

# LEWISHAM AWS APPENDICES

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# APPENDIX A: ECONOMY & WORKSPACE LANDSCAPE

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## WORKSPACE IN POLICY

### [DRAFT] London Borough of Lewisham: Local Plan Viability Assessment

- States that an affordable workspace policy will need to be applied with “a degree of flexibility”, to account for factors such as site-specific viability issues that may impact individual schemes.
- New employment floorspace being delivered is unlikely to be commercially viable without cross-subsidy from other uses.
- Adopting and imposing policies that require an element of affordable workspace in new employment developments do not affect the viability of these schemes in a majority of test scenario cases (a requirement for 20% of floorspace discounted by up to 50% of market rent was tested). The council could therefore “apply the policy flexibly [...] on the basis of a proven viability case reflecting site-specific circumstances”.
- Core Strategy Policy 3 protects SILs for B use class and appropriate sui generis uses, and LELs for B use classes.
- Core Strategy Policy 4 covers the ‘comprehensive development of Mixed Use Employment Locations’ to enable continued employment functioning of the areas.
- Core Strategy Policy 5 protects employment locations not covered by the above classifications, recommends retention in key areas, and supports other uses if conditions show that a site should not be retained for employment use.

### Lewisham Creative & Digital Industries Strategy (December 2017)

- “Neighbouring development pressures are perceived as a potential threat to affordability levels that have allowed businesses to start or locate in the area.”
- Availability and affordability of premises has been identified as a constraint on setting up/growing businesses in the borough. Particularly in Deptford, New Cross, and Forest Hill – strong growth in rental values and very low vacancy levels.
- There was a loss of workspace around this time through residential conversions or development.
- Recommends securing or adequately re-providing current workspace provision in the face of development and affordability pressures.



- Recommends focusing on areas of growth to develop workspace infrastructure suitable for C&D activity.
- Recommends ensuring a diversity of workspace typologies to accommodate a range of sectors.

## Lewisham Local Economic Assessment (December 2018)

- “If new workspace was to be brought forward it would need to be small units, delivered as part of a mixed-use development to enable higher value uses to cross-subsidise the unviable office space. It would be important to consider how this space was brought to the market, not as ‘shell and core’, but appropriately designed and ‘fitted out’ to meet occupier requirements. Industrial development is viable in the borough and Lewisham should seek to intensify existing industrial areas and bring forward new development through mixed-use.”
- States that Lewisham’s commercial workspace offers is “small and limited”. Lists priority interventions as follow: “provision of new workspace targeted at micro businesses; provision of an Approved Workspace Provider schedule to ensure space is developed that meets occupiers needs; protecting or intensifying existing stock; Town Centre Placemaking to create the right environment where people want to locate their business.”
- States that while Lewisham is not typically considered an *office* location, the emergence of flexible workspace has meant that it is becoming a hub for SMEs.
- The borough is seen as a good location for businesses that currently operate within it and have a predominantly local market.
- Space provided should be flexible in nature to accommodate a range of size requirements and be ‘fitted out’ to enable occupiers to be ready to move in.
- “Whilst availability and price are key considerations in choosing a workspace location, entrepreneurs also choose to locate or establish their business in interesting dynamic locations with good connectivity and good facilities.”

## WORKSPACE IN PRACTICE

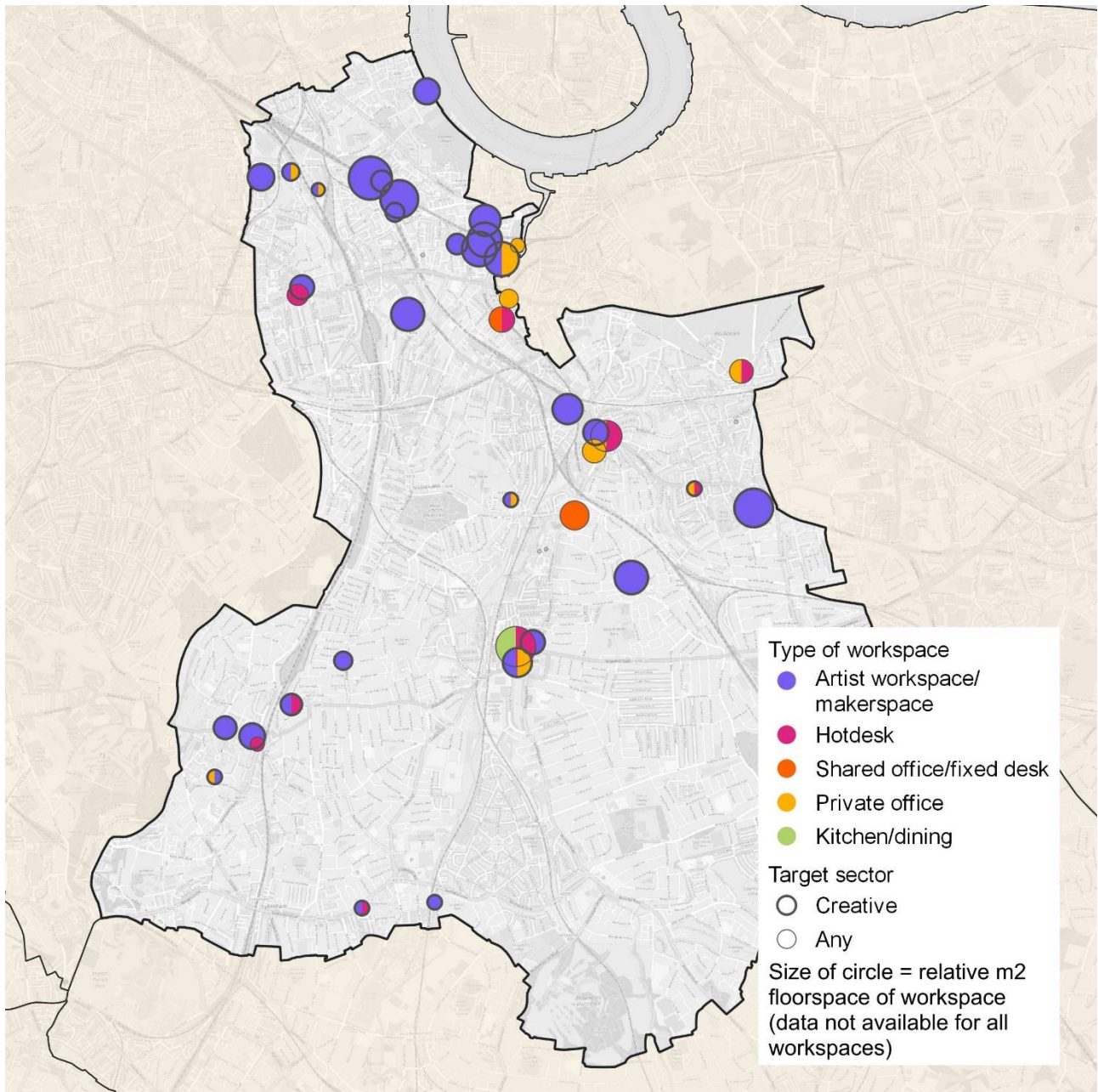
Lewisham has an estimated 35,000m<sup>2</sup> of workspace. This figure combines information from the Valuation Office Agency, operator websites, and conversations. Of this, approximately 25,000m<sup>2</sup> is operated by third sector organisations, co-operatives, or organisations with shared ownership structures.

It is not currently possible to calculate the amount of affordable workspace due to a lack of definition and lack of thorough data on rents for each workspace.



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 workspace in other town centres, including Lewisham, Catford, and Forest Hill. There are no workspaces in the southeast of the borough.

## Workspace in Lewisham



Sources: LB Lewisham; GLA Open Workspace Map; GLA Cultural Infrastructure Map; Valuation Office Agency; workspace websites. 'Artist workspace' may refer to desk space for creative industries or spaces for making/production; details aren't provided in most cases. Map contains OS data © Crown copyright and database right (2022). Workspaces with no floorspace estimate are Whirled Art Lower Sydenham and V22 locations in Forest Hill, Lee, and Sydenham; these have been assigned a filler floorspace of 60m<sup>2</sup> so they appear on the map. Floorspace estimates from VOA are based on the entire size of the operator's building/floor, not just the areas used specifically for workspace.



# LOCAL ECONOMY

## Creative, arts, and entertainment

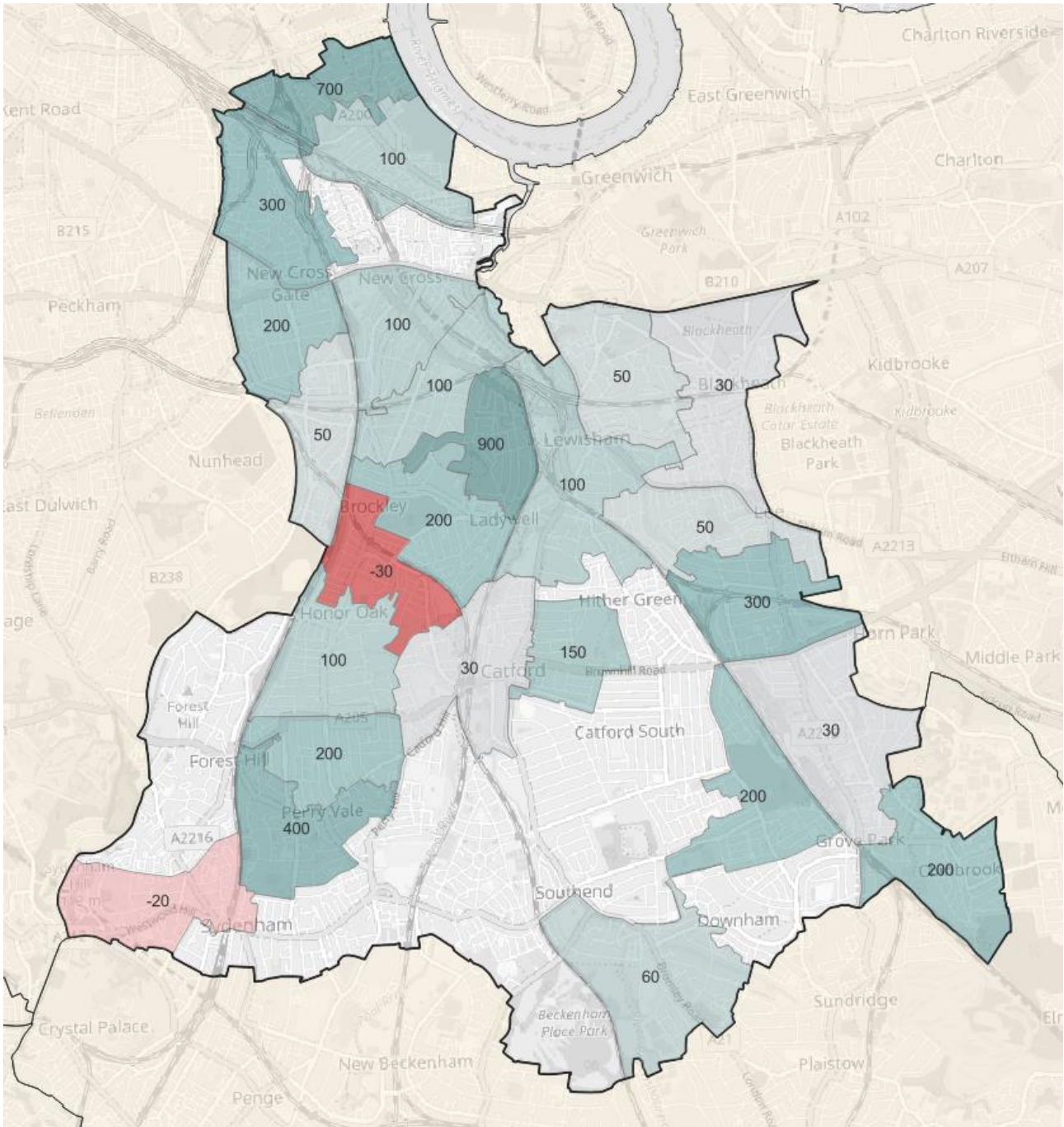
Reviewing 2-digit SIC codes finds that ‘creative, arts, and entertainment’ sectors—one of the most common beneficiaries of affordable workspace—have had some of the most consistently positive job growth from 2016 to 2021. Many MSOAs saw the number of these jobs at least double. South central area creative job growth was flat (this is also a very residential area). Only two MSOAs lost creative jobs.

On the whole, this subsector grew by 120%, from 290 jobs to 625 jobs. This only includes businesses registered with Companies House. There will be an additional, likely substantial, number of sole traders/freelancers working in this sector who aren’t captured by publicly available data.





## Creative, arts, & entertainment job growth, 2016 to 2021, %



Source: Business Register & Employment Survey, 2021. Contains OS data © Crown copyright and database right (2022).



## Other sectors

Other sectors commonly accommodated in workspace have also changed from 2016 to 2021:

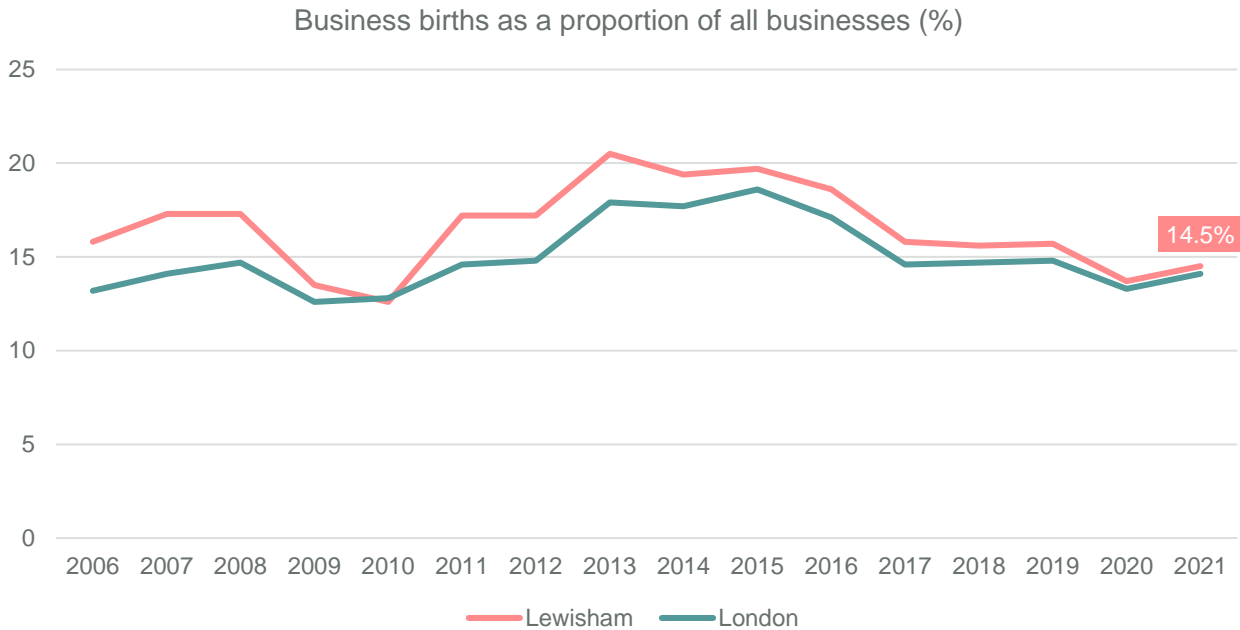
- **Arts/creative not included in above:** Film & TV production jobs increased from 330 to 475 (40%), notably in Deptford, Sydenham, Forest Hill/Honor Oak, Blackheath; publishing jobs increased from 60 to 11 (60%).
- **F&B:** Food manufacturing jobs increased from 60 to 205 (240%), with clusters around Honor Oak and Forest Hill. Food & beverage service/restaurant jobs increased by 30% across the borough, from 4650 to 6140, with growth in most MSOAs.
- **Community organisations:** ‘Social work’ jobs (which [covers a broad range](#) of social work as well as community-oriented services) have increased 30% across the borough, but there are major differences in change across MSOAs (some losing jobs, others gaining). As with creative, arts, and entertainment, this is likely underestimating the magnitude of these types of organisations as volunteers won’t be counted.
- **Desk-based sectors** such as professional services, business support, research/scientific development, advertising, architecture, computer programming, financial services have largely seen job declines throughout the borough—exceptions are legal and accounting and real estate activities.





## Business birth rates

Based on the last 15 years of data, business births as a proportion of all businesses in Lewisham peaked in 2015, at 18.6%. Aligning with the pandemic, 2020 birth rates reached a 10-year low of 13.3% before climbing slightly to 14.5% in 2021, though they are still not at pre-pandemic levels. Lewisham's business birth rate is usually higher than London overall, but the gap has closed since the pandemic.

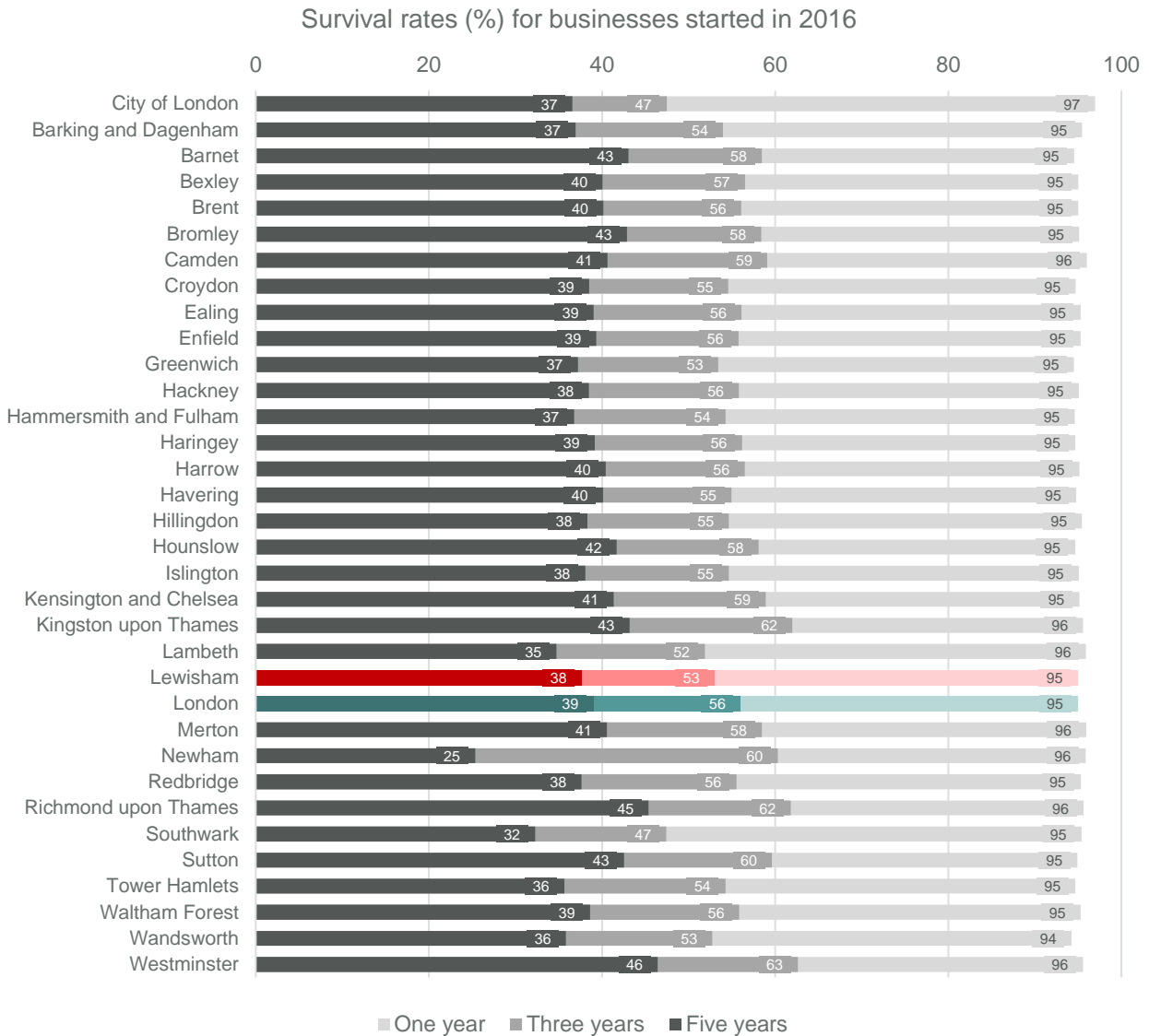


ONS business demographics, [London Datastore](#)



## Business survival rates

Business survival rates in Lewisham for businesses started in 2016 (95% one year, 53% three years, 38% five) are broadly on par with survival rates across London as a whole (95% survive one year, 56% three, 39% five). The figures for Lewisham have been similar throughout the last decade.



ONS business demographics, [London Datastore](#)



# WORKSPACE ENVIRONMENT SWOT ASSESSMENT

## Travel infrastructure

### Strengths

- Critical mass of workspace in Deptford and NX is supported by extensive and frequent connections into London and southeast
- Secondary workspace hubs Lewisham, Forest Hill, Catford located along lines with frequent services

### Weaknesses

- Fewer, less frequent train and bus connections for southeast neighbourhoods, making it difficult for people to access workspaces elsewhere in the borough

### Opportunities

- Many workspaces cater to a fairly local catchment of tenants; any lack of long-haul connectivity may not be a barrier to uptake. Public realm improvements that enable walking and cycling could benefit access to workspace.

### Threats

- TfL cutting bus routes (thereby reducing access to town centres and workspace) as a money saving measure

## Broadband infrastructure

### Strengths

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### Weaknesses

- South London broadband black hole: substantial area lacking access to 300Mb/s service incl part of Deptford, St John's, Brockley, Ladywell, Honor Oak, Bell Green, Bellingham (these areas also have low internet speeds generally)

### Opportunities

- Ultrafast services extending reach in borough each year

### Threats

- Workspaces in older buildings are not 'digital ready'/do not easily accommodate best in class infrastructure; risk that they cannot compete with newer/purpose built workspaces
- Losing businesses to boroughs with better connectivity



## Council assets

### Strengths

- Willing to try new approaches as seen with Catford Regeneration Partnership

### Weaknesses

- Limited council-owned properties at scale/state required for new space
- No useable properties in neighbourhoods without existing workspace

### Opportunities

- Mornington Centre extremely well-located and decently sized for workspace (FaceWork is interested)
- Sites in Ladywell and New Cross have potential (Ladywell may be too far from transport and New Cross too small; further study needed)

### Threats

- Pressure from other parts of council to sell or redevelop assets that could house workspace
- Missing opportunities to require workspace on council land undergoing redevelopment

## Workspace affordability

### Strengths

- Lewisham's affordable workspace is below the London affordable average of £17/sqft
- Local affordable workspace operators committed to bottom-up affordability and keeping spaces affordable against tenant incomes

### Weaknesses

- No current definition of what 'affordable' means to inform development conversations or new entrant pricing

### Opportunities

- Council headleases on long-term vacant high street units if cost of living crisis continues

### Threats

- Rising costs to operators being passed on to tenants (operators generally trying to avoid but may be inevitable)



## Council s106 use

### *Strengths*

- Planning team engaged on workspace matters

### *Weaknesses*

- Policy EC4 (reprovision of employment space) exists but has not been a focus for implementation or further specification

### *Opportunities*

- Planning Obligations SPD to be drafted in 2023/2024 which can detail affordable workspace requirements
- Planning team considering mandatory white-box/Category B space for new commercial units
- Planning team willing to consider payment in lieu to deliver off-site workspace

### *Threats*

- 'Competition' between affordable housing and affordable workspace

## Economy

### *Strengths*

- Jobs growth in many sectors that tend to occupy workspace e.g. creative, social enterprise, F&B retail

### *Weaknesses*

- Job declines in many professional sectors that tend to occupy office/desk space (and therefore workspace)
- Business birth rates declining over last five years, currently at a post-pandemic low

### *Opportunities*

- Boosting jobs, business birth rates, and survival rates through affordable workspace

### *Threats*

- Potential long recession and people not wanting/being able to spend income on maintaining workspace rent
- Decline in start-up rates in Lewisham in recent years

# APPENDIX B: SUMMARY OF INTERVIEW FINDINGS

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## OPERATOR INTERVIEWS

### Your businesses



**1. Structure & goals: *What is your organisation's legal structure and mandate/goals? What sectors and/or business stages does your Lewisham workspace cater for? Aside from workspace, what type of support do you provide?***

- Legal structures vary, ranging from charities to social enterprises, to limited companies, to CICs.
- Cater for a range of sectors but arts/creatives are predominant in Lewisham, and many operators prioritise local businesses.
- One operator suggested that the AWS have social enterprise centres as a focus along with artist workspace. Helping people who aren't necessarily fine arts or arts focused will be impactful.
- Many operators provide further support beyond the workspace provision, such as residencies, awards, hardship funds, exhibition space, business support and signposting, and skill-sharing and networking opportunities. One also provides a monitored kid-friendly play space.
- One operator asked if we can acknowledge that creative/cultural workspace will house some people who do creative activities and cultural practices for their own wellbeing and as a hobby – not all looking to make profit or doing it as a formal job. e.g. choirs, amateur drama clubs have important social role, but aren't going to be offering paid employment or scaling up as businesses, and need space to offer their services – affordability is really important
- Could be interesting to note the wellbeing angle of creative/cultural workspace and practice in terms of providing creative outlet, connecting people to other creators, linking wider communities to creative practices

**2. Tenants & rents: *What do you consider to be affordable in terms of taking on a space as an operator? What do you consider affordable in terms of rents for tenants? How do you set rents for tenants and do you charge an all-in rent? What proportion of your tenants come from Lewisham?***

- Most operators have a large proportion of tenants from Lewisham.
- No clear guidance from most operators on how they define 'affordable', depends on site and condition. One operator says they need space at £6-8/sqft if they are going to keep it affordable for tenants, once operations/FM costs are factored in. That is at the very affordable level.
- Not a lot of clarity or consistency on how 'affordable' is defined for tenants. A couple of operators aim to define affordable in terms of what tenants can actually afford (rents pegged to tenant incomes). Another couple define affordable in terms of what's going





on in the wider market (rents discounted from market rates, or affordable rents set in relation to other operators' rents).

- Affordability has changed in light of the cost of living problems.

### **3. Financial sustainability/viability: *What makes your workspace financially viable/sustainable? (e.g. self-sufficient via rental income, subsidised with below market rents from the landlord, grant funding, eternal funding, or a combination)***

- Some operators have sites that are self-sufficient through rental income, and some have sites with event/hireable space that generates revenue. One operator said they are viable because they get free sites.
- Some generate income through membership schemes/subscriptions.
- Some receive grants that support their operations.
- Long leases allow some operators to plan for maintenance and small rent increases, and to keep costs low over time as they can step up rents gently.
- Many operators mentioned that bigger spaces are better in terms of being financially viable.

## **Your experience of the economy**

### **4. Current demand: *What is the current demand for your space? [If multiple sites:] Has demand varied across your sites in Lewisham?***

- Most operators have a high demand for space, and spaces that become available are quick/easy to fill
- One London-wide operator has observed less applications for retail space, with more looking for studio/office and F&B spaces, and more inquiries from people wanting dark kitchens.
- Distinct lack of rehearsal space, especially large rehearsal spaces (e.g. dance, theatre)

### **5. Future expectations: *How are the changing economic and social conditions (e.g. people working from home, cost of living/doing business crisis, remaining uncertainty around Covid-19) affecting demand and your operations? What needs to happen for you to continue delivering affordable workspace in this climate?***

- Some workspaces had people move out during Covid-19 or arrange to share or sublet studios. Demand still high for all sites, but may be some tenant turnover if people are unable to keep paying for their workspace.
- Some operators are anticipating supplier cost increases being an issue.
- Land value increases causing some uncertainty about future of sites.



- Councils could help by promoting vacancies when workspaces have them.
- Flexibility to rethink how spaces are used (as set out in leases) would also help.
- Business rates relief and lower rent would help some operators.

## **Your operations, facilities management, and outcomes**

### **6. Space requirements: *When taking on a new workspace, what is the minimum building/site size you require? What other elements do you typically need to take a new space? (e.g. preferred tenancy arrangements, specification, daylight, building services) If given a choice, would you prefer to take on an existing building that may require some internal improvements or a new building with CAT A standards and why?***

- No recurring size thresholds given; minimum sizes vary wildly depending on operator and their aims. A couple have stated 3000sqft as the starting point.
- All say size is only one part of the whole package: building condition, light, services, location all important.
- Small operators need council investment for spaces that need renovation/repair to make habitable, can rarely self-fund this.
- Some operators mentioned that they try or would like to have a mix of provision/offer different sizes of spaces to tenants in order to suit their needs.
- One operator mentioned that they like sites that encourage clustering as it is beneficial.
- Many operators mentioned that they would prefer being in an existing building.

### **7. Sustainability: *How do you plan to address changes to Minimum Energy Efficiency Standards (MEES) Regulations in your buildings, either by achieving an interim EPC rating of 'C' by 2027 or a 'B' rating by 2030?***

- One operator mentioned bringing in a consultant from Better Futures to advise.
- Green roofs, solar pagoda
- Some operators are concerned about this from a cost standpoint, and those in temporary/meanwhile spaces raised the issue of it ultimately being more wasteful and environmentally damaging to refurbish the space only to demolish it.

### **8. Social value: *What experience do you have of delivering social value as part of your lease arrangement or having outcomes-based leases? What has worked well? What hasn't worked well and how could it work better?***

- Almost none of the operators have worked on outcomes based leases.



- For some operators 'social value' is core to their mission (they don't necessarily call it 'social value', though) – things like focusing on local businesses, community outreach, local/sustainable supply chains, etc.
- For others social value is not core to the mission but it's an inevitable by-product of the way workspace operates. For example, even workspaces without wraparound support are still providing space below market rent, opportunities for casual encounters, security/peace of mind of having somewhere affordable to practice.
- "Social value for us is about value to the artist. Locally, some of them get very embedded, which creates value in itself."
- "Just providing secure, affordable workspace even without extra benefits has positive outcomes."
- A couple interviewees pointed out the huge mental health benefits of access to affordable creative space in terms of security (not having to worry about moving your practice or costs going up dramatically), connecting with other people (e.g. Mother House providing space for parents to share experiences), being able to do creative practice (generally important for health/wellbeing)

## **Liaising with councils**

### **9. Working with Lewisham: *Which aspects of liaising with the council work well? Which aspects are particularly challenging? What could streamline processes involving the council?***

- Many operators said they found it challenging dealing with LB Lewisham's business rates department, particularly in terms of communication and being able to reach them.
- One operator said it would be useful to understand which council properties could be useable as workspace.
- Operators have struggled with a lack of cohesiveness/collaboration across the borough's departments, mentioning a lack of clarity on who takes ownership of and communicates on these projects. One was unable to get their lease renewed and had to leave the borough.
- Having a dedicated workspace person in the council would help if they have the power to advocate and act on behalf of operators and help with legal/leasing challenges. Officers also need to be empowered to negotiate with developers to get more affordable workspace.
- Support from council around closures and tenant relocations could be useful – 'move on' space.



- Many operators seem happy with the workspace forum and believe it could be a useful space for them to get involved in. It would be good to broaden the invitation as well as to include more people from the council (other departments).
- Operators would like to see cross-departmental teams to look at issues 'in the round' – ensure planning meets expectation of business and growth, doesn't fall foul of business rates and involves culture/education where appropriate.

### **10. Working with other councils: *What aspects of working with other councils have worked well and could apply in Lewisham?***

- One operator mentioned that LB Southwark is good in their business rates department and they have a relationship with some people there which makes them feel supported – they say they are missing this in Lewisham. Another mentioned something similar about RB Greenwich.

## **Other discussion points**

### **Role of meanwhile:**

- Meanwhile Space suggest 18 month minimum for meanwhile use, assuming building in good condition/near enough ready to go – leaves a few months of lead in/promotion time and a year for leases/occupation.
- Feedback from Workspace Forum suggests no less than five years - disruptive for tenants to have to move and not cost-effective for operators to run less than that, esp where large investment needed. However, there are people who only need space on a short-term basis (Artistic Spaces has short-term leases that are popular; Meanwhile Space can fill shortish-term units).
- Meanwhile space needs to be accompanied by move-on space.

### **Geography:**

- “Workspaces don't need to be in cool areas. They need to be in place of need, such as town centres, and increasingly zone 4+, where artists actually live as they get pushed farther out.”
- “There is a 'triangle' for artists/creatives of home-studio-regular job and it needs to be tight spatially. Workspace near home is likely to be used more than far-flung space.”
- “Would like strategy to have a right for everyone to have a workspace within 15 min.”



## OTHER BOROUGHS INTERVIEWS

### **1. Goals: *What is the purpose/goal of your AWS? What informed your decision to focus on specific sectors, typologies, lease arrangements, neighbourhoods, etc?***

- One of the boroughs has an AWS that focuses on areas of more potential economic growth, developed across a balanced, wide range of sectors. One of its aims is to reduce the time needed to access all the essential elements of life locally. 85% of businesses in this borough are SMEs and there is a lot of focus on supporting them.
- Another created a policy to address the rate of growth in part of the borough, with the aim of securing different types and sizes of space to be accessible and affordable to a range of people and protect the makeup of the local economy. It looks at town centre areas individually, within which a sector focus is established.
- One of the more expensive boroughs developed their AW SPD to overcome the challenges of the same and deliver a more joined-up approach to economic development, focusing on businesses in identified priority sectors and delivering social value. It intends to be flexible in its approach in order to meet local priorities, though viability is still key.

### **2. Affordability: *How did you arrive at a definition of 'affordable' workspace? Do you take into consideration the overall cost to the operator or end user or just the rent level?***

- One borough does not currently define affordable as it's very subjective, and allows them some flexibility based on different industrial areas. They have found benchmarking around what they have set over the previous 12 months to be helpful, but this information is not publicised.
- Another cited the London Plan as their primary influence, but acknowledged it needs to be evidence led and taking into account certain sectors where affordability may be a more acute challenge. They also provide additional mechanisms of support through lease arrangements and business support.
- One defines affordable as 'up to 50%' of market rate providing flexibility in negotiations, but said they think it could be improved if it was based on actual earnings and other outgoings.

### **3. Buy-in: *How did you get other departments on board with the strategy, and particularly property/asset management buy-in? What were the major conflict points to overcome?***

- Boroughs expressed varying levels of difficulty in getting buy-in across departments – some did not have any significant issues, while one found it to be a very challenging process.



- Inter-departmental communication and lack of awareness surrounding plans and policies was raised as an issue.
- One mentioned that while estimating returns for community in finance numbers runs the risk of monetising social value, it can help internally to sell AW provision and demonstrate its benefit within the authority.

#### **4. Operator lists: *How do you determine who is on your operator list? Do you play a brokerage role between developers and operators or just provide developers with the list?***

- One borough previously had a list of approved operators but this is now outdated, and they believe that having a good understanding of local operators and who would be appropriate is more suitable than having an approved list.
- Another said that having an operator list helps to facilitate and make the selection/tender process easier and more streamlined. Initially they had planned to grow the list and have a large number of operators, but now they are thinking it might be more important to diversify it across sectors.
- One develops a list through an internal application process based on eligibility criteria and then have a small board internally assess with regards to price points, operations, staffing requirements, wraparound supports, and links to local community. The list is refreshed every 3 years. Non-list operators have had to be allowed sometimes to make schemes viable, and they are trying to figure out how to monitor delivery and value in these cases.
- One mentioned the risk of community groups wanting to become operators but not having the resources to do so, which would eventually require council intervention. How can we ensure that community groups can still take ownership of spaces, and succeed? In some cases this borough suggests that local groups partner up with someone more experienced to deliver it.
- None of the boroughs play a brokerage role.

#### **5. Workspace forum: *What role does the forum play in embedding/evolving the strategy? (e.g. identifying site opportunities, critiquing proposed commercial development, updating/reviewing AWS)***

- None of the boroughs interviewed have a workspace providers forum, though a couple are part of council-only forums which they find helpful to test ideas and discuss common challenges.
- LIFT programme has forum where they discuss workspace.
- GLA Workspace Advisory Group for providers but no feedback comes through to boroughs.





- One borough mentioned that their economic development team runs workspace-related events, but they do not have a designated forum.

**6. Payment in lieu: *What is your approach to off-site contributions where an on-site component is considered unlikely to provide a good outcome? Are there examples of where this has worked well? How have you calculated the contribution?***

- One borough's planning team take a very hard line in not accepting off-site contributions, even though their regen team feels there are situations where it would be appropriate. They have discussed off-site contributions for smaller schemes where quantum is too small to accommodate workspace.
- Another takes the mayoral approach on board with the ultimate aim of reaching optimal solution for Council against their objectives, recognising that sometimes an off-site contribution is better (training, skills, space etc.). Their SPD includes a calculator for payment in lieu.
- One borough manages the process in tandem with their finance team, and take it on a case-by-case basis if they can justify the delivery of AW as unviable. They have developed a formula that considers market price and valuation rate, and produces a financial contribution that developers can pay, which gets redirected towards sites that need help with refurbishment etc.
- The above council is seeing cases where developers are more willing to pay a large financial contribution than make the effort to set up the workspace. Approach is being reviewed in a couple of years.

**7. Monitoring: *How do you monitor and evaluate affordable workspace outcomes, if applicable? What mechanisms are in place to address scenarios where workspace doesn't meet KPIs/outcomes?***

- One borough has a management plan that sets out 'social value' objectives to be reviewed annually, while another is currently trying to work out how they are going to monitor outcomes in a way that isn't too onerous for the providers.
- One borough monitors via S106 officer in infrastructure team, officers in SILs and economic development teams, and business and innovation teams.

**8. In practice: *To date, what has worked well from your strategy? What hasn't worked as well? If you redid your strategy now, are there other elements you would consider or different approaches you'd take? If you are updating your Local Plan currently or soon, how are you planning to incorporate affordable workspace?***

- One borough had only adopted their SPD recently so could not highlight a list of successes, but did suggest getting planners/planning department involved.



- Other boroughs felt that overall their policies/strategies are working well at this point, with a few challenges/considerations to be mindful of.
- A key challenge for one has been too much burden being placed on workspace operators (i.e. fit out, design), saying it is important to engage with developers and end users at an earlier stage to ensure spaces are fit for purpose and market facing.
- Another mentioned that they are looking into how they can better keep track of actual impact to end users – their S106 agreements build in a monitoring return template, and they think they should have a planning officer that is contacting applicants to ensure outcomes are delivered.

**9. Case studies: Do you have any successful live examples or examples where you have been unable to secure an operator or other occupier? If so, what are the barriers?**

- Successful examples are often larger sites which engage operators early throughout the design and look to include active frontage within development to support footfall. Feedback from providers is that they want to be involved pre-design and planning.
- Key barriers: size of space influencing viability; fit out overburdening operators; location not being suitable for workspace.
- LB Brent: Second Floor Studios; 243 Ealing Road – level of council investment, secured via S106
- LB Hackney: Shoreditch Trust – secured via S106, two schemes where they have struggled with landlords and provider had to surrender lease.
- LB Hackney was in negotiation on a scheme where the applicant went to the operators list and did a mini procurement with 3, picked one and paid them as consultants to help design the scheme – very good practice.
- LB H&F: Fulham Studios – AW SPD was helpful to inform S106 contributions.

## OTHER ORGANISATIONS INTERVIEWS

We also spoke to non-operator stakeholders Goldsmiths, Phoenix Community Housing, and STRIDE as part of this research. Because they received bespoke questions, we are not able to anonymise their feedback, but have incorporated their comments and ideas in the main strategy.



## APPENDIX C: INCOME & AFFORDABILITY

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This section reviews data and research on incomes as a precursor to understanding what ‘affordability’ means for workspace in Lewisham if the definition of affordability is tied to resident incomes. As of writing, there are no sources granular enough to show income differences across the borough.

The information that follows focuses on incomes for artists and people working in the creative industries because creative workspace is the dominant type in Lewisham and it is in high demand, not just in Lewisham but in London generally, and will be a priority to deliver. In general, the research shows that people working in creative sector tend to have low earnings from their creative work, with the majority unable to support themselves from their creative practice income alone, and many experiencing low income altogether (from both creative practice + other sources).

In this context, the creative sector is a useful baseline for ‘affordability’ because affordability for creatives likely means affordability for other residents in sectors with low incomes or those not seeking profit, e.g. social enterprise.



# CREATIVE SECTOR INCOME

## Contemporary Visual Arts Network England (CVAN)

CVAN's website states that the average artist income is £15k/year (last checked December 2022), but there is no source supplied for this data.

A [2021 CVAN report](#) found that visual arts workers lost an average of £7,000 in earnings due to the pandemic, with 70% of their respondents indicating a reduced income due to the pandemic. 7% of respondents had to give up their studio and/or office space, and 13% were only able to keep their workspace due to rent break. 28% of respondents indicated having applied for income support with a successful outcome, while 7% were not successful.

## Kings College London Artists' Workspace Consultation Report

Artists are among the lowest earners in the creative industries – [research by TBR](#) found that the mean average total income for artists annually is £16,150, of which only £6,020 comes from art practice, and 90% indicated that they do not earn enough from their practice to support themselves. Findings from a [qualitative consultation](#) undertaken by Dr Rhian Scott at King's College London in 2022 show that affordable studios still aren't within budget for many artists, and in order to better define and understand affordability, there will need to be a more open-book method of measuring artists' earnings and the proportion of salary spent on studio rent. Stakeholders agreed that while defining affordability against a set percentage of market rent would be easiest to implement, defining it as a set percentage of artists' annual turnover would create greater impact as it would ensure genuine affordability.

## Second Floor Studios

[Masters study research published in July 2022](#) by Nichole Hebert Wood of Second Floor Studios surveyed 262 fine artists spanning three generations across London to understand their career trajectories. Key findings from the survey included:

- Around 3/4 of respondents took a studio space during their career
- “The mean annual sales for a fine artist in London, for sales directly attributed to their fine art practice is £5,856. This figure is closely aligned with Arts Council England data £6,020 which is part of a wider publication stating artists only make a third of their annual income from their art practice. The reported findings also align with London Creative Network (LCN) research reporting sales for a blend of fine artists and makers (2016-19) of £11,900 directly attributed to their studio project.”



- Only 8% of artists are able to live entirely off the proceeds of their work (or, 92% of artists need to subsidise their practice). This is despite 48% spending 31+ hours in their studio (i.e. equivalent to a full-time job).
- 27% earn nothing from their studio work. In some cases, this may reflect occupants using studio space for personal enjoyment and wellbeing ahead/instead of generating sales.
- For those who can live off their artistic practice, it took 11 to 14 years to reach that point, with a mean age for reaching this milestone being 39
- 68% of respondents reported living in London on £20,000/year aside from any sales related to their practice

## ONS Annual Survey of Hours & Earnings

The Office for National Statistics source on income is the Annual Survey of Hours & Earnings (ASHE), but it only includes pay as you earn income—it excludes sole traders/self-employment. It is based on data sampled throughout the country in April 2022.

Across London as of 2022, the median gross hourly income for people working full-time in creative, arts, and entertainment activities<sup>1</sup> was £19.22 and the median gross annual salary was £43,945. Given the other research cited above and information from conversations with workspace operators, this is not indicative of the incomes of creative sector workers who tend to occupy affordable workspace.

There is no sector breakdown available for Lewisham residents or workers. Across all sectors in 2022, the median full-time income for Lewisham residents was £36,923.

### Earnings and hours worked, London workers, SIC 90, 2022

**Excludes self-employed/sole traders**

Cohort	Pay type	Full time	Part time
25th percentile	Gross annual	33,382	n/a
25th percentile	Gross hourly	13.80	12.01
Median	Gross annual	43,945	n/a
Median	Gross hourly	19.22	15.00

*Earnings and Hours Worked, UK Region by Industry by Two-Digit SIC: [ASHE Table 5](#)*

### Earnings and hours worked, Lewisham residents, all sectors, 2022

**Excludes self-employed/sole traders**

Cohort	Pay type	Full time	Part time
25th percentile	Gross annual	27,501	8564
25th percentile	Gross hourly	13.42	10.00

<sup>1</sup> [SIC 90](#); while this contains most creative sectors, it excludes museums, cinemas, and artistic restoration work, but is the closest data for the creative sector



Median	Gross annual	36923	12464
Median	Gross hourly	18.41	12.01

*Earnings and Hours Worked, ASHE*

## CREATIVE SECTOR RATES

### Artists' Union England

[Research from Artists' Union England](#) calculates rates of pay across a variety of activities and practitioner levels/experience across the country. The rates apply to freelance and short contract employment for visual artists. It is intended to help visual artists benchmark or set their own rates.

[Their data](#), current as of August 2022, suggests a visual artist three years into their career charges an average day rate of £256. The full-time equivalent is £61,440 gross annually (accounting for four weeks of holiday without income), but few artists will be working full-time throughout the entire year, so this would not reflect reality for most.

#### Artists' Union England rates of pay

Level	Day rate	Hour rate
Graduate	195	24.66
3yrs	256	31.98
5yrs	317	38.01
Lead/senior	349	41.82

## AFFORDABLE RENT

### GLA cultural infrastructure update

In 2022, the GLA commissioned an update of its cultural infrastructure data and an accompanying analysis exercise to review how cultural infrastructure has changed since 2018. The project (results not yet published) included a survey of around 190 workspace providers throughout London, with a question about rent levels for tenants. Responses indicate that the current average 'affordable' workspace rent in London is around £17/sqft, up from around £14 in 2018. This is across all workspace types, not just those catering for creative sectors.





# APPENDIX D: VALUE OF WORKSPACE

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This section has been adapted from PRD and We Made That's workspace study for the Greater Birmingham & Solihull LEP in 2022.

Over the past decade, flexible or open workspace has become an increasingly important component of commercial property markets across the UK. Workspace is now broadly recognised for the role that it plays in shaping local economic vitality.

The value of workspace covers a broad range of economic, social, environmental and commercial considerations. Some of these relate to on-site activities, while others relate to wider impacts catalysed off-site. In reality, the amount and nature of value supported will vary from one workspace to the next. Most workspaces operate on a spectrum from highly commercial models (such as serviced offices) to more socially focused models (social enterprise/charity operated spaces).



It is worth noting that studies found during desk-based research tend to focus on value from office-based workspace rather than industrial or manufacturing spaces. Most sources also focus on workspaces located in urban centres as opposed to out-of-town campus type arrangements or warehouses. We would expect that many of the value aspects listed below will apply to out-of-town and non-office uses, but further research is needed confirm this.<sup>2</sup>

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<sup>2</sup> For one example of research on non-urban, non-office uses, see Cass Cities, "Old Kent Road and Beyond", 2016. This study does not focus exclusively on flexible workspace but it does audit businesses throughout a large network of industrial estates, many of which operate within spaces that function similarly to workspaces. The audit found that the area housed a high number of independent businesses as well as activities integral to the central London economy and wider London supply chain.



# ECONOMIC VALUE

## Incubation & growth

Tenants responding to surveys in other research tend to credit their workspaces with providing critical conditions to take root and grow. For example, two-thirds of respondents to one survey said they could not have started their enterprise without workspace;<sup>3</sup> the short lead-in times and ‘plug-and-play’ infrastructure take stress and cost away from new businesses,<sup>4</sup> allowing them to focus on delivering their own services rather than procuring utilities; and flexibility allows businesses to scale up or down as needed without having to extract themselves from lengthy leases, acting as a form of ‘affordability’ in lieu of any market-pegged formal definition.

Aside from these operational considerations, many workspaces provide business support such as mentoring, coaching, networking events, and guidance on funding; some workspaces (particularly incubators and accelerators) facilitate connections with investors which would otherwise be difficult to make. These services help advance growing businesses.

### Quantified value of workspace

From a strictly financial point of view, a small number of studies have attempted to quantify the return on investment of workspace, usually ‘open’ and creative-oriented workspace. These types of assessment are rare and infrequent, presenting a major gap in our knowledge of the quantifiable impact of workspace.

- As of 2020/21, Brighton’s Plus X innovation hub is estimated to deliver 160 times more positive socio-economic impact in the locality than a conventional office block, with a £5.51 social return on investment for every pound. The hub is predicted to deliver over £100 million worth of societal impact over 10 years.<sup>5</sup>
- South East England Development Agency enterprise hubs were estimated to create jobs at a cost of £4,400 per job in 2010, which compares favourably to the estimated cost of a new job in government guidance at the time of £10,661<sup>6</sup>
- Enterprise hubs for high-growth start-ups in the southeast achieved a return on investment of £10.70 for every pound invested in 2008<sup>7</sup>

3 Carys Roberts/IPPR, p21.

4 Savills, *UK Flex Office Perspectives*, Oct 2021, p9 / BCO, p7.

5 British Council for Offices (BCO). *Affordable Workspace: A Solution, Not a Problem*. July 2021. p12.

6 *ibid*, p20

7 Carys Roberts. *Start Me Up: The value of workspaces for small businesses, entrepreneurs and artists in London*. Dec 2016. Institute for Public Policy Research. p19.



## Clustering & co-location

Because flexible workspaces might house more firms than standard offices, the compound effect of many smaller businesses growing could lead to higher economic growth than bigger occupiers in traditional offices.<sup>8</sup> Workspaces can also support sectors underserved through the private market, which is especially relevant for LEP authorities seeking to seed sectors with low or no presence. When successful, sector clustering can be a ‘market maker’ that brings further investment in the form of more businesses in or associated with that sector.<sup>9</sup>

Focusing specifically on creative businesses, one study found that that non-creative businesses benefit from being near to creative businesses; even non-commercial creative activity can have impact, with ‘creative workers in cities with high levels of cultural clustering receive a wage premium, suggesting higher productivity and growth’.<sup>10</sup>

## Networking & knowledge sharing

Tenants responding to surveys in other research recurringly noted the importance of workspace for providing a network of peers that can act as a source of advice, support, collaborators, and business leads<sup>11</sup>—which in turn can affect business resilience (see below). This could be through formal, dedicated networking and knowledge sharing events, through chance encounters in communal spaces, or through informal conversations with desk neighbours.

One study suggests that ‘niche actors’ may be drawn to workspaces as a way of finding one another and collaborating on projects,<sup>12</sup> which could be an especially valuable tenet of workspace in smaller cities and towns where sector clustering is not apparent or a specific sector is in its earliest stages of setting seed.

## Wider business ecosystem

Research on mid-sized towns in Ontario, Canada found that “having a physical space for coworking in the downtown of a mid-sized city in a growth region can help future-proof against impending gentrification by providing supportive, affordable space for new social enterprises and young entrepreneurs.” Furthermore, workspace operators often collaborate with other local organisations (e.g. municipal governments, higher education,

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8 Carys Roberts/IPPR, p20.

9 BCO, p10 and Creative Land Trust (CLT). *Creative Places Create Value: The Impact of Creative Workspace on Local Residential Property*. Sep 2021. p17.

10 Cited in Carys Roberts/IPPR, p25.

11 Carys Roberts/IPPR, p21 / Marko Orel et al. “Coworking spaces as talent hubs: The imperative for community building in the changing context of new work” in *Review of Managerial Science*. July 2021. / Audrey Jamal/UoW, p781.

12 Julian Waters-Lynch & Jason Potts. “The Social Economy of Coworking Spaces: A Focal Point Model of Coordination.” 2016. p13.



business improvement districts),<sup>13</sup> which can strengthen the local business community and their engagement in economic development.

## **Town centre & high street vitality**

There are a number of ways that workspace can positively affect town centre or high street vitality. One is by bringing more workers to these areas, who will in turn use other local amenities and give the local economy a boost: cafes, shops, pubs, stationers, and so on. A workspace in Camden estimated its tenants spent £23 on business-related items and £35 on socialising every week (London prices as of 2016).<sup>14</sup>

Although associated with daytime activity, more town centre footfall could lead to more use of or demand for evening amenities and help generate or sustain an evening economy, which is something a couple of our local authority interviewees identified as an ambition. Some local authority interviewees also hoped that workspace would help diversify town centre users, specifically by bringing in a younger demographic.

Where town centre workspaces are generalised (i.e. not sector-specific) they can also contribute to economic diversity, avoiding a town centre relying heavily on one or two particular employment sectors.

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<sup>13</sup> Audrey Jamal. "Coworking spaces in mid-sized cities: A partner in downtown economic Development," in *Environment and Planning A*. February 2018. p776 & p781.

<sup>14</sup> Carys Roberts/IPPR, p24.



## Wider regeneration & placemaking benefits

Both within and outside of town centres, workspace that occupies previously underused or unused buildings has a range of benefits: it can reactivate corners of towns that may not have had much activity previously (with some of the local economic spillover as noted above); landowners/building owners can receive steady income; businesses have a place to grow; the local authority can receive more business rates; and refurbishing buildings is increasingly preferred to demolish and rebuild, with its hefty embodied carbon implications and long planning and construction lead times.

‘Meanwhile’ workspace on sites awaiting (re)development can have similar benefits. For local authorities and developers, it can animate spaces and provide a visible sign of progress—and even help change perceptions about an area. For developers and landowners, activity can generate buzz (and potentially help change perceptions about an area), while also giving some security and reducing the cost of keeping an empty site.<sup>15</sup>

## SOCIAL VALUE

### Pathways to training and employment

Some workspace providers operate as social enterprises or with otherwise socially-oriented aims, such as by offering reduced rent for start-ups or disadvantaged groups, encouraging or requiring tenants to host work experience and apprenticeships, or offering tenants business support—all of which can help bring people back into the workforce, build skills, and put businesses on a path of resilience and growth.

### Supporting worker flexibility and connection

Research from 2016 found that workspace tenants had relatively quick travel times from home and ‘highly valued being able to work close to home’.<sup>16</sup> For workers traditionally based in offices, this is likely to be even more relevant in light of Covid-19, as long commutes increasingly become a hard sell for employers.

Another piece of research suggests that because workspace tenants are likely to encounter one another frequently (e.g. at events, communal spaces), and are unlikely to work in exactly the same industry or activities, these encounters provide opportunities for people to introduce, and constantly reaffirm, their chosen line of work.<sup>17</sup> Some tenants may also feel positively about being part of a wider workspace community, about being able to

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<sup>15</sup> Future of London. *Workspace That Works*. Feb 2017. p13.

<sup>16</sup> Carys Roberts/IPPR, p24

<sup>17</sup> Gretchen Spreitzer, Peter Bacevice, Lyndon Garrett. “Why People Thrive in Coworking Spaces” in *Harvard Business Review*. Sep 2015.



collaborate with other organisations, and/or about contributing to their local area through social initiatives.<sup>18</sup>

## Supporting tenant wellbeing

Several operator interviewees for the Lewisham AWS reported that having long-term, affordable workspace gives peace of mind and security to practitioners. Furthermore, being around other tenants who are in similar industries, at a similar stage in their careers, or at a similar stage in life (particularly for tenants of workspace-creche arrangements) can create informal peer support networks to see through professional and personal challenges.

## Supporting wider community integration

A small number of sources attempt to highlight benefits of workspace for residents. One suggests that workspace (particularly for creatives) can contribute to neighbourhood stability and bring vitality to places ‘without being disruptive’.<sup>19</sup> Another notes that coworking spaces that support community initiatives—whether through providing space for local non-profits, hosting public-facing events, or providing space for community activities—can have a positive impact on residents.<sup>20</sup>

## ENVIRONMENTAL VALUE

Demolishing and rebuilding stock is falling out of favour. Not only does it often require lengthy planning processes and construction periods, it comes with a high cost in terms of embodied carbon which runs counter to net zero ambitions local authorities might have. Refurbishing buildings can be valuable from a sustainability perspective, especially when done in a way that uses carbon-neutral processes and improves building efficiency.

Workspaces also often accommodates ‘ethos’ driven businesses for which environmental and social responsibility is a key part of business operation. There are also an increasing number of examples of environmentally focused workspaces, with Sustainable Ventures in London’s County Hall being perhaps the most prominent example.

## FINANCIAL & COMMERCIAL VALUE

### Benefits for the public sector

The economic and social effects of workspace described above have direct benefits for local authorities in the form of more business rate income (and potential rental income

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<sup>18</sup> World Economic Forum. “How Coworking Can Make a Difference.” Date unknown.

<sup>19</sup> *ibid*, p11.

<sup>20</sup> Hui Chai and Adar Schneider. “Shared workspaces in major global cities: what’s next for London?” June 2017.





where local authorities choose to operate their own workspaces) and potentially more employment opportunities for residents, either as entrepreneurs or employees of workspace tenants, which can be especially beneficial where this reduces local unemployment and boosts resident incomes.

Workspace can also play an important role supporting wider strategic priorities and aspirations. Indirectly, workspace that brings town centre vitality can help change perceptions of places, potentially leading to sector clustering or wider business agglomeration and further investment or funding opportunities.

## **Benefits for landowners**

Flexible workspace can ‘make space work harder’, achieving employment densities of eight square metres per full-time equivalent worker compared to 12 square metres in a traditional office space.<sup>21</sup> Some corporate landlords are increasingly recognising that the pandemic was a catalyst for changing how office-based companies work; rather than hybrid or home working being a temporary blip, these modes are becoming embedded, and even some established companies in traditional offices are looking towards flexible offices to more cost-effectively accommodate hybrid working.<sup>22</sup>

In addition to the pressure from large companies attempting to right-size their floorspace, there is still demand for workspace from start-ups and scale-ups. Building owners or headlease holders who can quickly pivot to supplying good-quality flexible space will likely find a steady stream of willing and reliable occupiers.

## **Benefits for developers**

Research suggests that developers are more likely to embrace creative workspace specifically, not necessarily out of a desire to deliver a public benefit but because creative workspace is associated with higher rent and revenue generation—a purely financial value.<sup>23</sup> One source reports that developers may also be motivated to include creative uses in mixed-use schemes as a way of getting buy-in from the community, a value that is indirect but potentially powerful if it avoids protracted backlash against a scheme.<sup>24</sup>

Where local authorities require employment space protections or outright require workspace, including workspace in schemes helps developers push planning applications towards approval<sup>25</sup>—that is, there is value in workspace in terms of bringing applications to fruition.

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21 Carys Roberts/IPPR, p13.

22 Savills Research. UK Flex Office Perspectives. Oct 2021. p16.

23 Jessica Ferm. “Delivering affordable workspace: Perspectives of developers and workspace providers in London” in *Progress in Planning* 93. 2014. p23. / BCO, p7.

24 CLT, p38.

25 CLT, p10 / Jessica Ferm, p23 / BCO, p7.



For developers with sites awaiting construction, meanwhile workspace can generate buzz and potentially help change perceptions about an area—which can improve the marketability of schemes<sup>26</sup>—while also giving some security and reducing costs relative to keeping an empty site.<sup>27</sup>

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<sup>26</sup> Jessica Ferm, p22.

<sup>27</sup> Future of London, p13 / BCO, p9.



## AT A GLANCE: THE DIVERSE VALUE OF WORKSPACE

	<b>ECONOMIC VALUE</b> The role workspace plays in supporting enterprise and local economic vitality	<b>SOCIAL VALUE</b> The role workspace plays in helping people participate in society and the economy and come together	<b>ENVIRONMENTAL VALUE</b> The role workspace plays in showing and supporting environmental leadership	<b>FINANCIAL VALUE</b> The role workspace plays in generating direct and indirect financial value
<b>DIRECT VALUE</b>	<ul style="list-style-type: none"> <li>Providing low threshold/flexible space for businesses of all sizes</li> <li>Providing access to equipment and resources</li> <li>Collaborative environment to network</li> <li>Bespoke support to grow</li> </ul>	<ul style="list-style-type: none"> <li>Creating pathways for people into work or enterprise</li> <li>Access to training</li> <li>Providing spaces open to communities</li> <li>Wider wellbeing benefits of interaction &amp; security</li> </ul>	<ul style="list-style-type: none"> <li>Reducing embodied carbon by repurposing buildings or enhancing efficiency of buildings</li> <li>Hosting green/low carbon enterprise and business</li> <li>Promoting environmental responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Rental income for landlord</li> <li>Business rates for local authority</li> </ul>
<b>INDIRECT VALUE</b>	<ul style="list-style-type: none"> <li>Focal point for clustering</li> <li>Supporting high street vitality</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing sense of place and belonging</li> </ul>	<ul style="list-style-type: none"> <li>Quality of local environment</li> <li>Inspiring change or action across the wider place or economy</li> </ul>	<ul style="list-style-type: none"> <li>Uplift in commercial and residential values</li> <li>Investor confidence</li> </ul>

## APPENDIX E: BEST VALUE & WORKSPACE

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*Reused and adapted from Future of London/Stephen Hill with permission.*

Repurposing disused or underused publicly-owned assets is a sought-after mechanism for delivering workspace, but the pricing of land required for asset transfer is problematic. Public landowners must seek the “best consideration reasonably obtainable” for sites, with “value” generally interpreted as cash receivable.

Luckily, while generating the maximum receipt from land sales is a valid political choice, it is not a legislative obligation. There is legislation to support disposal that recognises non-financial value—with the right alignment of policies.

The Local Government Act of 1972 stated that land “cannot be sold for a consideration less than the best that can be reasonably be obtained”. The “best consideration” is commonly understood to infer the most money, but in legal terms “reasonably” is a very pliable word, and considerations are not stipulated as solely financial.

In 2000, the Local Government Act introduced a new focus on improving places through economic, environmental and social wellbeing. The Act was ultimately repealed, but the introduction of these “three pillars” has since echoed throughout planning policy.

For non-Housing Revenue Account land, the General Consent 2003 states: “Council disposals need to be for the most valuable use allowed for that site”. This gave rise to “Unrestricted” and “Restricted Value”, the former being the highest value a site could achieve, and the latter being value achievable while achieving a specific policy objective. If the difference between Restricted and Unrestricted values is less than £2m, an authority can proceed autonomously. If it is greater than £2m, the Secretary of State’s approval is required.

The subsequent Planning & Compulsory Purchase Act of 2004 embedded social, environmental and economic wellbeing in planning policy. Activity that furthers these outcomes can be the sole justification for the compulsory acquisition of land for planning purposes.

This is reinforced by the current National Planning Policy Framework’s presumption in favour of achieving sustainable development, through the same three overarching objectives—economic, social, environmental—which are understood to be interdependent and mutually supportive.

In this context, planning policy could compel any site to balance social, economic and environmental outcomes. With this policy architecture in place, the restricted and unrestricted value of a site could be the same, with all developers expected to achieve the same outcomes. In this scenario, the playing field would be levelled, allowing workspace



schemes that align with an authority's integrated planning policy objectives and asset management plans to behave competitively.



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