

**Report of: Executive Member for Economic Development**

<b>Meeting of:</b>	<b>Date</b>	<b>Ward(s)</b>
Executive	6 September 2018	All

<b>Delete as appropriate</b>		Non-exempt
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**SUBJECT: Adoption of Affordable Workplace Strategy 2018-20**
**1. Synopsis**

- 1.1 The purpose of this report is to enable the Executive to adopt the Council's draft Affordable Workspace Strategy.
- 1.2 The Council's new Corporate Plan (Building a Fairer Islington 2018-22) reaffirms and strengthens the Council's commitment to making Islington fairer and to creating a place where everyone, whatever their background, has the same opportunity to reach their potential and enjoy a good quality of life.
- 1.3 In pursuit of this commitment, the Corporate Plan sets out the Council's seven main objectives for the next four years. This includes an objective of:
 

"Delivering an inclusive economy, supporting people into work and helping them with the cost of living".
- 1.4 An inclusive economy is an economy that has fairness at its heart and where economic interventions are shaped and driven by a desire to achieve social justice, shared prosperity and environmental sustainability.
- 1.5 The Corporate Plan identifies a number of actions that the Council will take to deliver an inclusive economy including, in particular, an action to secure new affordable workspaces for local people. The adoption and delivery of the Council's Affordable Workspace Strategy is therefore integral to the achievement of the Council's commitment to making Islington a fairer place and to delivering an inclusive economy in the Borough. Further actions within the Corporate Plan that are relevant to the Affordable Workspace Strategy include the Council's commitment to providing support for small businesses and ensuring that local spending remains within the local economy for the benefit of local people and micro and small businesses.

## 2. Recommendations

- 2.1 To adopt the draft Affordable Workspace Strategy as outlined in this report and attached at Appendix 1.
- 2.2 To authorise the Corporate Director of Environment and Regeneration to make minor amendments to the document prior to its publication, in consultation with the Executive Member for Economic Development.

## 3. Background

3.1 As noted above, the main **aim** of the Affordable Workspace Strategy is to support the delivery of the Council's **vision** of a fairer Islington, and to achieve the Council's overarching economic priorities as set out in the Corporate Plan. This aim is also within the context of the forthcoming Inclusive Economy Strategy, currently under preparation. The Affordable Workspace Strategy contains the following five main **objectives**:

1. To support local micro and small businesses the Council will increase the supply of affordable workspace within the borough.
2. To ensure that the management of Islington's affordable workspaces delivers real opportunities for local people to access high quality jobs and training, and start their own businesses, and supports the Council in tackling poverty, disadvantage and social inequality within the borough.
3. To encourage resilience and growth within the local economy by supporting Islington's established and emerging business clusters.
4. To ensure that as far as possible, wealth and resources remain within Islington for the benefit of local people, and micro and small businesses, by supporting the development and implementation of a local wealth-building approach.
5. To develop a clear 'brand' and communications strategy that will be applied to all affordable workspaces managed on behalf of the Council to communicate and promote the fact that these spaces have been secured and delivered by the Council.

3.2 The Affordable Workspace Strategy objectives have been developed to address the following economic **challenges** within the borough:

1. Intense social inequality and disadvantage with many local residents being shut out from the benefits of the borough's economic growth either through in work poverty or unemployment;
2. The impact of rapidly rising property costs and business rates on the ability of micro and small businesses to start-up, grow and remain within the borough;
3. A growing concern that rising property costs and business rates may allow larger businesses and multinationals to displace micro and small businesses, and undermine the effective functioning of Islington's business clusters; and
4. A growing concern that if micro and small businesses are replaced by larger businesses and multinationals, greater levels of wealth and resources will be extracted from the local economy.

The Council has identified eleven actions that it will take to deliver the objectives set out in the draft Affordable Workspace Strategy. These actions are briefly summarised below.

3.3 **Objective One – To support local micro and small businesses the Council will increase the supply of affordable workspace within the borough.**

The following actions will be taken by the Council to deliver this objective:

1. Robustly negotiate on-site affordable workspaces within new commercial developments and secure these workspaces through Section 106 agreements with developers.
2. Negotiate Section 106 cash contributions (where on site provision is not achievable) to develop affordable workspace in other locations within the borough.
3. Review the Local Plan to strengthen the Council's ability to secure new affordable workspaces through the planning process.
4. Seek opportunities to deliver affordable workspaces using Council assets.
5. Secure external funding (outside the planning process) to deliver affordable workspace.

3.4 **Objective Two - To ensure that the management of Islington's affordable workspaces delivers real opportunities for local people to access high quality jobs and training and start their own businesses, and supports the Council in tackling poverty, disadvantage and social inequality within the borough.**

In April 2018, the Executive approved the adoption of a process for commissioning affordable workspace providers. This commissioning process enables the Council to transfer affordable workspaces to an operator at a peppercorn rent in exchange for a number of well-defined measures. These measures include:

- a package of sub-market rents;
- the development of support programmes for local micro and small businesses;
- the delivery of employment outcomes for local residents;
- the development of education and skills initiatives to engage local young residents;
- support for the development of local business clusters; and,
- any other social value initiatives that could be considered for the benefit of the local community.

In addition, the operators will be required to promote social inclusion by ensuring that the characteristics of the people benefiting from the provision of these workspaces reflects the diversity of the local community in terms of for example, their ethnic backgrounds and gender.

The adopted commissioning process covers the period up to April 2019 and will apply to the first wave of affordable workspaces that have been secured through S106 Agreements. A new process will be needed from April 2019 onwards and is currently under development. The Affordable Workspace Strategy therefore includes the following actions for the Council:

6. Ensure that its workspace operators deliver meaningful, sustainable social value by contractually embedding and monitoring a range of social value initiatives designed to tackle poverty, disadvantage and social inequality.
7. Keep the process for commissioning affordable workspace operators under review and to adopt a new commissioning process for the period after April 2019.
8. Undertake a representative survey of small and micro businesses in the borough to improve the Council's understanding of the challenges that these businesses face. This will be used to inform the Council's future interventions in the local economy including its approach to affordable workspace.

3.5 **Objective Three – To encourage resilience and growth within the local economy by supporting Islington's established and emerging business clusters.**

The following action will be taken by the Council to deliver this objective:

9. The Council will commission research to obtain a detailed understanding of Islington's business clusters, and develop closer partnership working with key stakeholders.

**3.6 Objective Four – To ensure that as far as possible, wealth and resources remain within Islington for the benefit of local people, and micro and small businesses, by supporting the development and implementation of a local wealth building approach.**

The Council is also committed to supporting micro and small businesses because it believes that the money spent by these businesses is more likely to remain within the local economy. Large national or multinational businesses are considered more likely to extract wealth from the local economy, by for example procuring goods and services nationally or even internationally. The Council also wants to explore how alternative business models such as co-operatives can be supported to encourage a local wealth building approach.

The Affordable Workspace strategy therefore includes the following action:

- 10.** The Council will develop a local wealth building approach to support local micro and small businesses, and to ensure that as far as possible, money that is generated in the local area is spent in the local area. This will include exploring alternative models of business ownership such as co-operatives and building the capacity of local residents to participate in these business models.

**3.7 Objective Five – To develop a clear ‘brand’ and communications strategy that will be applied to all affordable workspaces managed on behalf of the Council to communicate and promote that these spaces have been secured and delivered by the Council.**

The Council's Communications Team has been asked to develop an in-house branding and communications strategy for any affordable workspaces that are managed by or on behalf of the Council. The purpose of the strategy is to ensure that anyone who uses or visits the workspaces clearly understands that it has been secured and delivered by the Council.

- 11.** The Council will develop a clear brand that will be used in all affordable workspaces managed on behalf of the Council, with an associated communications strategy to continue to profile the range of benefits of affordable workspaces in the borough.

**3.8 Monitoring and Review**

The draft Affordable Workspace Strategy includes a monitoring framework. This framework will enable progress towards the achievement of the actions contained within the strategy to be monitored and reported through the Council's performance and scrutiny processes.

In addition, the Council is developing a revised set of targets and performance indicators that link to the objectives and outcomes set out in the Corporate Plan. The relevant targets and performance indicators will be incorporated into the final version of the Affordable Workspace Strategy.

As noted in this report, the Council intends to adopt a new process for commissioning affordable workspace providers from April 2019 onwards. In addition, the Council is reviewing its Local Plan and is likely to adopt revised planning policies in relation affordable workspace. As also noted above, the Council is planning to commission research to improve its understanding of the challenges that local businesses and business clusters face. It is therefore proposed that the Affordable Workspace Strategy is reviewed and updated for the period after 2020.

**4. Implications**

**4.1 Financial implications:**

Through the section 106 process the Council negotiates the provision of workplace accommodation on a peppercorn lease basis. Concession contracts allow us to transfer these properties to affordable workspace operators on under-leases at a peppercorn rent for various durations.

#### 4.2 Legal Implications:

Town and country Planning Act 1990 S106 allows the Council to enter into agreements which bind a site and require that specific activities will take place on it. A S106 agreement may only secure a benefit where it is:

- (a) necessary to make the development acceptable in planning terms;
- (b) directly related to the development; and
- (c) fairly and reasonably related in scale and kind to the development.

#### 4.3 Environmental Implications

The main environmental implications of the Strategy and of appointing Affordable Workspace Providers to manage the Council's affordable workplaces will be the manner in which the appointed providers manage the premises, particularly the heating and cooling systems (which will use energy), the provision of waste facilities for tenant businesses (which will influence the level of recycling and food waste composting), and management of the building-related waste (e.g. disposing of light bulbs and other consumables). There may also be an increase in transport emissions, local noise pollution and local emissions depending on the businesses operating from Affordable Workspaces. There will also be environmental impacts related to the providers' own office functions, namely energy, resource and water use and waste generation.

#### 4.4 Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

The Council completed a Resident Impact Assessment (RIA) in February 2018. The key findings of the RIA indicate that overall the implementation of the Affordable Workspace Strategy would deliver positive impacts in terms of bringing long term social value benefits for Islington residents and for the local community of small and micro businesses.

#### 5. Reason for recommendations

- 5.1 Preparation and deliver of the Council's Affordable Workspace Strategy is integral to the achievement of the Council's twin ambitions of delivering a fairer Islington and an inclusive economy.

**Appendices:** Appendix One - Islington Council Affordable Workspace Strategy, 2018-2022  
**Background Documents** - none

Final report clearance:

**Signed by:**



29 August 2018

Executive Member for Economic Development      Date

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