

# Affordable Workspace

## Draft Informal Planning Guidance Note

March 2022

### 1. Summary

- 1.1 This informal planning guidance note accompanies and provides further detail for the implementation of the Section 4.1. Affordable Workspace of the Planning Obligations and Affordable Housing Supplementary Planning Document.
- 1.2 Together, the Planning Obligations and Affordable Housing Supplementary Planning Document and this planning guidance define the type of affordable workspace proposals that the City of Westminster would like to see from developers should it be proposed. This is anticipated to achieve the following benefits:
  - a) make it easier for developers to know what to propose, saving time for them and the council;
  - b) assist developers in designing affordable workspace proposals that can deliver and demonstrable public benefit to the local economy and residents;
  - c) increase consistency of applications from developers and affordable workspace provision across Westminster; and,
  - d) act as a useful point of reference for planners when assessing applications and negotiating planning obligations with developers
- 1.3 This note is informed by and supported by the Affordable Workspace Evidence Base, a viability assessment and the council's experience in supporting the implementation of affordable workspace planning obligations. This note might be updated from time to time to reflect learning and changing market conditions.
- 1.4 The term 'developer' in the Planning Obligations and Affordable Housing Supplementary Planning Document and this note refers to the applicant of such planning permission for development with affordable workspace in and includes any future owner (or long-lease holder) of the property in which the affordable workspace resides. In general, other capitalised words have the meaning as set out in this note or in the Planning Obligations and Affordable Housing Supplementary Planning Document.

## 2 Policy Context

### 2.1 Mayor of London (2021) The London Plan

- 2.1.1 The London Plan encourages affordable workspace in developments.
- 2.1.2 Policy CG5 (Growing a good economy) states that reasonably-priced, good quality employment space will be needed across London to strengthen London's economy for the future. It says that those involved in planning and development must plan for sufficient employment and industrial space in the right locations to support economic development and regeneration.
- 2.1.3 Policy E1 (Offices) puts forward that unique agglomerations and dynamic clusters of world city businesses and other specialist functions of the central London office market, including the Central Activity Zone should be developed and promoted. It states that development proposals related to offices should take into account the need for a range of suitable workspace including lower cost and affordable workspace.
- 2.1.4 Policy E2 (Providing suitable business space) requires that the provision, and where appropriate, protection of a range of business space in terms of type, use and size, at an appropriate range of rents, should be supported in Local Development Plan documents to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand. It also asserts that development proposals for new business floorspace greater than 2,500 sq.m. (gross external area), or a locally determined lower threshold in a local Development Plan Document, should consider the scope to provide a proportion of flexible workspace or smaller units suitable for micro, small and medium-sized enterprises.
- 2.1.5 Policy E3 (Affordable workspace) states that in defined circumstances, planning obligations may be used to secure affordable workspace at rents maintained below the market rate for that space for a specific social, cultural or economic development purpose such as:
1. for specific sectors that have social value such as charities, voluntary and community organisations or social enterprises;
  2. for specific sectors that have cultural value such as creative and artists' workspace, rehearsal and performance space and makerspace;
  3. for disadvantaged groups starting up in any sector;
  4. supporting educational outcomes through connections to schools, colleges or higher education; and,
  5. supporting start-up and early stage businesses or regeneration.
- 2.1.6 Policy E3 sets out principles for affordable workspace such as: acknowledging the role of workspace providers in delivering affordable workspace; that leases or transfers of space to workspace providers should be at rates that allow workspace providers to manage effective workspace with sub-market rents, meeting the

purposes as set out in paragraph 2.1.5 (above), over the long term; Section 106 agreements should ensure that the objectives as set out in paragraph 2.1.5 (above) are monitored and achieved, including evidence that the space will be managed by a workspace provider with a long-term commitment to maintaining the agreed or intended social, cultural or economic impact; and encouragement of developers to engage with workspace providers at an early stage in the planning process to ensure that affordable space is configured and managed efficiently.

## **2.2 Westminster's City Plan 2019-40**

- 2.2.1 City Plan 2019-40 encourages but does not require affordable workspace in developments throughout the commercial areas of the city and in the NWEDA and the Church Street/Edgware Road Housing Renewal Area.
- 2.2.2 Policy 5 (Spatial Development Priorities: North Westminster Economic Development Area (NWEDA)) puts forward that the regeneration of NWEDA over the Plan period will deliver increased job opportunities, particularly for local residents. It states that this will include 'the protection of existing employment floorspace, and the provision of additional employment and commercial floorspace, in particular that which is suitable for small and medium enterprises (SMEs) and / or helps diversify the local economy'.
- 2.2.3 Policy 13 (Supporting economic growth) takes into account of the impact of changing working patterns on likely future demand for additional office space, encourages the provision of affordable workspace, and supports economic activity beyond core office markets in more deprived parts of the city - to help achieve the council's ambitions as a City for All.
- 2.2.4 Policy 13 (Supporting economic growth) sets the policy context for delivering affordable workspace in Westminster. It states that proposals involving the provision of affordable workspace will generally be supported throughout the commercial areas of the City, and specifically supported in the North Westminster Economic Development Area and the Church Street/Edgware Road Housing Renewal Area. Affordable workspace is encouraged in recognition of the role it can play in the growth of small start-up businesses, enhancing local job opportunities and contributing to a diverse economy. The policy acknowledges the role of workspace providers in delivering affordable workspace and the role of affordable workspace in supporting the growth in small start-up businesses and enhancing job opportunities in areas of deprivation.
- 2.2.5 Section 4.1 of the Planning Obligations and Affordable Housing Supplementary Planning Document outlines when affordable workspace obligations should apply to developments and planning considerations that the council would seek when affordable workspace is proposed. This informal planning guidance notes supplements the Planning Obligations and Affordable Housing Supplementary Planning Document.

## **3 Planning considerations**

### **3.1 Overview**

- 3.1.1 As set out in the Planning Obligations and Affordable Housing Supplementary Planning Document, the provision of affordable workspace in developments will be considered a 'public benefit' when determining individual planning applications. It is not a 'policy requirement' so should not be a substitute for meeting all development plan policy requirements.
- 3.1.2 To ensure new affordable workspace is fit for purpose and meets its intended aims, where proposed, the council will seek provision in accordance with the Planning considerations set out in Section 4.1 of the Planning Obligations and Affordable Housing Supplementary Planning Document. The following-subsections provide further detail on these 'Policy consideration' points.

### **3.2 Amount of space**

- 3.2.1 The Planning Obligations and Affordable Housing Supplementary Planning Document states that in developments with over 1,000 square metres (sqm) gross internal area (GIA) in any combination of the E(c) and E(g) planning uses, the council would like a minimum of 10% of the GIA of such space to be affordable workspace.
- 3.2.2 Whilst a minimum of 10% of developments with any combination of E(c) and E(g) planning use is encouraged to be affordable workspace, the council encourages ambition in terms of a greater amount of affordable workspace.
- 3.2.3 A minimum amount of affordable workspace should be specified on a gross internal area (GIA) basis. If the affordable workspace has different uses within it, a minimum amount of space for each use type should be specified. The unit of measurement should be square metres (sqm) GIA.
- 3.2.4 The final net internal area (NIA) of the affordable workspace should not be below 10% of the stated gross internal area for the duration of the obligation period as detailed in section 3.9 below and to be defined in the Section 106 for the affordable workspace. It is noted that NIA needs to be space that is attractive to the market, for example, not compromised with low floor to ceiling height, inadequate natural light or intrusive soil or drainage pipes which could negatively impact the space from a visual and sound perspective.
- 3.2.5 The developer will be required to undertake a RICS measured survey at their own expense to establish the final GIA and NIA respectively, and submit this to the Section 106 Monitoring Officer who acting reasonably will need to confirm planning compliance prior to occupation by End Users.

### **3.3 Type of space provided**

- 3.3.1 The Planning Obligations and Affordable Housing Supplementary Planning Document states that affordable workspace should be operated as managed (shared) workspace with multiple businesses (End Users) sharing the space in line

with an 'Operation Management Plan'. It could take different forms, such as open plan and cellular offices, workshops, light industrial, research and development space and studios.

- 3.3.2 In certain circumstances, such as a small 100 sqm affordable space, where using the space as a shared workspace and/or finding an interested managed workspace provider to be a Qualifying Tenant is not reasonably possible, the council may consider the use of the space to be a single End User.
- 3.3.3 The Planning Obligations and Affordable Housing Supplementary Planning Document states that the primary use of affordable workspace should fall within Use Class E(c) and/or E(g). Primary use is defined as at least 50% of the total GIA which should fall within planning use class E(c) and/or E(g).
- 3.3.4 The Planning Obligations and Affordable Housing Supplementary Planning Document also states that a portion of the affordable workspace may also be within Use Class E(a) or E(b) as a café and F1 as a training centre if this is ancillary to, and supports the primary use. A portion is defined as 25% or less of the total GIA of the affordable workspace. In other words, a portion of the affordable workspace could be planning use Class E(a) or E(b) as a café (less than 25% of the total GIA) and in addition a portion of the affordable workspace could be planning use class F1 as a training centre (less than 25% of the total GIA). A café could play a role in informal meeting space for users of the affordable workspace as well as the general public. Likewise, a training centre could provide business support opportunities for users of the E(c) and/or E(g) parts of affordable workspace.
- 3.3.5 The Section 106 for the development should specify the amount of the affordable workspace (with the unit of sqm GIA) for the respective planning uses, with 50%-100% being Use Classes E(c) and/or E(g).

### **3.4 End users**

- 3.4.1 End Users are businesses (such as limited companies and self-employed individuals), who occupy the affordable workspace.
- 3.4.2 As set out in the SPD, the council's preference is for End Users to be start-up and early-stage businesses (defined as businesses within their first 5-years since incorporation). This aligns with social, cultural or economic development purpose 5 in Policy E2 of the London Plan (see paragraph 2.1.5 above). However, the council would consider End Users being those in falling within other social, cultural or economic development purposes set out in Policy E2 of the London Plan (see paragraph 2.1.5 above) if sufficient justification is made to the council's satisfaction.
- 3.4.3 The council would like to see the majority of affordable workspace occupied by City of Westminster residents. In particular, the council would want a minimum of 50% of the workstations (e.g. desk spaces) to be occupied by City of Westminster residents and/or businesses who have had a trading address for 6-months or more elsewhere in the City of Westminster prior to being an End User, and are at risk of leaving the borough due to the not being able to afford workspace at market rents. If the Qualifying Tenant (as defined in section 3.5 below) can prove through proactive and suitable marketing from a 3-month period from the opening of the site that there isn't

sufficient interest from City of Westminster residents in the space, the council would accept a minimum of 25% of the desk spaces to be occupied by residents of the City of Westminster. If after a further 3-months of operation and proactive marketing sufficient interest from City of Westminster residents isn't found, then the requirement for a minimum cap on residents will be lifted for a subsequent period of 5-years. Any further extensions to the lifting of this cap would be subject to the Qualifying Tenant demonstrating insufficient interest from City of Westminster residents.

- 3.4.4 At least 50% of the space should be occupied by businesses who are start-ups and early stage businesses which are defined as businesses that have been trading for less than 5-years at the start of their occupation of the affordable workspace.
- 3.4.5 The size of teams in End User organisations should be small such as up to 10 employees at the start of their occupation of the affordable workspace, unless otherwise justified. Potential justification for larger teams could include for organisations that tangibly contribute to the business eco-system at the affordable workspace, or fast growing organisations that are providing inclusive growth employment and skills opportunities for local residents.
- 3.4.6 In general, End Users should be able to demonstrate their need for affordable workspace for their business, why they cannot afford commercial space at market rates, and how long they will need affordable workspace for before being able to afford space on the open market.
- 3.4.7 End Users should also be able to and willing to deliver social value to local residents such as creating jobs or skills opportunities, paid internships or volunteering on community projects. The council is keen for affordable workspace to enhance job opportunities in areas of deprivation.
- 3.4.8 In light of the above, as set out in the SPD, the council would therefore like to see proposals that commit to marketing and making affordable workspace attractive and accessible to local residents, and local businesses at risk of leaving Westminster.
- 3.4.9 In addition, as referenced in the SPD, affordable workspace should include business support activities for End Users and activity to ensure residents are benefiting from the space, such as access to job opportunities in End User businesses. Business support could include for example, facilitating or directly providing business coaching and mentoring, an events programme, master classes, networking events, brokering relationships between users of the space for potential collaborations and supporting the sales and marketing of End Users. Activity to ensure residents can benefit from the space can include many things, for example, making the space accessible to entrepreneurial residents, encouraging and enabling employment and skills opportunities in End User businesses, recruiting residents for some of the operational elements of the space, coordinating End Users to engage with local residents.

### **3.5 Qualifying Tenant**

- 3.5.1 As detailed in the Planning Obligations and Affordable Housing Supplementary Planning Document, affordable workspace should be operated by a 'Qualifying Tenant' which is an organisation that can demonstrate their intention and means to deliver the proposed affordable workspace. The Qualifying Tenant could be the

developer, owner of the property, or a managed workspace provider, such as those identified on other central London borough's affordable workspace registers<sup>1</sup>.

- 3.5.2 If a managed workspace provider is proposed to be the Qualifying Tenant, developers are encouraged to ensure the needs of both the End Users and the managed workspace provider are designed into the development and commercial arrangements.
- 3.5.3 The developer is encouraged to select a managed workspace provider and work with them (and also ideally with representatives from the End User target market) from an early stage. This early joint working is similar to developers working with registered social landlords on affordable housing.
- 3.5.4 Specifically, developers are encouraged to work with their preferred managed workspace provider to (but not limited to):
- a) understand the business needs of the managed workspace provider;
  - b) define the End User and understand their needs;
  - c) develop the heads of terms and agree the lease of the affordable workspace;
  - d) co-develop the capital works specification and spatial layout to ensure it is fit for purpose;
  - e) co-develop the Operation Management Plan with a focus on (but not limited to) a vision and plan for supporting End Users to succeed in their businesses, social value activities and pricing structure;
  - f) establish a build programme;
  - g) design a programme of activities and ways of working to optimise the socio-economic outcomes from the workspace; and,
  - h) consider how the council's economic development team could best support the affordable workspace.
- 3.5.5 In all cases, the developer would need to request written approval of the proposed Qualifying Tenant from the council.

### **3.6 Fit out**

- 3.6.1 As set out in the Planning Obligations and Affordable Housing Supplementary Planning Document, affordable workspace should be designed and located in the development to ensure it is attractive to the market and fit for purpose for End Users. Working with a managed workspace provider at the design stage can help secure this.
- 3.6.2 Developers could undertake the construction and Category A fit out themselves, or construct the space to a Shell and Core finish and make a financial contribution for a fit for purpose Category A finish to the Qualifying Tenant who would complete the

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<sup>1</sup> For example, the London Boroughs of Brent, Hackney, Haringey, Islington, Southwark and Tower Hamlets have approved workspace provider lists, most of which are publicly available

Category A finish should be the Qualifying Tenant's wish that and the developer agree to it. Either way, the developer would be ultimately responsible for the Category A fit out and maintaining the Category A fit out for the duration of the Obligation Period.

3.6.3 The Qualifying Tenant would be responsible for the Category B fit out. In some cases, End Users may have their own furniture that they may wish to use at the End User's cost in the space. It is expected that the developer would ensure the state in which the space is left in if or when a Qualifying Tenant's lease comes to an end is ready for re-marketing to another Qualifying Tenant, which might require the developer at their own cost stripping out the former Qualifying Tenant's Category B fit out and making necessary repairs and improvements to upgrade the premises to the Category A fit out.

3.6.4 For the avoidance of doubt:

- a) Shell and core includes the structure, cladding, base plant, completed common areas (receptions, lobbies, lifts, stairwells, toilets) and external works;
- b) Category A fit out includes elements such as raised floors, suspended ceilings or equivalent, basic mechanical and electrical services (air condition, lighting, controls), basic fire detection / protection systems, general decoration to perimeter walls; and,
- c) Category B fit out includes elements such as installation of partitions, carpeting, finishes and branding, kitchen facilities, breakout and reception areas, office furniture, IT and audio equipment, specialised lighting, branding, meeting room and cellular office units.

3.6.5 The Category A fit out of the affordable workspace needs to be fit for purpose from the perspective of the requirements of both the End Users and the Qualifying Tenant and attractive to the market. As such it needs to meet at a minimum the following criteria:

- a) Good quality, with quality not being less than the quality of fit out for the majority of the rest of the development unless adequately justified;
- b) Reasonable finished floor to ceiling heights no lower than 2.7m;
- c) To avoid the affordable workspace being compromised at the expense of other parts of the development, for example, there should be minimal servicing such as drainage and soil piping for other parts of the development in the affordable workspace, and there should be appropriate levels of visual and sound proofing of such services;
- d) Air conditioning, air handling, fire exits, toilets, and other relevant components to be of a suitable quantity and position to allow for a large number of people to be in the affordable workspace at the same time; this is on the basis affordable workspaces can often be intensively used with a high density of desk spaces and increased numbers of people at training or events that might take place at the affordable workspace;
- e) Maximised net internal area, at least 90% of the gross internal area;



- f) Disability Discrimination Act 1995 compliant, including level access to any lifts;
- g) Good levels of natural light as to be expected in the standard space with an office use;
- h) Minimal internal walls so to give the Qualifying Tenant flexibility for partitioning the space as part of their category B fit out, although exceptions may be made if reletting the space to subsequent qualifying tenant/s if the internal partitions with the previous qualifying tenants would be of interest to the subsequent qualifying tenant/s;
- i) Configured with appropriate air handling, air conditioning, electrical services and other elements to allow for the Qualifying Tenant to easily and at minimal cost: create cellular small office units in the majority of the space to meet market demand for small office units and to make use of small business rates relief so to help the space to be affordable for End Users; install high speed internet cabling; and, fit out the space to have a diverse range of facilities such as shared co-working open plan desk areas, break out spaces, meeting and kitchen areas.
- j) the Qualifying Tenant should have rights to have clear signage and visual presence at the entrance to the affordable workspace.

### **3.7 Fees payable by End Users**

- 3.7.1 Affordable workspace should be genuinely affordable to End Users. The Operation Management Plan should include details on what any all-inclusive fee includes if an all-inclusive pricing approach is adopted.
- 3.7.2 The average fees payable by End Users to the Qualifying Tenant allows for circumstances where some End Users may be paying a higher fee (but the highest rates should not be below market rates), and others a lower fee. The average fee and open market rates is worked out by taking the total rental income (or all inclusive fee income) for the workspace and dividing it by the NIA. Open market pricing can be undertaken in different ways, such as looking at publicly available information on comparable properties in the area.
- 3.7.3 In affordable workspace where space is rented exclusive of service charge, service charge must be reasonable, fair and minimised.
- 3.7.4 Market rates are defined as the open market rental rate exclusive of service charge, utilities and business rates, or open market all inclusive-fees rate. This should be established when a Qualifying Tenant/s commences operation.
- 3.7.5 Fees payable by the End Users can rise annually tracked to the Retail Price Index at a cap of 2.5% p.a. In a situation where open market rent and all-inclusive fees rise higher than RPI then fees to End Users can increase to 50% of market pricing at the 5-yearly rent reviews. This upward only rent review approach is a pragmatic measure to support the financial sustainability of affordable workspace.
- 3.7.6 Deposits from End Users should be minimal, and no more than 2-months of fees.

### **3.8 Fees payable by the Qualifying Tenant**

- 3.8.1 If the Qualifying tenant is the developer then this section is not applicable.
- 3.8.2 If the Qualifying Tenant is a managed workspace provider then fees payable (such as rent, service charge and/or revenue share) by the Qualifying Tenant to the developer should be at rates that allow the managed workspace provider to manage effective workspace with sub-market rents and fulfil the purpose of the affordable workspace over the long term.
- 3.8.3 It is anticipated that developers may need to lease affordable workspace to a managed workspace provider at a peppercorn or low rent, to ensure the managed workspace provider has sufficient resources to operate the affordable workspace in line with the Operation Management Plan.
- 3.8.4 Many managed workspace providers of affordable workspace run on tight margins, so no (or minimal) rent deposits and no (or minimal) lease guarantees should be required from the managed workspace provider to the developer. The council would encourage the following:
- a) no rent deposit if the managed workspace provider has a proven solvency as demonstrated in a “release test” which is either their earnings before income, tax, depreciation and amortisation (EBIDTA) for the past 3 consecutive years exceeds 3 times the annual rent, or their gross profit for the past 3 consecutive years exceeds 5 times the annual rent; and,
  - b) no more than 3-months’ rent deposit if the managed workspace provider hasn’t passed the “release test” as described above, but this deposit should be returned to the managed workspace provider if the release test can be passed at a later date.
- 3.8.5 Like End User fees payable, rent reviews can take place and be upward only, but should be no more frequent than annually. It is suggested that rent payable by the End Users can rise annually tracked to the Retail Price Index at a cap of 2.5% p.a. In a situation where open market rent and all-inclusive fees rises higher than RPI then rent to can increase to 50% of market pricing at the 5-yearly rent reviews. This upward only rent review approach is a pragmatic measure to support the financial sustainability of the affordable workspace.

### **3.9 Obligation period**

- 3.9.1 The council would like to see a long-term obligation period for affordable workspace planning obligations. This is ideally for the lifetime of proposed development, or for a minimum of 100 years, whichever is longer. However, shorter periods may be accepted where there is robust justification from a development viability perspective.
- 3.9.2 The long-term aspiration is on the basis that it is anticipated that affordable workspace will also be an ongoing important part of supporting a diverse, mixed and balanced provision of commercial space across the City of Westminster, and that delivering this through the planning system will not only enhance developments, but will also help ensure that a critical minimal amount of affordable workspace will be provided. In addition, the longer the obligation period, the greater the public benefit

the scheme will provide, and affordable workspace is always likely to be needed for a thriving business ecosystem in a global city.

### **3.10 Lease with the Qualifying Tenant**

- 3.10.1 If the Qualifying Tenant is the developer then this section is not applicable.
- 3.10.2 If the Qualifying Tenant is a managed workspace provider then a suitable form of lease or management agreement needs to be in place (such as a revenue share). It needs to take into account the following characteristics:
- a) a sufficiently long (i.e. at least 10-years) and secure period for the Qualifying Tenant to maximise outcomes and gain a return on its investment in the space;
  - b) obligations on the part of the Qualifying Tenant as set out in the Section 106 agreement where appropriate and possible;
  - c) attractive terms for the Qualifying Tenant; and,
  - d) early termination of the lease by the developer if the council requires it due to the Qualifying Tenant materially failing to deliver on its requirements as set out in the Section 106 agreement and remedial action by the Qualifying Tenant cannot be evidenced.
- 3.10.3 Penalty fees should be considered in the lease if the developer is late in delivering on the provision of space to the Qualifying Tenant to take into account loss of earnings and costs incurred by the managed workspace provider due to delays on the part of the developer.
- 3.10.4 When the lease between the developer and a Qualifying Tenant comes to an end, the outgoing Qualifying Tenant and the developer should use best endeavours to freely facilitate a new contractual relationship between End Users and the new Qualifying Tenant.
- 3.10.5 If the affordable workspace is operated by a managed workspace operator, their lease may come to an end during the obligation period. In this situation, their lease would either need to be renewed, extended or an alternative Qualifying Tenant would be required.
- 3.10.6 If the space is leased to a Qualifying Tenant and the lease comes to an end, for whatever reason, the developer would need to notify the council within 1 month from the end date of the lease and proactively market and seek an alternative qualifying tenant, keeping a record of their activity to find a new qualifying tenant, or enter a new lease with the Qualifying Tenant whose lease has just come to an end. The developer should seek approval for any new Qualifying Tenant from the council. The developer should also notify the council when any new lease is entered into by a Qualifying Tenant.

### **3.11 Operation Management Plan**

- 3.11.1 The affordable workspace needs to be operated in line with an Operation Management Plan. At the start of each new lease with any Qualifying Tenant and

prior to the occupation and utilisation of the affordable workspace by the Qualifying Tenant, the developer needs to prepare the Operation Management Plan with the Qualifying Tenant for agreement by the council's economic development team and S106 monitoring officer. The council's economic development team could also contribute to the Operation Management Plan.

3.11.2 This Operation Management Plan could be updated with agreement from the council from time to time during the period in which the Qualifying Tenant is operating the affordable workspace to reflect changing local demands, needs and opportunities for local benefit. The developer should submit to the Section 106 Monitoring Officer the Operation Management Plan at least 6-months prior to occupation of the affordable workspace by first Qualifying Tenant and at-least 1-month prior to occupation of subsequent Qualifying Tenants. The first Operation Management Plan should be ideally appended to the Section 106 agreement for the first period within the Obligation Period.

3.11.3 The Operation Management Plan needs to detail how the space will be operated. The council would ideally like these plans to include as a minimum the following:

- a) End User target market description, marketing strategy (including details of initial marketing to residents) and how End Users will be selected.
- b) End User tenancy and business support offer including: hours of operation/access; membership types and fees to charge End Users; licensing terms including proposed flexibility and length of tenures for End Users (e.g. ranging from 1 month to 1 year); proactive business support (such as mentoring and training, access to finance, connecting End Users with local corporation, facilitation of networking and peer-to-peer connections for knowledge sharing, peer support, partnership working and marketing assistance, and, support to find local properties to move to after leaving the affordable workspace).
- c) Social value realisation plan to benefit residents and local communities, such as: ensuring a minimum amount of the space is occupied by residents; proactive promotion of the affordable workspace to residents; scholarships or price reductions of businesses operated by residents; facilitating or requiring End Users to creating skills and employment opportunities for City of Westminster residents, including apprenticeships and paid internships, volunteering on local projects and skills and knowledge sharing; and, community use with specific examples of activities to be provided to support local community such as volunteering projects, pro bono services,;.
- d) Spatial configuration with a plan of the affordable workspace showing all communal space, details on the number of workstations (desks) and how these will be divided between different types of space (e.g. open plan co-working and private office spaces), communal/event space, forecasts on the number of people and numbers of businesses using the affordable workspace at any one time, and average length of time that each business will reside at the site.
- e) Governance and management approach such as: governance structure; approach to assessing market rents/rates, setting and reviewing rates for End

Users, occupancy levels and objectives; diversity and equality; using local suppliers; exploring local inclusive recruitment.

- 3.11.4 The Section 106 Monitoring Officer will assess the Operation Management Plan with the council's economic development team (or equivalent) and will notify the developer as to whether they will need to make necessary adjustments.

### **3.12 Monitoring**

- 3.12.1 Information should be provided on an annual basis following the occupation of the affordable workspace by the Qualifying Tenant/s.

- 3.12.2 This monitoring can be light touch and should not be onerous. The most important information relates to enabling the council to easily assess S106 agreement compliance. It should ideally include the following:

- a) Quantitative information such as: number of businesses using the affordable workspace in total; number of new businesses in the last year; number of City of Westminster residents using the affordable workspace; occupancy level. pricing calculation of average number of people using the affordable space; and, average rent/rates charged to End Users and how that compares with market rent/rates.
- b) Qualitative information such as: case studies of people using the space and the difference the affordable workspace is making on their business; details on how the Operation Management Plan is being fulfilled; activities that are benefiting residents in the last year; End User survival rates, growth rates and job generated; and, requests for joint working with the council's economic development team (or equivalent) and other service areas.

### **3.13 Summary of notices**

- 3.13.1 For ease of reference, the council would anticipate the following notice requirements from the developer to the council's Section 106 Monitoring Officer as discussed in this guidance note who will share information with and consult the economic development team at the council where needed:

- (a) Notice of development commencement at least 14 calendar days prior to commencement of development;
- (b) Request for approval of any selected Qualifying Tenant, including submission of evidence as to the intention and means of the Qualifying Tenant to deliver on the purpose of the affordable workspace;
- (c) Draft lease with a Qualifying Tenant 9-months prior to practical completion;
- (d) Notify the council upon entering any new lease with a Qualifying Tenant;
- (e) Notice of practical completion date at least 6-months prior to practical completion;

- (f) Submission of a RICS measuring surveyor report showing the gross internal area and net internal area of the affordable workspace prior to the space being made available to a qualifying tenant;
- (g) Copy of a legally binding lease with any new Qualifying Tenant at least 1-month prior to occupation by any qualifying tenant;
- (h) Notice of the end of a Qualifying Tenant's lease within 1 month of the qualifying tenant's lease coming to an end;
- (i) Submission and request for approval of Operation Management Plan/s at least 6-months prior to occupation of the affordable workspace by the first Qualifying Tenant, and at-least 1-month prior to occupation of subsequent Qualifying Tenants.; and,
- (j) Monitoring information (including amongst other elements, pricing information) shared annually with the S106 Monitoring Officer who will review the information with the economic development team.