
- This *Affordable Workspace Strategy* therefore seeks to go further than policy alone and sets

out a range of different levers that we will use to secure appropriate Affordable Workspace.

This document starts by setting out why we are focusing on Affordable Workspace and how we define it (Chapter 2).

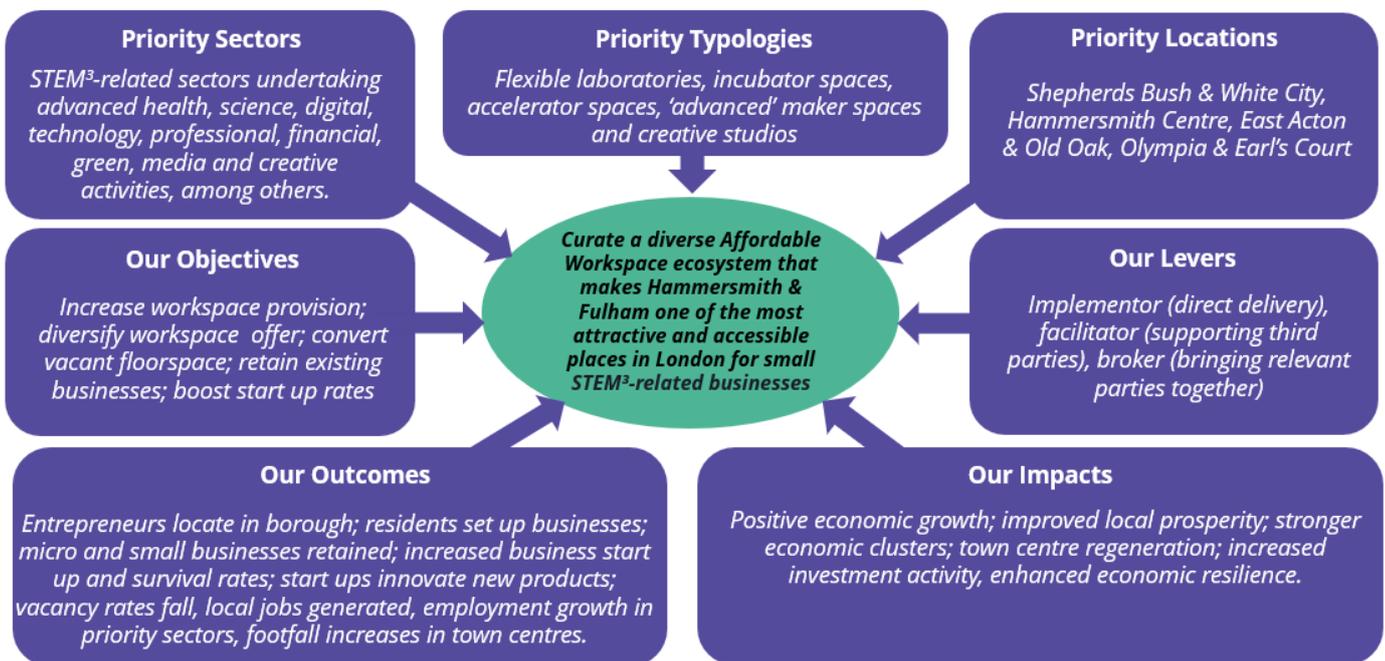
We then set out our ambitions (Chapter 3). This includes our vision statement, as well as an overview of the outputs and outcomes we are looking to achieve. This is followed by an overview of our priorities in relation to sectors, typologies, locations and operating models.

We then outline the levers we will use to achieve our ambitions (Chapter 4). We outline the role we will play and the actions we will pursue over the short-to-medium term. It also considers how we will govern, monitor and evaluate our progress over time.

A summary of *Strategy's* key points is provided below. This represents our 'strategy at a glance'.

This *Affordable Workspace Strategy* is accompanied by a *Delivery Manual*, which provides more detail on how we will bring forward the actions identified in this document. A *Design Guide* has also been prepared which provides design advice to officers and developers bringing forward Affordable Workspace in the borough.

Affordable Workspace Strategy Summary Diagram



02.

Our Context

Why are we focusing on
Affordable Workspace?

Our Context

Why are we focusing on Affordable Workspace?

This *Affordable Workspace Strategy* represents the end of an intense period of research undertaken with partners.

It has not been developed in isolation and has been informed by detailed quantitative and qualitative research - including extensive consultation with officers, operators, developers, businesses and other local stakeholders.

Engagements undertaken include:

- Workshop discussion with **c20** businesses focusing on their premises-related challenges.
- Roundtable discussion with **c10** operators focused on their interest in the borough and the challenges they face.
- Interactive discussion with **c10** businesses and Affordable Workspace operators to discuss the content of the Affordable Workspace Strategy.
- 1:1 discussions with **c10** stakeholders (including businesses, developers and local anchor organisations) to discuss premises-related challenges and opportunities.
- Specific engagements with creative and cultural organisations that are part of the Hammersmith & Fulham **Creative Enterprise Zone (CEZ)**.
- Roundtable discussion with the **Hammersmith & Fulham Enterprise Board** to discuss the focus of the Affordable Workspace Strategy.
- Several workshops with officers to discuss the local context and opportunities for intervention (**c20** attendees).

The results of this exercise, alongside detailed economic, commercial and demographic research, are set out in an accompanying *Evidence Base* which underpins this document.

The most important messages from this work are summarised below. These represent the rationale for intervening.



Hammersmith & Fulham has experienced significant increases in commercial rents over the last decade. To illustrate - average office rents have increased by **+69%** and average industrial rents have increased by **+128%** since 2015.



Small businesses report that these rises, alongside other premises-related challenges (e.g. equipment costs, business rates, utility costs etc), pose challenges to starting and scaling in the borough.



This is backed up by research, which shows that there is limited low-cost small format commercial stock available in the borough. Vacancy rates for smaller office and industrial units are generally below **5%**³ across the borough.



There is also a limited 'specialised' workspace offer. While there are over **30** co-working spaces, there are few flexible laboratory, incubator, accelerator, maker and creative workspace options.



The market is not providing these 'specialised' workspaces as developers focus on more profitable 'conventional' stock aimed at larger and more established occupiers.



This large-format space however, is in less demand than ever before. Vacancy rates for larger-format office space now sit at **18.5%** which represents a doubling between 2015 and 2025⁴.

³ CoStar (2025)

⁴ *ibid*



Despite this imbalance between supply and demand, the market is unlikely to make the necessary adjustments alone as 'specialised' workspace delivers marginal financial returns.



Supporting 'specialised' workspaces and early-stage enterprises can, however, support economic growth as such businesses are often agile and innovative.

It is for these reasons that we are intervening to accelerate the supply of Affordable Workspace.

We define Affordable Workspace as **workspace that meets the needs of small businesses by making a specific effort to make it easier for them to start and scale up.**

'Specific effort' can include the provision of one of the following affordability factors:

- Granting rent free periods.
- Ensuring flexible lease terms.
- Introducing 'all inclusive' rents (inc business rates, service charges, utilities, waste etc).
- Supplying already fitted out space.
- Linking rental payments to turnover or profit.
- Providing expensive shared equipment.
- Ensuring units are appropriately sized to mitigate high rents or business rates.
- Leasing space at a discount to the prevailing market rent.
- Offering relevant business services.

We have adopted this definition because small businesses face a range of different barriers to starting up and scaling up. These vary on a sector-by-sector and business-by-business basis.

Some barriers are non-physical (e.g. lack of knowledge and/or access to finance), but they can also relate to premises. In relation to the latter:

- Life science start-ups often require access to specialist facilities and services that can be too expensive to organise themselves (e.g. cryogenic

freezers, clinical waste removal, sequencing services etc).

- Advanced technology businesses sometimes require equipment to test, trial and prototype new ideas, but this can be too expensive to purchase particularly during experimental phases (e.g. 3D printers, CNC machines, laser cutters etc)⁵.
- Professional service businesses can struggle to pay for the business rates, service charges and utility costs that are often required on top of rents within 'conventional' commercial space.
- Retail starts up often cannot afford fit-out costs for premises particularly alongside the costs of inventory and equipment.
- Artists tend to operate at very low profit margins so are typically unable to afford all the costs associated with 'conventional' commercial space.

For us, Affordable Workspace is therefore not just 'cheaper' or 'smaller' 'conventional' commercial space. Such spaces are actively managed facilities that create a supportive ecosystem of likeminded start-ups. Common characteristics include:

- They are typically traditional commercial spaces sub-divided and let to multiple tenants.
- They are generally targeted at small businesses including entrepreneurs.
- They tend to be operated by multi-skilled workspace providers often at slim margins.
- They can be operated in a light touch way or intensively like a members' club.
- They offer flexible terms to tenants and look to reduce 'barriers' to those starting up.
- They promote networking and collaboration between different occupiers.

Unlike 'conventional' commercial space, there are a broad range of Affordable Workspace types that are tailored to the specific and diverse needs of businesses in different sectors.

Examples include flexible laboratories, incubators, accelerators, co-working spaces, 'standard' maker spaces, 'advanced' maker spaces, 'messy' creative studios, 'clean' creative studios, flexible kitchens, micro retail units and workshops among others.

⁵ CNC Machines (Computer Numerical Control) are automated computer-controlled tools.

Such spaces are managed by a range of different specialist operator types spanning community, public sector, educational, social enterprise and private sector organisations.

Most Affordable Workspaces are run by non-commercial entities with a focus on delivering economic and/or social outcomes, but there are some private entities that deliver and operate spaces that reduce barriers for small business start-ups.

We welcome a range of operators in our borough but will actively support and encourage those that provide the most extensive benefits to small businesses.

03.

Our Ambitions

What do we want to
achieve in relation to
Affordable Workspace?

Our Ambitions

What do we want to achieve in relation to Affordable Workspace?

Our Vision

We want this *Affordable Workspace Strategy* to help us achieve the aspirations captured in *Upstream London*.

This means we will use Affordable Workspace to help us *“transform the borough into a global beacon of innovation and growth”* and support it to *“be a place where innovation upstream of current thinking becomes a reality”*.

We also want this *Affordable Workspace Strategy* to make it much easier for high potential small businesses to start up and prosper in our borough. It should seek to address the market failures previously set out and provide a broad spectrum of workspaces that meet the needs of innovative businesses and sectors.

This is captured in our Affordable Workspace vision statement:

Over the next five years, we will curate a diverse Affordable Workspace ecosystem that makes Hammersmith & Fulham one of the most attractive and accessible places in London for small STEM³-related businesses.

This thriving network will strengthen existing clusters, fuel economic growth and open up new opportunities for local residents to start businesses and access high-quality jobs.

We will use all the levers we have at our disposal to achieve this vision from planning policy through to supporting specialist Affordable Workspace operators to set up within the borough.

This will require us to be more actively involved than ever before. We will be bold, innovative and ambitious in delivery.

Our vision is not, however, to increase the total amount of commercial floorspace in the borough – it is about improving accessibility, enhancing diversity and reducing barriers for small businesses to thrive.

While we will deliver some brand ‘new’ workspace, we will put as much effort into re-purposing and repositioning some of our ‘conventional’ commercial floorspace, given that vacancy rates are rising for our ‘traditional’ large format commercial space.

Our Priority Sectors

To support this vision, we will focus on providing Affordable Workspace for STEM³-related sectors undertaking advanced health, science, digital, technology, professional, financial, green, media and creative activities among others.

This aligns with ambitions set out in *Upstream London (2024)* and our *Where Culture Connects: Cultural Strategy (2023)* which looks to ensure that *“local creativity supports innovation and drives investment, jobs and prosperity”*. It also aligns with the focus and intentions of our Creative Enterprise Zone (CEZ).

These sectors are being prioritised as they are *“likely to drive a cycle of innovation that will endure and generate economic growth for decades to come”* as stated in *Upstream London*.

We will therefore prioritise Affordable Workspace typologies that meet the specific needs of these sectors. These include:

- **Flexible Laboratories:**
 - Serving health, science and technology activities.
- **Incubator spaces:**
 - Serving health, science, digital, technology, professional, finance and green activities.
- **Accelerator spaces:**
 - Serving health, science, digital, technology, professional, finance and green activities.
- **‘Advanced’ maker spaces.**
 - Serving digital, technology and engineering activities.
- **‘Clean’ creative studios.**
 - Serving digital, technology and creative activities.
- **‘Messy’ creative studios.**

- Serving creative activities.

Our Priority Locations

To ensure delivery is strategic, and aligns with economic, commercial and demographic demand signals, we have developed Affordable Workspace propositions for different parts of the borough.

These identify specific Affordable Workspace ambitions for each location alongside typologies that will be sought.

These have been developed based on extensive quantitative research, as well as conversations with officers, operators, businesses and developers.

Propositions have been developed for all sub-areas in LBHF as there is a chance that Affordable Workspace proposals could be received anywhere in the borough through planning applications.

That said, where delivery is being directly led by us we will focus on places where investment will achieve the strongest economic outcomes. This will be where delivery supports the development of clusters and ecosystems where businesses work together to drive economic growth.

The following areas will therefore be prioritised:

- Shepherd's Bush & White City:
 - Sector focus: Health, science, technology, digital and green activities, Creative and cultural activities.
 - Rationale: World renowned innovation district with clear economic strengths driven by presence of Imperial College. Well-known creative neighbourhood recognised for its famous market and wider leisure offer. It is also part of the borough's Creative Enterprise Zone (CEZ).
- Hammersmith Centre:
 - Sector focus: Professional, finance and creative activities.
 - Rationale: Large well-connected town centre that is home to many established professional businesses.
- East Acton & Old Oak:
 - Sector focus: Health, science and creative activities.
 - Rationale: Important employment cluster anchored by Hammersmith Hospital,

Imperial College and a range of industrial units.

- Olympia & Earl's Court:
 - Sector focus: Professional, finance, creative and clean technology.
 - Rationale: Major regeneration areas that have the potential to build new clusters of economic activity.

Our area-based propositions are set out overleaf.

Our Priority Formats

Across the borough we will provide both 'meanwhile' and 'permanent' Affordable Workspace to support early-stage businesses.

'Meanwhile' space refers to temporary Affordable Workspace that is provided in buildings and on sites that are expected to be re-developed or re-purposed in the future.

'Permanent' space refers to long-term Affordable Workspace that is provided in new or re-purposed buildings for an extended period.

We will prioritise 'permanent' space due to the larger-scale and longer-term economic benefits it can bring, while also supporting 'meanwhile' space which can deliver specific outcomes – namely:

- Demonstrating the market opportunity for workspace in a particular location.
- Curating a pipeline of businesses for forthcoming workspace and commercial space in an area.
- Driving footfall and vibrancy to town or neighbourhood centres.

A key focus of our support for meanwhile space will therefore be areas where we want to see future permanent space come forward over time.

We know that this will require us to find buildings or sites in attractive locations where fit out or build costs will be relatively low. Opportunities may need investment from us to help get them off the ground

Affordable Workspace Propositions

East Acton & Old Oak

Capitalise on existing industrial and creative strengths across the area while also supporting the progressive evolution of the Old Oak economy toward Life Science, Digital and Green Tech.

'Clean' Creative Studios, Messy Creative Studios, Maker Spaces, Flexible Kitchens, Workshops, Laboratory Spaces.

Shepherd's Bush & White City

Continue to build on the area's emerging science, health and technology identity while also seeking to revitalise and re-establish its creative and cultural legacy.

'Clean' Creative Studios, Messy Creative Studios, Advanced Maker Spaces, Laboratory Spaces, Incubator/Accelerator Spaces.

Ravenscourt Park

Explore opportunities to introduce workspace concepts that specifically target and focus on the local resident population.

'Neighbourhood/Community' Workspace, 'Clean' Creative Studios, Messy Creative Studios.

Hammersmith Centre

Continue to promote the clustering of professional service activity but foster economic diversification by supporting the sub-area's creative and foundational economies.

Incubator/Accelerator Spaces, Co-working/Service Office, 'Clean Creative Studios, Messy Creative Studios, Micro Retail



Olympia & Earl's Court

Support the growth of existing sectors while also providing space that aligns with ambitions to create a Climate Teach Innovation District at Earl's Court.

Incubator/Accelerator Spaces, Co-working/Service Office, Advanced Maker Space, 'Clean Creative Studios, 'Messy' Creative Studios.

Fulham Centre

Support the revitalisation of the area's economy through a focus on creative, cultural and foundational activity.

'Clean' Creative Studios, Messy Creative Studios, Recording Studios, Micro Retail, Neighbourhood/Community Workspace.

Parsons' Green & Putney Bridge

Focus on targeting and supporting the local resident population, as well as the local professional sector.

Co-working/Service Neighbourhood / Community Office, Workspace, 'Clean' Creative Studios, Messy Creative Studios.

Imperial Wharf/Riverside

Recognise the area's industrial heritage and support the evolution of creative activity related to interior design and fashion.

Clean Creative Studios, Messy Creative Studios, Maker Neighbourhood / Community Spaces, Workspace.

Note: This Affordable Workspace Strategy covers areas that come under the planning remit of the Old Oak & Park Royal Development Corporation (OPDC). While these areas are subject to the OPDC's own Affordable Workspace policy and planning obligations, they have been included as they are still part of the borough. LBHF will not have control over planning proposals in these areas, but will not exclude them from direct action should good opportunities arise to deliver Affordable Workspace as part of the interventions set out later in this document.

When small businesses outgrow Affordable Workspaces we expect them to graduate into premises within our 'conventional' commercial property market. There is extensive vacant space at present and growing businesses should be supported to access this.

We are therefore not advocating for specific 'grow on' space given the characteristics of our market. We will, however, look to ensure that new Affordable Workspace is delivered flexibly and enables businesses to grow in situ before they are ready to access 'conventional' commercial space.

Our Operational Preferences

For both 'meanwhile' and 'permanent' space our preferred operating model will be to work with specialised Affordable Workspace operators via traditional leases or management agreements.

We recognise that these organisations are highly experienced and have the expertise required to deliver positive economic outcomes in a financially sustainable way.

Public sector organisations and developers are less well-placed to balance impact with careful financial management.

We will mainly work with not-for-profit entities with a focus on delivering positive economic outcomes but will work with private organisations that operate spaces that reduce barriers for small businesses.

We welcome a range of operators in our borough but will actively support and encourage those that provide the most extensive benefits to our business community.

We will update our Approved Providers List line in line with this. It will capture operators working across the full breadth of sectors and typologies we are looking to support across the borough.

We have already built relationships with new operators as part of the development of this strategy.

Our Objectives

Our vision and priorities are expressed through a set of objectives that guide our approach to delivery.

These objectives are broad, strategic goals that set the direction for our work and what we want to achieve. Across all of these we are working towards a five year timeframe (2026 – 2031).

They are as follows:

- **Increase** the amount of Affordable Workspace in the borough.
 - Rationale: Limited current provision.
 - Measured via: Number.
 - Aspirational five-year target: +15 workspaces.
- **Diversify** the Affordable Workspace offer.
 - Rationale: Lack of diversity in current offer.
 - Measured via: Number of flexible laboratories; innovation & accelerator spaces; creative studios & maker hubs.
 - Aspirational five-year target: +3 flexible laboratories; +6 innovation/accelerator spaces; + 6 creative studies/maker spaces.
- **Convert** existing vacant commercial space into productive Affordable Workspace uses.
 - Rationale: Significant vacancy challenges in 'conventional' commercial market.
 - Measured via: Number of vacant floorspace units converted.
 - Aspirational five-year target: 10 conversions.
- **Boost** start up rates and support local people to set up new businesses.
 - Rationale: Should drive inclusive economic growth in line with *Upstream* ambitions.
 - Measured via: Businesses started in new workspaces.
 - Aspirational five-year target: +400 new businesses, including +50 started by local residents.
- **Retain** existing small businesses in target sectors.
 - Rationale: Micro and small business report that they are facing more pressures than ever before.
 - Measured via: Total business count.

- Aspirational five year target: No net loss of small businesses.

Our Outcomes

Through the delivery of our vision and objectives we should achieve a series of outputs, outcomes and impacts:

- Outputs are the direct products or services delivered by a programme.
- Outcomes are the changes or benefits that result from those outputs.
- Impacts are longer-term, broader effects achieved when multiple outcomes accumulate.

The main outputs will, of course, be the delivery of 'new' Affordable Workspace and any associated business support and networking programmes. These are considered in more detail in the next chapter.

The outcomes will, however, vary depending on the types and mix of facilities that come forward. While we have clear aspirational targets a lot can change over five years and it is not certain what will or will not be delivered.

Due to this we have identified a set of 'general' outcomes we are hoping to achieve to shape and influence our approach. These respond directly to our objectives.

They have been, and will continue to be, used as a filter when determining which Affordable Workspace investments should be made.

They are as follows:

- Entrepreneurs locate in the borough to set up innovative enterprises.
- Local residents set up new businesses within target sectors.
- Existing small businesses retained in the local area.
- Existing start-up businesses supported to survive, grow and scale.
- Local people access jobs within small businesses.
- Increased survival rates of start-up businesses locally.
- Small businesses deliver new innovations and products.

- Employment increases within borough's priority sectors.
- Vacancy rates within 'conventional' commercial property market fall.
- Footfall increases in town centre locations.

Achieving these outcomes should ultimately help to unlock a broad range of impacts that align with *Upstream London* and our *Where Culture Connects: Cultural Strategy*, in addition to achieving the objectives of the *CEZ*. When delivered alongside other economic development initiatives being brought forward by LBHF, potential impacts are likely to include the following, among others:

- Economic growth.
 - Measured via: Employment count, business count, GVA.
- Improved prosperity.
 - Measured via: Household incomes, deprivation, qualification levels.
- Stronger economic clusters.
 - Measured via: Business count and employment count for priority sectors in priority clusters.
- Enhanced economic resilience.
 - Measured via: Economic complexity measures.
- Town centre regeneration.
 - Measured via: Footfall/retail vacancy.

This is all captured in our Theory of Change as set out in Appendix 1.

04.

Our Role

How will we secure our
Affordable Workspace
ambitions?

Our Role

How will we secure our Affordable Workspace ambitions?

Our current approach to Affordable Workspace involves securing on-site and off-site commitments from developers as part of major commercial and mixed-use schemes using our *Local Plan* and *Affordable Workspace SPD* as a basis.

To date, we have negotiated **14** on-site commitments with a combined floorspace of **14,836** sqm. Most of these are office proposals alongside a small number focused on the creative industries.

We have also secured off-site payments to support Affordable Workspace delivery elsewhere in the borough.

This approach does, however, have limitations.

As outlined earlier in this document, we have found that:

- Schemes can take a long time to come forward through the planning system.
- Several schemes have stalled or have been abandoned due to fluctuations in the real estate market.
- Some applicants are using the planning system to enhance land values and do not necessarily plan to build out consents.
- On-site commitments are concentrated where commercial and mixed-use development is coming forward (i.e. White City and Hammersmith Centre) meaning some areas are missing out.
- A number of on-site commitments provide very small spaces that might be challenging to make financially viable.

Due to this, we need to use a broader range of levers to deliver a more rapid and meaningful increase in Affordable Workspace provision across our borough.

Drawing on an extensive review of best practice across London, we have identified three roles that we can play to better deliver our ambitions. These involve acting as:

- **An Implementor:** Directly delivering workspace ourselves. This is the most resource intensive approach.
- **A Facilitator:** Actively supporting third parties to bring forward workspace. This has moderate resourcing requirements.
- **A Broker:** Bringing relevant parties together to deliver workspace. This is the least resource intensive option.

There are a wide range of actions that we *could* bring forward under each of these levers as identified through our research.

While we would ideally deliver all of these, we have limited resources in terms of both time and money.

Our Economic Development team has a relatively small number of officers and to date we have secured **£8m**, through off-site payments, to fund Affordable Workspace initiatives.

We therefore need to be strategic in our approach in order to maximise our economic impact while minimising the amount of time and money spent.

In response to this, we have undertaken a sifting process to identify which actions we will bring forward using our existing resources.

This process has involved scoring a longlist of potential actions against a mix of delivery and impact criteria as set out below:

- **Impact:** What scale of economic impact could be achieved (High; Medium; Low)?
- **Longevity:** How long could positive impacts be sustained (Long term; Medium term; Short term)?
- **Capital:** How much capital finance is needed to introduce the intervention (High; Medium; Low)?
- **Resource:** How much time is needed from officers to bring the intervention forward (High; Medium; Low)?
- **Alignment:** How well could the intervention align with the ambitions of *Upstream* (High

potential alignment; Medium potential alignment; Low potential alignment)?

- **Objectives:** Could the intervention be delivered in a way to deliver our strategy's objectives (High potential; medium potential; low potential)?
- **Need:** Does our research suggest such an intervention is needed (High need; medium need; low need)?

Through this process, which is set out in more detail in the accompanying *Delivery Manual*, we have identified the actions we will pursue over the next five years.

These are summarised below with more information on the 'Who?', 'What?', 'Where?', 'When?' and 'How?' provided in the *Delivery Manual*.

These actions will act as our Affordable Workspace 'pilot' initiatives and will allow us to explore which actions can be most impactful for our borough.

They represent our first steps towards delivering Affordable Workspace outside of the planning system. We will therefore take an adaptive approach grounded in learning and reflection. This means our approach may change over time and our priorities may shift.

Action 1: Retrofit Fund (Facilitator)

Given the complexity and level of resource required to directly deliver Affordable Workspace, we will prioritise playing a facilitative role as this can bring forward more Affordable Workspace at a faster rate compared to acting as an implementor.

There are a wide range of ways we could do this including providing grants, loans or funding application support to third parties interested in bringing workspace forward locally.

Our preferred approach, however, is to set up a by-application Affordable Workspace Retrofit Fund to support Affordable Workspace operators to open new facilities in vacant and/or underutilised buildings across the borough.

This would achieve twin objectives of delivering Affordable Workspace while also addressing vacancy challenges within our 'conventional' commercial market.

Such funding could be used for capital expenditure on building works including for conversions, refurbishments and/or extensions. These costs are often a major blocker to bringing forward new affordable spaces.

Funding would be ringfenced for proposals that support our priority sectors and typologies.

The application process that we use will need to be rigorous to ensure that funding is only provided for proposals that are well thought through, deliverable and align with our objectives. We will ask for detailed business models and operational plans to inform our decision making, and will set out stringent funding criteria.

We will also ask applicants to be clear about what mechanisms they will use to reduce barriers for small businesses. These will be captured in legally binding grant agreements.

We see this as an early priority action to pursue. We expect to launch it in a phased way to ensure a managed roll out of funds. This will also allow us to learn and adjust before committing to a larger allocation.

This action reflects an approach used by the London Borough Lambeth (LBL) as part of their Future Workspace Fund as set out in Appendix 2 (Case Study 1).

Why have we chosen this action?

- Our research shows that there is a lack of depth and breadth in our existing workspace offer. Grants can be used tactically to deliver more workspace and address typological gaps in the offer.
- Providing funding should help deliver more workspace more rapidly than direct delivery as it allows third parties to bring forward schemes rather than relying on limited officer resource.
- Our research illustrates that there is excess commercial supply for established occupiers but constrained supply for newly established businesses. Focusing on retrofit rather than new build should help to address the imbalance between supply and demand.
- Consultations with operators indicate that they find it challenging to access finance to fit out buildings, including those secured through the planning system. Grant funding can help

overcome this and allow operators to bring space forward.

- This intervention has the potential to contribute to all of our Affordable Workspace objectives.

Action 2: Regeneration Scheme Integration (Implementor)

While we will prioritise facilitation, we will also integrate Affordable Workspace into some of the regeneration schemes we are delivering or facilitating in our borough.

We consider this to be a 'win-win' as it will help us achieve our Affordable Workspace objectives, while also activating and enhancing the vitality of regeneration schemes.

This will be most appropriate in commercial locations, but we could also consider neighbourhood and community-oriented options in residential areas.

Our plan is to identify a 'pilot' regeneration scheme as a first step. This will allow us to test the concept and explore ways of working. This will be informed by a detailed feasibility study that considers operational models, design approaches and delivery structures.

Our plan is to use our learning from delivering this 'pilot' space to consider where similar facilities could be delivered in future as part of other regeneration schemes.

We see this as something we will pursue throughout the strategy period as and when regeneration opportunities emerge.

This type of approach was used by the London Borough of Haringey to deliver new workspace as part of the re-development of Hornsey Town Hall as set out in Appendix 2 (Case Study 2).

Why have we chosen this action?

- Providing workspace as part of regeneration schemes can help reduce costs as efficiencies can be secured through economies of scale. Existing project management resource can also be used to deliver workspace elements of schemes.
- Mixed-used regeneration schemes can incorporate commercial uses that can cross-

subsidise Affordable Workspace which tends to be marginal from a financial perspective.

- This action has the potential to contribute to all of our Affordable Workspace objectives.

Action 3: Public Asset Development (Implementor)

Our next priority will be to explore how we can use our extensive public estate to provide new Affordable Workspace across the borough.

While many of our assets perform an essential operational function, others are (a) surplus to requirements, (b) could be consolidated into other sites, or (c) are commercial in nature.

This intervention will involve us reviewing our portfolio to determine whether any buildings could be re-purposed to provide Affordable Workspace and/or other uses that support our economic development ambitions.

This will, of course, need to be set against the other priorities and objectives we corporately hold for our asset base.

We have already undertaken an initial sifting exercise which has identified a number of assets for consideration.

Our next step will be to undertake feasibility studies to explore the potential for each of these buildings to be converted to Affordable Workspaces. We will cover design, operational and business planning considerations among others.

This type of intervention is common for local authorities as the example of Bloqs in the London Borough of Enfield illustrates (see Appendix 2 – Case Study 3).

Why have we chosen this action?

- Our research illustrates that we have an extensive range of public assets. A sifting exercise focused on factors such as size, location and occupation demonstrates that several could be suitable for Affordable Workspaces.
- The best practice case studies we have reviewed highlight that using public assets for Affordable Workspace is more straightforward and less costly when compared to using

privately owned assets which tend to have significant acquisition costs.

- The borough's property portfolio is currently under review making this a timely opportunity to consider potential alternative uses.
- This action has the potential to contribute to all of our Affordable Workspace objectives.

Action 4: Business Development (Broker)

Beyond facilitation and direct delivery, we will start to broker relationships between parties to help bring forward or support Affordable Workspace schemes.

Parties include landlords and operators, but also departments within our own organisation and other public bodies that are less involved in Affordable Workspace delivery on a day-to-day basis.

This role is important because businesses and operators have told us that:

1. They do not have a good understanding of the support available to them.
2. They do not have visibility of available assets or forthcoming opportunities.
3. They do not hold good relationships with landlords and developers that might consider meanwhile or permanent workspace proposals.
4. It can be challenging to navigate and communicate with different departments within our organisation - including planning, licensing, business rates and economic development.

We will therefore start to:

- Create better connections with operators and update our Approved Providers list. This will include engagement with the GLA's Accredited Provider Programme.
- Build connections between operators and local landlords.
- Refer appropriate operators to developers as new proposals triggering Affordable Workspace requirements come forward.
- Provide an up-to-date picture of existing and forthcoming opportunities for Affordable Workspace operators.
- Signpost operators and businesses to the different types of support available. This could

include any Affordable Workspace funds we set up, as well as other business support programmes being run by us and our partners.

- Link businesses and operators with the right people within our organisation to answer their queries.

We see this action as an immediate priority and will commence with it as soon as the strategy is published.

To support this work, we will set up an Affordable Workspace Operators Forum that allows our operators to come together to share knowledge about potential opportunities.

It can also be a place to discuss other important topics such as business rates, raising finance and service charges among others. This should help to build resilience within the sector.

The London Borough of Lewisham has recently started to play a stronger business development role as the case study in Appendix 2 (Case Study 4) illustrates.

Why have we chosen this action?

- Our best practice review illustrates that new workspace can be catalysed where local authorities link up asset owners with specialist workspace operators.
- Operators report that they are interested in locating in the borough but require more intelligence about forthcoming opportunities and where relationships could be forged.
- Operators already located in the borough note that it is becoming more challenging to remain open and that a more proactive and supportive approach from the local authority would be welcomed.
- This action has the potential to contribute to Affordable Workspace objectives related to increasing the amount and diversity of workspace in the borough.

Investment Criteria

Across all of these actions, we will need to make decisions about which proposals to support.

We will, of course, develop specific criteria for each broad initiative, but have developed a series of 'investment criteria' below to guide this.

Drawing on our objectives, outputs and outcomes, these criteria reflect the types of proposals we are looking to back:

- Those targeted at small businesses.
- Those that provide space for one or more of our target sectors.
- Those that support one or more of our preferred workspace typologies.
- Those that re-activate vacant or underutilised assets.
- Those that have a clear link to supporting residents to set up businesses and/or access employment.
- Those that help build our clusters of specialist economic activity.
- Those that support innovation and entrepreneurialism.
- Those that enhance the attractiveness of areas for STEM³-related businesses.

Given our challenging resource position, there will be other proposals that we will not be able to support. These are those that are less aligned with *Upstream London* which ultimately guides what we do in relation to economic development. Examples might include:

- Those that support sectors that do not represent priorities.
- Those focused on community or third sector organisations rather than businesses.
- Those supporting larger and more established businesses.
- Those that cannot demonstrate a clear approach to reducing barriers for small businesses.
- Those that do not align with the economic characteristics of their area.

We will also look to ensure that any schemes we support are backed by strong business plans. These will need to demonstrate clear cashflows capturing expected costs and incomes over an extended period.

We will draw on expert support from third party operators to check and challenge these business plans to ensure they are deliverable and achievable. We recognise that we have an important responsibility to ensure public money is used wisely.

Longer Term Opportunities

The actions set out in this chapter focus on the short-to-medium term which we define as the next five years or so.

We are, however, highly ambitious and want our Affordable Workspace Programme to extend beyond the resources we currently hold.

To support this, we will re-consider our approach to securing off-site Affordable Workspace contributions through the planning system.

The *Affordable Workspace SPD* currently allows off-site contributions in “*exceptional circumstances*”, but we will consider putting this option forward where an operational Affordable Workspace cannot be secured on site. This will be the case where a proposal:

- Is under 7,000 sq ft or 650 sqm.
- Cannot be fitted out to Cat A+ or Cat B standard.
- Sits outside an attractive employment / mixed-use area.
- Has a combined rent and service charge in excess of £15 psf.
- Cannot be easily split up into small units to mitigate business rate liabilities.

These are criteria that most Affordable Workspace Operators consulted require as a minimum to set up a commercially sustainable facility.

Where a proposal is unlikely to meet these criteria we will consider seeking an off-site contribution using our existing Payment in Lieu calculator as a basis. Such an approach should help us to secure additional financing to support our Affordable Workspace ambitions.

Beyond this, we will also look to secure other public sector economic development and/or regeneration funding to support our ambitions. This includes from Central Government (i.e. MHCLG) and Local Government (i.e. GLA).

Longer Term Actions

If we are able to secure further funding, we will firstly consider whether we can increase investment into the priority actions already referenced.

As explained in the *Delivery Manual* we will adopt an approach to ‘continuous learning’ through evaluation. Actions that prove effective and deliver value for money will be supported through additional investment.

We will also consider other potential actions that also scored well through our sifting process. These include:

- **Facilitator:** Providing support to operators to access other public sector funding pots (such as the GLA’s Good Growth Fund).
- **Facilitator:** Working with landlords to activate underutilised spaces for productive and Affordable Workspaces (such as upper floors, storage areas, back offices, arches etc).
- **Facilitator:** Providing subsidy to small businesses to access conventional market space.

Perhaps the most promising opportunity could involve setting up a revenue fund to directly help small businesses within target sectors to access ‘conventional’ market space.

This could involve providing subsidies on a time limited basis to a select number of businesses that fit strict eligibility criteria. These could relate to the age of the business, the activity being undertaken and the robustness of their business plan.

The focus would need to be on supporting high potential enterprises that have a clear pathway to expansion and growth. The business plan would need to illustrate confidence that businesses will be able to pay a full market rent over time.

If we pursue this option, we would need to work with landlords to identify appropriate ‘conventional’ commercial market space where subsidies could be used. We should expect landlords to contribute to this subsidy to ensure a ‘win win’ for both the public and private sectors.

A small number of facilities could be selected from the market, including market rent co-working and laboratory spaces, where there are challenges with vacancy. We could prioritise those in target locations and where occupation could unlock other economic outcomes (e.g. increased town centre footfall).

This is not something that other local authorities have trialled to date, but it is not dissimilar to the provision of business loans, grants or support which is a well-trodden path for public sector organisations such as ours.

This is demonstrated by the Productive Valley Fund which was delivered by the London Boroughs of Enfield, Haringey and Waltham Forest (see Appendix 2 – Case Study 5).

Delivery Approaches

This *Affordable Workspace Strategy* marks a step change for our borough, and its delivery will require us to work closely with our partners to secure tangible change.

It provides a clear vision and roadmap that we can get behind and progress at pace, and offers a holistic response to the challenges faced by small businesses.

We have written an accompanying *Delivery Manual* to set out in detail how we will achieve our vision and objectives.

It covers the ‘Who?’, ‘What?’, ‘Where?’, ‘When?’ and ‘How?’ for the *Strategy*, including more detail on the actions we will take.

At a high level, it firstly emphasises that we will need to be innovative in delivery given this work comes at a time where the public sector has fewer resources than ever before.

This notion is captured in a set of ‘delivery principles’. These underline that we will be:

- **Flexible:** We recognise that delivery is challenging for both operators and developers, and we will therefore work as flexibly as possible to secure solutions that work for different parties.
- **Creative:** We will be creative in identifying potential solutions to challenges. This includes considering a broad range of different delivery models.
- **Collaborative:** We will work as collaboratively as possible with operators, developers and occupiers to bring forward solutions that are mutually beneficial for different parties.
- **Responsive:** We will track progress and liaise with stakeholders regularly to understand how

delivery is progressing. We will adapt our strategy and approach where it is clear that different approaches are required.

- **Thorough:** We will act diligently to ensure that we secure the best possible outcomes for small businesses.

The *Delivery Manual* secondly sets out the actions that we will pursue. It uses the sifting process previously referenced to set out more detail on the actions we will deliver over the next five years using our existing resources.

It also considers actions that will be delivered when further resources become available.

The document then explains our approach to management – noting that we will use existing officer resource but will need new robust governance structures to support and steer delivery.

In terms of governance, the *Delivery Manual* sets out that Affordable Workspace will be integrated into wider *Upstream* governance structures.

To support this *Strategy*, we will set up a specific officer-level sub-group called the *Affordable Workspace Steering Group*.

This will consist of officers across Economic Development (including the CEZ Lead Officer), Regeneration, Planning Policy, Development Management and Property. It will be an action-oriented group with a wide remit.

The types of activities it will undertake include the following among others:

- Tracking delivery of actions against the indicative programme set out in the *Delivery Manual*.
- Reviewing development proposals related to Affordable Workspace.
- Steering and guiding feasibility work for new Affordable Workspaces.
- Maintaining and reviewing active lists of operators and occupiers.
- Keeping up to date with potential public sector funding opportunities.

This *Steering Group* will report directly into members and existing Council governance structures. Spending proposals, in particular, will go through normal channels including Cabinet where appropriate.

Beyond this, the *Delivery Manual* identifies that the *Steering Group* will also take a lead on tracking performance and impact.

This is a crucial part of delivery because what is measured dictates what is done. If the wrong thing is measured, we might do the wrong thing. If something is not measured it might be ignored or neglected.

The *Delivery Manual* sets out our approach to doing this - drawing on our unique MEAL (Monitoring, Evaluation, Accountability and Learning) framework.

This provides a structured approach to assessing the effectiveness of our initial investments. It will ensure that delivery remains aligned with strategic objectives, while allowing us to understand which initiatives offer the best value for money.

In particular, the framework will track whether we are making positive progress towards the priority outcomes we are looking to achieve as captured in our Theory of Change, in Appendix 1.

In addition to this, the *Delivery Manual* notes that we will set up an *Affordable Workspace Forum* made up of relevant operators and occupiers across the borough.

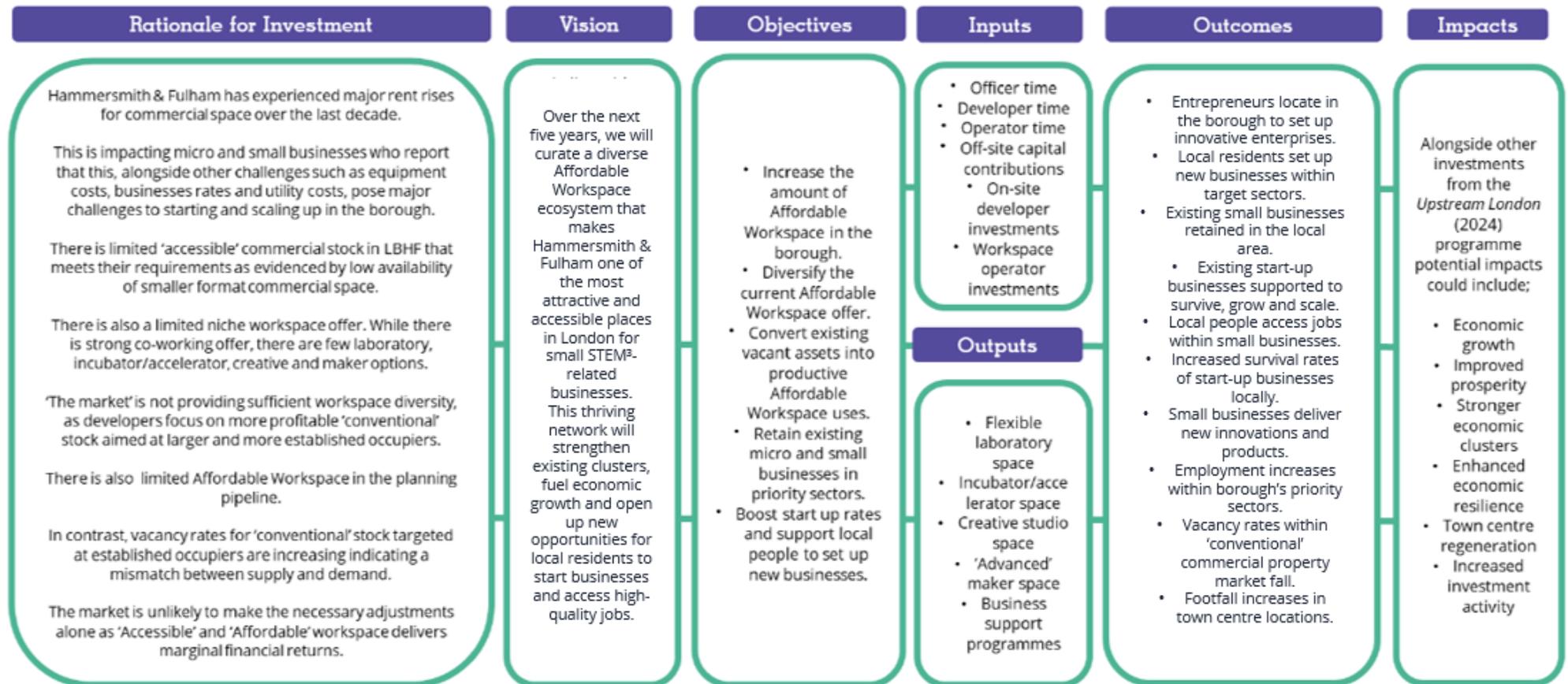
This will be a peer-to-peer network that allows information to be shared about what is happening in relation to Affordable Workspace in the borough and to highlight any opportunities that are emerging.

It will also provide a space for stakeholders to identify concerns and challenges that could be solved through collective action or specific initiatives.

The *Delivery Manual* sets out high level Terms of Reference for this group and the wider *Affordable Workspace Steering Group*, though these will need to be reviewed by attendees to ensure everyone understands the purpose of each group and the roles and responsibilities of each attendee.

All of this activity together should ensure that we are able to drive forward delivery in a strategic and joined up way. It will also ensure we are delivering in line with our aspirations and collectively working towards our priority outcomes.

Appendix 1: Theory of Change Diagram



Appendix 2: Case Studies

Case Study 1: Lambeth Future Workspace Fund

The London Borough of Lambeth (LBL) recently set up the Lambeth Future Workspace Fund, which is a loan and grant fund to help Affordable Workspace providers to set up new workspaces that will help grow sectoral clusters and enhance the affordability of space across their borough.

The fund is worth £8.0m in total which has been distributed via a series of rounds. The funding can be used by Affordable Workspace Operators for capital works only.

Since launching in 2020, the fund has supported a wide range of schemes come forward including a climate technology co-working space (Sustainable Ventures), an artist studio (Artists Studio Company) and a music production space (Raw Material Music) among others.

Affordable Workspace Providers have to submit applications for funding which requires stringent information on business and operational models to be provided.

Case Study 2: Hornsey Town Hall

The Hornsey Town Hall scheme is a multi-purpose conversion which has been delivered by the Far East Consortium (FEC) with the London Borough of Haringey (LBH).

This has involved restoring the Grade II* listed Town Hall and Town Hall Square for residential uses, while also providing the community with a new arts centre, co-working hub, hotel and rooftop bar.

These commitments were secured by LBH as part of the disposal of the asset to FEC in 2017. The procurement process used requested the arts centre and co-working hub to be provided alongside other community and residential uses.

Case Study 3: Bloqs

Bloqs is a new open access factory in Meridian Water that provides professional makers with affordable shared workshop space. It opened in 2022.

The unit offers a broad range of light industrial tools, including mills, lathes, CNC routers, laser cutters and others which are all available to users.

Access to tools of this nature can be unaffordable for many businesses, but the membership to Bloqs allows direct access without the upfront cost or maintenance responsibility.

The site Bloqs is built upon is owned by the London Borough of Enfield who used their own funds, alongside investment from the GLA, to deliver the facility in partnership with the operator and 5th Studio.

Case Study 4: Lewisham Business Development Services

The London Borough of Lewisham's (LBL) economic development team offers a brokerage service between their internal business rates team and Affordable Workspace Operators.

This involves the team offering guidance and advice on the different reliefs that are available, as well as a problem-solving function where operators have questions or concerns about communications they have received.

This service is highly valued by operators who were facing significant challenges around securing the right types of business rate relief they are entitled to.

Beyond this, officers also convene an Affordable Workspace Forum of local operators who are also able to offer advice on topics such as business rates, raising finance and service charges to other operators looking to open in the borough.

It is a supportive group with a focus on knowledge sharing to increase the resilience of the workspace sector in Lewisham.

Case Study 5: Productive Valley Fund

The Productive Valley Fund is a £2.7 million loan programme aimed at boosting industrial growth in North London. It focuses on the Upper Lea Valley, covering Enfield, Haringey, and Waltham Forest.

The fund supports manufacturing and production businesses, especially those with strong growth potential. It offers flexible, low-interest loans to help

companies invest in equipment, expand, or modernise.

For example, businesses can purchase new machinery, upgrade premises, or fit out a new workspace.

High-potential businesses are prioritised for their ability to drive innovation and create jobs. Applicants need to show commercial viability and a clear plan for scaling up.

By backing ambitious firms, the fund helps shape a more resilient and dynamic industrial economy. It is part of a wider effort to regenerate the area and preserve its industrial heritage.

The fund was launched in 2019 through a tri-borough collaboration, protecting and modernising London's industrial heartland, supporting growth-ready manufacturing and production firms and driving job creation and innovation.

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