

# Affordable Workplace Strategy

## Summary

### 2018

## Introduction

Islington's Fairness Commission reported that Islington is a place of stark inequalities. Acute deprivation still exists side by side, and sometimes on the same street with extreme wealth. On the one hand, Islington is home to some of the wealthiest people in the country. It lies at the centre of one of the most dynamic cities in the world, and is home to over 18,000 businesses of all types and sizes, employing over 256,000 people. It has world-class business clusters which are the envy of many.

On the other hand, Islington has the second highest rate of child poverty in the UK, with over a third of our children living in poverty, and frequently trapped in unsuitable accommodation. Too many residents struggle to find good jobs, and lack the right skills, networks or confidence needed to progress.

It is also a place where smaller businesses face the impact of 'commercial gentrification' and the threat of being displaced from the borough. We have a situation where the hyper-competitive property market, and the resultant demand for space, has increased land values. This in turn increased rents, and resulted in Islington experiencing some of the highest business rate increases in the UK. All of this has a negative impact on small businesses' ability to grow and to remain in the borough.

**Our vision is to make Islington fairer, and create a place where everyone, whatever their background, has the same opportunity to reach their potential and enjoy a good quality of life.**

We want an Islington economy that works for all residents. An inclusive economy – one where everyone can thrive, no matter where you come from. It's an economy where we put people first, and push equality, social justice and sustainability to the fore.

The Affordable Workspace Strategy is a central plank of our ambition for that inclusive economy.

We have negotiated leases of high-quality office space from developers at very low rents for between 10 and 20 years. These will be managed for us by a variety of carefully selected affordable workspace providers.

In a UK first, Social Value will be embedded in the contracts, with spaces offered to providers at a peppercorn rent. In return, they will create long-term benefits for local people and businesses. Education, training and job opportunities will be provided, and the business expertise of successful and established local firms will be unlocked through skills training, networking, sharing knowledge and best practice.

In this way, local entrepreneurs and firms will have the security to innovate, create good jobs and be protected from rising rents and displacement.

We are proud of this pioneering approach to bring real, local benefit. We will continue to engage with a broad range of partners to deliver these genuinely inclusive and affordable spaces – creating good jobs for local people. Working together, we will deliver an inclusive economy.



A handwritten signature in black ink that reads "Asima Shaikh".

**Cllr Asima Shaikh, Executive Member for Inclusive Economy and Jobs**

## Islington Council's unique approach

Through the planning process, the council negotiates with developers to provide affordable workspace at a 'peppercorn' rent for a minimum of 10 years, and potentially in perpetuity. The provision of these spaces is secured through a legal agreement with the developer known as a Section 106 agreement. The council has already secured nearly 4,000 sqm of office and workshop space in commercial developments – from Old Street to Caledonian Road – that will be let to local entrepreneurs and start-ups at genuinely affordable rents.

The council will then appoint a provider to deliver a series of well-defined Social Value outputs, instead of paying rent. These activities might include: business mentoring in the wider local area; apprenticeships; employability programmes for local residents, especially for women, Black, Asian and minority ethnic communities and residents with disabilities; prioritising local suppliers; provision of childcare; or, networking.

The Social Value created will depend on the location, size and local business clusters, and will be negotiated on a case-by-case basis. The council welcomes delivery partnerships with social enterprises, charities and cooperatives.

## Vision and objectives

The council's vision is to make Islington fairer and create a place where everyone, whatever their background, has the same opportunity to reach their potential and enjoy a good quality of life.

The council will create the space needed for entrepreneurs and small businesses so that they can thrive in Islington, protected against rising rents and commercial displacement, to deliver good jobs, and generate real Social Value for local people.

To achieve this, the council will:

1. Secure space for local micro and small businesses by increasing the supply of affordable workspace, through the planning process and other means.
2. Ensure that the management of Islington's affordable workspaces delivers real opportunities for local people to access high quality jobs and training, and start their own businesses, and supports the Council in tackling poverty, disadvantage and social inequality.
3. Encourage resilience and growth within the local economy by supporting Islington's established and emerging business clusters.
4. Ensure that as far as possible wealth and resources remain within Islington for the benefit of local people and micro and small businesses, by supporting the development and implementation of a local wealth-building approach.

### Definition of Affordable Workspace

Affordable workspace is often defined as workspace that has a rental value below the market rate - generally 80% of the market rate or less. However, within Islington rents of up to 80% of market value may not always be affordable to micro and small businesses. The council is therefore committed to assessing the genuine affordability of any new workspaces that it delivers on a case by case basis.

## Work underway



We secured affordable workspace in the highly sought-after White Collar Factory development on Old Street roundabout

The first genuinely affordable workspaces, secured through Section 106 agreements, will be available in January 2019, offering micro and small businesses a base that is local, affordable and flexible enough to grow with them in those crucial early stages.

In addition, the council successfully bid for match-funding from the Mayor of London to create at least four new affordable workspaces in Finsbury Park. This £2m project will support the growth of the garment and technology sectors. It will enable the conversion of the garages on the Andover Estate, the purchase of leases on a privately-owned building, as well as the conversion of the council owned building at 48 Seven Sisters Road. This will make sure the

affordable workspace is spread across the borough, and is accessible to all.

The council will have ongoing oversight to make sure that rent levels are kept at genuinely affordable rates, and to ensure that operators are delivering the agreed Social Value benefits. Working with partners, the council will also develop a local wealth-building approach to support and help establish local micro/small businesses and co-operatives, to ensure that as far as possible, money that is generated in the local area is spent in the local area.

Over the next three years, the council will continue to push for new locations for affordable workspace. As the council reviews the Local Plan, it will seek opportunities to strengthen and enhance this policy, to support more micro and small businesses – ensuring local business talents have the vital space and support they need to grow, at prices they can afford – creating a fairer Islington for all.

For further information, and a detailed implementation plan, please visit: [www.islington.gov.uk/affordable-workspace](http://www.islington.gov.uk/affordable-workspace)



We secured affordable workspace in a new development at 160 Old Street

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