

Affordable Workspace Draft Supplementary Planning Document

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DRAFT

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1. Introduction

- 1.1. Affordable Workspace is workspace that is provided at rent maintained below the market rate for that space for a specific social, cultural and or employment development purpose. Ensuring such spaces are available alongside more traditional employment space, will help boost the London Borough of Brent's ("the Council") economic strength and diversity. Affordable Workspace provides opportunities to create places of innovation, cultural enterprise and clusters of priority sectors. In addition to delivering community benefits, Affordable Workspace can be key to placemaking from early stages of mixed-use development.
- 1.2. Demand for Affordable Workspace in Brent exceeds supply. The number of small businesses in the borough has substantially increased since 2010¹. However, much industrial land and office space has made way for new housing, reducing the supply and affordability of workspace for small businesses.
- 1.3. This document is a Supplementary Planning Document (SPD) to the Council's Local Plan, providing guidance on the implementation of the extant policies DMP14 and policies BE1, BE2, BE3 and BE4 in the draft Local Plan. Once adopted, this SPD will be a material consideration in the determination of planning applications. References to the 'Local Plan' in this document refer to the Council's adopted [2016 Local Plan](#) or where the context admits the emerging [Council Local Plan](#). References to the 'London Plan' refer to the [London Plan 2021](#).
- 1.4. The Council has adopted the [Brent Affordable Workspace Strategy & Action Plan](#). The Action Plan outlines eight actions to increase supply in the borough. This includes facilitating Affordable Workspace in new developments, maximising under-utilised assets, lowering the financial barrier to entry for operators and introducing Affordable Workspace onto the High Street.
- 1.5. Action 1 proposes to develop additional guidance in a Brent Affordable Workspace Supplementary Planning Document to expand on Local Plan Policy. This document aims to assist developers submitting planning applications where affordable workspace is required and demonstrates how policies are applied to deliver Affordable Workspace. This guidance document includes:
 - A definition of Affordable Workspace based on national, London and local policy;
 - The role of Affordable Workspace in diversifying and strengthening mixed-use developments in Growth Areas and town centres;
 - Outline basis for market rents and affordable rents;
 - Affordable Workspace size and delivery outcomes;
 - Location recommendations and specification requirements for different workspace typologies;
 - Affordable Workspace Management Plan requirements;
 - Documents to be provided by planning applicants throughout the development process; and
 - Guidance on monitoring Affordable Workspace planning obligations and timing of payments.

¹ Brent Affordable Workspace Strategy (2020) <https://www.brent.gov.uk/media/16419071/affordable-work-space.pdf> p3

- 1.6. The Council conducted market research with 49 London-based workspace operators across different typologies (offices, creative studios, makerspaces, kitchens and mixed workspaces) to form a substantive evidence base for this SPD. The findings of the market research can be found in Appendix 1.
- 1.7. This document was developed with the engagement of key stakeholders, including workspace operators. It will be subject to formal public consultation in accordance with Regulation 12 of the Town and Country Planning (Local Planning) (England) Regulations 2012 and the Council's Statement of Community Involvement.

2. Affordable Workspace: Policy Context & Definition

- 2.1. National planning policy sets the overarching objective for the planning system to help build a strong, responsive and competitive economy. Paragraph 81 of the [National Planning Policy Framework \(NPPF\)](#) as revised July 2021, states that:

'Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future...'

- 2.2. Moreover, paragraph 83 of the NPPF continues to say that:

"Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations"

- 2.3. The [London Plan](#) Affordable Workspace policy E3, creates a framework for detailed borough specific policies. E3 defines Affordable Workspace as:

'Workspace that is provided at rents maintained below the market rate for that space for a specific social, cultural, or economic development purpose. It can be provided and/or managed directly by a dedicated workspace provider, a public, private, charitable or other supporting body; through grant and management arrangements (for example through land trusts); and/or secured in perpetuity or for a period of at least 15 years by planning or other agreements.'

- 2.4. Supporting text to DMP14 from the [2016 Local Plan](#) states:

'Affordable Workspace is to be disposed/leased to a workspace operator approved by the Council at no more than 50% of market value/rent leased for a minimum of 10 years, and is to remain 'Affordable Workspace' for the lifetime of the development.'

- 2.5. The draft Local Plan also sets the policy requirement that Affordable Workspace must be secured for the lifetime of the development and disposed/leased to an operator approved by the Council at no more than 50% market value/rent for a minimum of 15 years.
- 2.6. In the draft Local Plan, there are several policies which expand on London Plan Affordable Workspace policy E3 including:

- **Policy BE1** states that Affordable Workspace should be 10% of total new employment floorspace in developments exceeding 3,000 sqm of employment floorspace in Alpertton, Burnt Oak, Colindale, Church End, Neasden, Staples Corner and Wembley Growth Areas.
 - **Policy BE2** requires 10% of new employment floorspace to be provided as Affordable Workspace in redevelopment of Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) for co-location and intensification.
 - **Policy BE3** provides for Affordable Workspace in mixed-use development on Local Employment Sites (LES).
 - **Policy BE4** promotes workspace in unviable secondary frontage in town centres.
 - **Site Allocations** referring to Affordable Workspace in the Local Plan also require the delivery of Affordable Workspace in new developments.
- 2.7. Within Growth Areas and town centres, affordable workspace is to be for offices, research and development, light industrial and studio workspace, as these uses are more compatible with the residential environment. Elsewhere, general industrial and storage and distribution uses may also be appropriate. Where a site is both a Growth Area and a SIL/LSIS, requirements in Policy BE2 take precedence.

3. Affordable Workspace: Regeneration & Economic Development

- 3.1. Affordable Workspace has a key role to play in the regeneration and economic growth of an area. From early development stages, new Affordable Workspace:
- Attracts both start-up and established businesses;
 - Supports the evolution of a rich economic ecosystem;
 - Creates stronger links between business and local communities;
 - Creates unique spaces for a range of sectors that provide socio-economic benefits for the wider public, including charities, social and educational enterprises and creative studios; and
 - Adds vitality and value to developments by bringing a range of activities and uses to the area.
- 3.2. Diverse and inclusive communities need places to live, but also places to work and make. The Council's Growth Areas will be expected to accommodate the majority of regeneration and population growth moving forward. Mixed-use development can create balanced places of housing, employment opportunities and supporting infrastructure. Providing the right type of Affordable Workspace in a primarily residential development will support delivery aspirations for housing and the long-term value of the residential market in mixed-use neighbourhoods.
- 3.3. The COVID-19 pandemic and consequent lockdowns have pushed home and remote working to an all-time high. This unprecedented situation has highlighted that many businesses can remain operational and even thrive when employees are working away from their regular workplace. Moving forward, businesses may opt for a centralised workspace for collaboration, paired with access to a local flexible workspace for lone-working. New mixed-use developments could position the workspace as a unique selling point of the scheme for prospective residents.
- 3.4. Additionally, [*The Brent Climate & Ecological Emergency Strategy 2021 - 2030*](#) aims for a sustainable economic recovery and local flexible workspaces could form part of the solution. Local workspaces could reduce the number of people commuting long

distances and gives many the opportunity to 'actively travel' by cycling or walking to their place of work.

- 3.5. [Brent's Affordable Workspace Strategy & Action Plan \(2020\)](#) and [Inclusive Growth Strategy \(2020\)](#) specify the sectors that the Council should prioritise. Affordable Workspace can consolidate existing activity and accelerate the emergence of a recognisable cluster in a priority sector. Specialised and industry-focused Affordable Workspace provides facilities needed by micro, small and medium-sized enterprises on flexible, affordable terms. Additionally, it generates vital social capital by building communities and sectoral hotspots, which attract the best talent in a particular field. New developments can play a pivotal role in creating industry clusters, differentiating the area from other parts of London.



Figure 1: priority sectors set out in the Council's Affordable Workspace Strategy

- 3.6. In early 2021, London retail closure rates were at a five-year high² and the pandemic is expected to accelerate the trend. Changing consumer demands and individual leisure consumption patterns, as well as the success of out of town retail centres and rise in online shopping, have all challenged traditional conceptions of town centres and high streets. Affordable Workspaces have the potential to diversify and reinvigorate town centres and high streets over the longer term, where traditional uses have been lost and are no longer viable³.

4. Affordability, Discount to Market Rent & Service Charges

- 4.1. As per the Affordable Workspace policy requirement (paragraph 2.5), developers/owners must dispose or lease Affordable Workspace to an approved operator at no more than 50% of market rents. The Council encourages disposal of longer leases (either a minimum of 15 years, but preferably 125 years) to make spaces more viable for operators. The minimum 50% discount will be reviewed every 5 years by the Council to ensure that rents remain affordable.
- 4.2. The market rent (value) of Affordable Workspace and its minimum 50% discount will be assessed at the time of the application and prior to occupation, taking into account the nature and location of the proposed development.
- 4.3. The Council will review the market rent (value) evidence submitted. In the case of dispute, the Council and the developer will jointly appoint an independent surveyor at

² PwC (2021) Store Openings and Closures: March 2016 – March 2021; Accessed: <https://www.pwc.co.uk/industries/retail-consumer/insights/store-openings-and-closures.html>

³ Brent Meanwhile Use Strategy (2021)

the cost of the developer, to confirm market rent (value) and maximum service charge levels. The market rent should be reassessed prior to occupation to ensure the rent remains comparable.

- 4.4. Any planning applications for schemes including Affordable Workspace must submit an Affordable Workspace Statement which must include:
- Evidence of comparable market rents, yields and service charges near the application site for use class Eg(i) (office) or Eg(iii) (light industrial) depending on the proposed use in the Affordable Workspace.
 - Design considerations for the Affordable Workspace (see paragraph 7 below for Specification Requirements);
 - Potential uses for the workspace (either flexible desk space, creative studios, makerspace, commercial kitchens, music/media studios); and
 - Evidence of consultation with [approved operators](#) at RIBA stage 1/2.

5. Affordable Workspace Size and Delivery Outcomes

- 5.1. Market research⁴ with 49 operators revealed that 78% of respondents across all workspace typologies (incubators, accelerators, co-working, creative studios, makerspace, kitchens and mixed workspaces) would not consider a workspace under 465 sqm GIA (5,000 sqft). A third stated that 930 sqm (10,000 sqft) was the optimum size in terms of management and financial viability.
- 5.2. Circumstances may arise where small Affordable Workspaces (less than 300sqm gross internal area) are proposed in Local Employment Sites, Site Allocations, Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS).
- 5.3. Therefore, the Council takes a three-tiered approach with regards to size of proposed Affordable Workspace and its delivery:

(i) Under 300 sqm – Due to the challenges around delivering Affordable Workspaces of this size, the Council will instead collect a financial contribution in lieu of the onsite provision (see paragraph 5.6. below for calculation), unless an approved operator is committed to deliver the Affordable Workspace.

(ii) 300 – 465 sqm – Affordable Workspace to be disposed to an approved operator (see paragraph 5.5. below). Where the developer/owner is unable to dispose of the Affordable Workspace to an operator 12 months after its practical completion and the developer/owner has provided;

- Written evidence showing that all of the approved operators reject the offer to take up the workspace (together with any reasoning);
- Evidence in relation to the engagement with the Council;
- Evidence of the consultation with operators at design stages;
- Satisfactory evidence (if required by the Council) that the developer/owner sought to address operators' concerns at design stages, where operators had rendered the workspace design unattractive; and
- Satisfactory evidence demonstrating the reasonableness of the commercial terms (rent, lease length, service charge etc.)

The Council will then accept a financial contribution in lieu of the onsite provision.

⁴ Appendix 1

(iii) Over 465 sqm - Affordable Workspace to be disposed to an approved operator (see paragraph 5.5. below). The requirements in paragraph 5.3 (ii) (with regards to submitting evidence) will apply to a unit over 465 sqm where the developer/owner has been unable to dispose of the Affordable Workspace to an operator 12 months after the practical completion of the unit. However, instead of paying a financial contribution in lieu at 12 months, the developer/owner would be required to first offer the Affordable Workspace to the Council (see paragraph 5.5.6. below). The financial contribution in lieu would then become payable should the Council decide not to take up the space.

5.4. There are two delivery outcomes for the three tiers outlined above:

- **Outcome A (strongly preferred)** – Affordable Workspace disposed of to (and managed by) an approved Affordable Workspace operator; or
- **Outcome B** – The Council takes a financial contribution in lieu of the onsite Affordable Workspace, for the provision of Affordable Workspace offsite but within the Council's administrative area.

5.5. **Outcome A – Acquired/leased and managed by an operator**

The preference is that the developer/owner disposes of the Affordable Workspace to an Affordable Workspace operator (on the Council's [approved list](#)) by way of a lease of not less than 15 years or the grant of a long leasehold interest of not less than 125 years at no more than 50% of market rates. Developers will benefit from working jointly with the Council to select an approved operator.

5.5.1. The criteria for an Affordable Workspace operator to be on the Council's approved list include:

- Credible track record and experience managing Affordable Workspace;
- Illustrate that their workspace is at comparable affordable rates for end-users in Brent by outlining the range of rates and the proportion of each tier⁵;
- Agree to only increase rates to end-users after receiving written permission from the Council. The justification/s for increasing rates must be robust and include substantive evidence;
- A commitment to enter into an Affordable Workspace Management Plan (see paragraph 8 below) for any workspace Affordable Workspace secured by section 106 agreement;
- A commitment to target a 75% allocation of the Affordable Workspace they manage in Brent for Brent residents;
- A commitment to recycle/reinvest any financial surpluses generated from Affordable Workspace they own/manage in Brent back into Affordable Workspace in Brent.
- For-profit organisations must report their company structure and any profit-share agreements with investors;
- Evidence of having a sustainability policy and endeavour to align with the Council by producing a net zero carbon footprint by 2030;
- A commitment to report annually to the Council on employment outputs on Affordable Workspace they own/manage in Brent; and
- A commitment to continue to meet the operator criteria

⁵ An illustrative desk-based workspace example: 40% of memberships are hot-desk at £100/person/month, 30% are fixed-desk at £200/person/month and 30% are private offices at £300/person/month.

An illustrative creative studio workspace example: 15% of tenants are in an open studio at £80/month, 15% of tenants are in micro-studios at £150/month, the remaining studios (70%) are leased for £17/sqft/annum

- 5.5.2. The operator will sub-lease the workspace to qualifying residents or local businesses that are eligible as determined by the Affordable Workspace Management Plan (see paragraph 9 below), who are in need of workspace at agreed rents below market rates and contribute to the economic or social wellbeing of the borough.
- 5.5.3. **According to market research⁶, 86% of operators said that it was important to be involved with the design from the planning phases of the development.** By having an operator on board from RIBA Stage 2, the developer can benefit from:
- Reduced risk and cost savings on capital expenditure;
 - Workspace that has an efficient layout and design that meets the market need of the operator in line with the development;
 - Alignment of interests with the operator from early on in the development stages;
 - No post completion business rates liabilities or holding costs associated with vacant space once the workspace is fitted out to the Affordable Workspace specification (paragraph 8 below);
 - Pre-let commercial space prior to material start of the project;
 - Certainty of compliance with all Affordable Workspace planning obligations.
- 5.5.4. Any planning applications including an onsite Affordable Workspace provision must submit an Affordable Workspace Statement (paragraph 4.3. above) which provides evidence of the consultation with approved operators and illustrate how they have influenced the design.
- 5.5.5. **The Council strongly recommends that an Agreement for Lease be signed at planning stages so that the operator can be named in the section 106 obligation.**
- 5.5.6. If an Agreement for Lease with an operator is not possible at RIBA Stage 2, then the developer/owner must endeavour to submit Affordable Workspace lease heads of terms 12 months prior to material start of the building(s) in which the Affordable Workspace is situated as defined by the s106 agreement. The developer should engage with the Council if they experience challenges finding an operator for the Affordable Workspace.
- 5.5.7. Where the developer/owner has been unable to secure an operator 12 months after practical completion (for workspaces over 465 sqm) having used reasonable endeavour to let the space, then the developer must offer at a minimum a 125-year lease to the Council on the same terms as if it were to an Affordable Workspace operator. The Council can either accept or decline the offer in writing within 6 months from when the offer was made (or such other later time as may be agreed by the parties). If the Council accepts the offer, they will assume the role of operator or sub-lease the space to an approved operator.
- 5.5.8. If the Council declines the offer within the relevant timeframe, then the developer/owner still has the option to manage the Affordable Workspace themselves and lease/license it directly to Affordable Workspace occupiers (provided always subject to the terms outlined in paragraph 5.5.9. below). Alternatively, the developer/owner can pay a financial contribution in lieu of the onsite provision (see paragraph 5.6. below).

⁶ See Appendix 1

- 5.5.9. If the developer/owner decides to manage the Affordable Workspace themselves, they must;
- Be an approved Affordable Workspace operator (the developer/owner must apply to the Council to be included on the approved list and will be assessed against the criteria identified in paragraph 5.5.1.;
 - Fully fit-out and furnish the space and rent desks or studios at fixed fees on flexible terms (as approved by the Council in advance); and
 - Submit an Affordable Workspace Specification (see paragraph 7 below) and Affordable Workspace Management Plan (see paragraph 8 below) in the specified timeframes for the Council's approval and that approval having been confirmed.
- 5.5.10 If for whatever reason Affordable Workspace is not disposed to an operator and the Council has declined the space, then the developer/owner is to pay a financial contribution in lieu of providing onsite provision (calculated in accordance with 5.6. below).

5.6. **Outcome B – Financial contribution in lieu**

A financial contribution in lieu will be acceptable when;

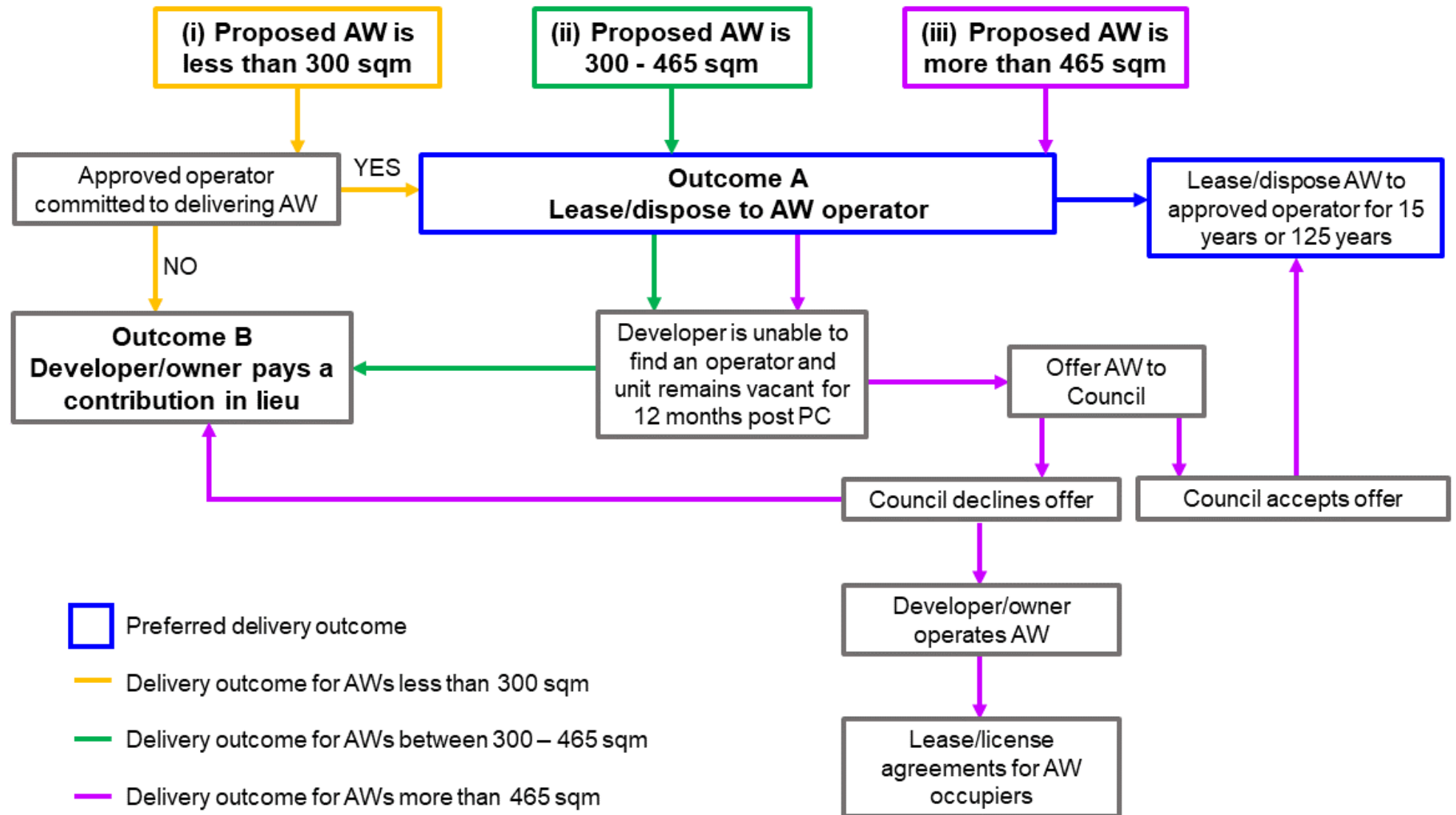
- The proposed Affordable Workspace is less than 300 sqm and none of the approved operators will commit to manage it (see 5.3.(i) above);
 - The Affordable Workspace is between 300 and 465 sqm and has remained vacant for 12 months after its practical completion; or
 - The Affordable Workspace is over 465 sqm, has remained vacant for 12 months after its practical completion and the Council has declined the developers offer for the unit.
- 5.6.1. The developer/owner must demonstrate that they have adequately engaged with Affordable Workspace operators in accordance with the terms of paragraph 5.3.(ii) above.
- 5.6.2. The financial contribution in lieu of onsite provision will be calculated as follows:

[50% of market rent/sqft/annum * floor area (GIA) of proposed Affordable Workspace as per policies BE1 - 4 (sf)] * [1 / yield]

For example: (£12.50 [50% of £25/sqft] * 5,000 sqft) / 0.06 [i.e. 6%] = £1,041,667

- 5.6.3. Planning applications for Affordable Workspace should include details of market rents, yields and service charges, substantiated by evidence of local comparable workspaces in the Affordable Workspace Statement (see paragraph 4.3.). If the Council agrees with the market rent and yield submitted as part of the Affordable Workspace Statement at planning stages, then these values will be used to calculate the financial contribution in lieu. In the case of dispute over market rents and/or yields, the Council and developer will jointly appoint an independent surveyor at the cost of the developer to determine a market rent/yield.
- 5.6.4. Financial contribution in lieu for Affordable Workspace will be secured by s106 obligation and be payable within 20 working days of agreeing with the Council in writing to pay the contribution. The financial contribution in lieu will be used towards the purchase, construction or fit-out of Affordable Workspace elsewhere in the Council's administrative area.

Figure 2: Process chart for size and delivery outcomes of proposed Affordable Workspace



6. Location Recommendations

- 6.1. The [Affordable Workspace Strategy & Action Plan](#)⁷ recommends different types of workspace by location. The table below builds on outcomes from the *Strategy* and includes research from ongoing masterplanning exercises of strategic sites within the Council. This guidance is to help applicants understand different viable Affordable Workspaces options in locations across the borough. The exact format of any workspace will however be determined through the engagement with operators and the Council.

Growth Area	Typology Recommendation ⁸
North	
Burnt Oak and Colindale	<ul style="list-style-type: none"> • Flexible desk space (Incubators, Accelerators and Co-working (IACs)) for small to medium businesses • Cluster could include priority sectors for Digital, Knowledge Economy and Circular Economy • Creative workspaces in LSIS (light industrial)
Northwick Park	<ul style="list-style-type: none"> • Specialist IACs for med-tech • Laboratory space connected to the hospital and/or university for the Life Science sector
Central	
Neasden and Church End	<ul style="list-style-type: none"> • IACs for small businesses with community focus and work with local charities/organisations • Cluster workspaces for the creative industry, like film and music studios, to build on existing workspace infrastructure • Makerspace for small businesses to co-locate with larger industrial units and more established companies
Staples Corner	<ul style="list-style-type: none"> • Commercial industrial uses to co-locate with new residential schemes • Makerspace and kitchens to support priority sectors of Manufacturing and Food Preparation
Willesden	<ul style="list-style-type: none"> • Public facing workspace on the high street in previously vacant retail spaces • Small community makerspaces
Wembley	<ul style="list-style-type: none"> • Build on existing studios to create a creative cluster, including gallery and community space. • IACs/move-on office space for more established businesses.
South	
Alperton	<ul style="list-style-type: none"> • Build on existing studios to create a creative cluster. • Work with the canal to create a variety of indoor/outdoor public and private workspace. • Support the existing industrial uses and provide start-up space for new industrial businesses.
Harlesden	<ul style="list-style-type: none"> • IACs for small local businesses • Music studios to accommodate local creatives and foster existing culture.
Kilburn	<ul style="list-style-type: none"> • IACs for self-employed and small businesses • Kitchen workspace with public interface • Cluster could include priority sectors for Digital, Knowledge Economy and Circular Economy

⁷ Page 129

⁸ For definitions and examples of different workspace typologies, see pages 38 – 51 of the *Affordable Workspace Strategy & Action Plan*.

7. Specification Requirements

- 7.1. The Affordable Workspace specification should include a comprehensive scope of works detailing how the developer/owner is to meet the requirements of the section 106 agreement, including relevant reports and drawings from consultants. The specification must also be submitted 3 months after the implementation of the development of the building(s) which are to contain the Affordable Workspace (or such other time as may be agreed by the council).
- 7.2. Different workspace typologies require different specifications. The specifications below are based on market research and previous Affordable Workspaces secured and delivered through section 106 obligations. Therefore, the developer should understand which type of activities that will take place in the workspace prior to construction phases.
- 7.3. Specification for **managed offices, incubators, accelerators and co-working space** should include at a minimum:
- Finished to a standard that will allow for immediate occupation, including secure entrance(s), heating, LED lighting, kitchenette(s), WC facilities and floor screed to door level;
 - Fully enclosed with perimeter walls and consented windows and doors installed and secured;
 - Floors to be power loaded with a minimum 3.5 kN/m² loading capacity;
 - Mechanically or naturally ventilated depending on Planning Permission requirements; and the reasonable requirements of the Affordable Workspace operator;
 - Internet infrastructure with dedicated fibre connected to the Affordable Workspace;
 - All statutory services to be supplied, capped, tested and separately metered and all drainage to be installed and connected;
 - Comply with all relevant accessibility regulations and requirements;
 - Comply with all relevant building and fire regulations and requirements;
 - Electric connection to be supplied;
 - Accessible 24/7 hours basis;
 - Access for servicing and delivery provisions; and
 - Access to cycle storage.
- 7.4. Specification for **creative studios** should include at a minimum:
- Finished to a standard that will allow for immediate occupation, including secure entrance(s), LED lighting, kitchenette(s), WC facilities and floor screed to door level;
 - Plumbing and drainage capacity for wash-up spaces;
 - Fully enclosed with perimeter walls and consented windows and doors installed and secured;
 - Floors to be power loaded with a minimum 3.5 kN/m² loading capacity;
 - Naturally ventilated unless otherwise specified by operator. Mechanical ventilation to be provided at the reasonable requirements of the operator;
 - All statutory services to be supplied, capped, tested and separately metered and all drainage to be installed and connected;
 - Comply with all relevant accessibility regulations and requirements;
 - Comply with all relevant building and fire regulations and requirements;
 - Electricity connection to be supplied;
 - Accessible 24/7 hours basis;
 - Access to cycle storage;

- Dedicated access to disabled parking space and loading bay;
- If above ground floor, goods lift to be provided; and
- Sound insulation between Affordable Workspace and residential uses (highly recommended).

7.5. **Makerspace** should include the specification from 7.4. at a minimum, in addition to:

- Extra mechanical ventilation capacity at the reasonable requirements of the operator; and
- Double height entrances/roller shutters.

7.6. **Kitchens** should include the specification from 7.4. at a minimum, in addition to:

- Installed additional electrical capacity including three phase as required in order to facilitate an all-electric commercial kitchen; and
- Extra mechanical ventilation and electricity capacity at the reasonable requirements of the operator.

7.7. If the developer signs lease Heads of Terms with an operator at RIBA Stage 2, then the operator can decide to take an Affordable Workspace at shell and core with a financial contribution towards the cost of fitting out the space instead of fit-out to specification (paragraphs 7.3. – 7.6. above). The financial contribution amount (per sqm) will be negotiated and included in the section 106 agreement as part of the signed lease Heads of Terms.

8. Affordable Workspace Management Plan Requirements

8.1. Delivery approach Outcome A (see paragraph 5.5. above) requires the developer/owner to ensure the operator submit an Affordable Workspace Management Plan to the Council 3 months prior to practical completion of the building(s) in which the Affordable Workspace is situated (see Appendix 3 for template). In a case where the developer/owner is unable to ensure the submission of the Plan due to not having an operator signed, they must submit justifications and evidence (as per paragraph 5.3(ii)) in writing to the Council.

8.2. The Plan should outline the use and occupation terms for the end-users including:

- Access criteria
- Rates to occupiers (including all rents and charges payable, and the full range of any membership options) based on evidence of open market workspace rents and commercial viability
- Agreement to prioritise local Brent residents in allocating space with a fill target of 75% Brent residents; and to give consideration to any Council referrals for end-users
- Lease and/or license terms
- Indicative floorplans describing the proposed sub-division of the space
- Proposed fit-out specification of the space
- Marketing strategy for the space including any use of publications, websites and advertising, with a particular focus to attract Brent residents
- Agreement to have an annual review with the Council and report the amount of occupiers, the end-user rent and lease/license terms, social value objectives and any other information or data reasonably required by the Council.

- If the space is provided as office space, the operator should commit to offering a minimum 40% of the space as open workspace (for fixed desks and hot desks) unless otherwise agreed in writing with the Council
 - Agreement to aim to reinvest any surpluses generated from any Affordable Workspace owned/managed in London Borough of Brent into Affordable Workspace in the London Borough of Brent unless otherwise agreed with the Council in writing.
 - Statement from the operator confirming its agreement to the terms of the Plan.
- 8.3. The Plan should set out measurable and achievable 'social value' objectives which could include (but not limited) to the following:
- Volunteered hours of workspace members to the local community/schools/charities etc.
 - Apprenticeships/internships provided
 - Free/reduced memberships for disadvantaged/young founders who are Brent residents
 - London Living Wage workspace where all businesses are encouraged to pay the LLW to their employees.
 - Provide business advice, support and networking events for membership base
 - Climate emergency sustainability goals around reducing energy use, reducing water use, reducing waste and purchasing sustainably.
- The objectives will be reviewed and reset annually as part of the review process.
- 8.4. The rates to occupiers must be evidenced with comparable workspaces to demonstrate that they are affordable and reasonable for end users in Brent.

9. Monitoring s106 Obligations

- 9.1. All section 106 obligations pertaining to the Affordable Workspace must be evidenced in writing (letters or email) and submitted to the Council in a timely manner (outlined in Table 1 on page 15). For additional information about meeting planning obligations, refer to the emerging Planning Obligation Supplementary Planning Document.
- 9.2. As noted above in paragraph 5.5.3., there are significant benefits from entering into an Agreement for Lease with an operator as early on in the design phases as possible. The developer/owner should endeavour to have entered into an Agreement for Lease with an operator 6 months prior to material start as defined in the s106 obligation. The signed agreement should be sent prior to this point as evidence of meeting the obligation.
- 9.3. The Affordable Workspace Specification should include a comprehensive scope of works, detailing how the developer/owner is to meet the requirements of the section 106 agreement, including relevant reports and drawings from consultants. The Specification must also be submitted 3 months after the implementation of the development to the building(s) which are to contain the Affordable Workspace (or such other time as may be agreed by the council).
- 9.4. The Affordable Workspace Management Plan (Section 8 and Appendix 3) is to be produced by the operator, however the developer is responsible for it to be submitted to the Council 3 months prior to practical completion of the building/s in which the Affordable Workspace is situated. The Plan includes the agreement of the operator to have an annual review with the Council on the anniversary of the Council's written acceptance of the Affordable Workspace Plan.

Table 1: Summary of documents to submit to meet Affordable Workspace s106 obligations.

Document to submit to the Council	What should the document include?	Who submits it?	When should it be submitted by?
Affordable Workspace Statement (1 – 2 pages)	<ul style="list-style-type: none"> • Evidence of comparable market rents, yields and service charges near the application site for use class Eg(i) or Eg(iii) depending on the proposed use in the Affordable Workspace. • Design considerations for the Affordable Workspace (see paragraph 8 for specification requirements); • Potential uses for the workspace (either flexible desk space, creative studios, makerspace, commercial kitchens, music/media studios); and • Evidence of consultation with approved operators at RIBA stage 1/2. 	Developer submitting planning application for scheme including Affordable Workspace	As part of planning application
Affordable Workspace Lease Heads of Terms	<ul style="list-style-type: none"> • Rent, service charge, insurance, VAT (if applicable); • Term, lease breaks, rent reviews and rent free periods; • Assignment and underletting; • Permitted use; and • Repairs. 	Developer submitting planning application for scheme including Affordable Workspace	12 months prior to material start of the building(s) in which the Affordable Workspace is situated
Affordable Workspace Specification	<p>A comprehensive scope of works detailing how the developer is meeting the requirements of the section 106 obligation, including relevant reports and drawings from consultants. The specification may include, but will not be limited to:</p> <ul style="list-style-type: none"> • Sub-structure; • Frame/structural loadings; • Finishes; • Services and systems; • External works; • Access and floorplans; • Fire strategy; and • Exclusions 	Developer with an approved scheme including Affordable Workspace	3 months after material start of the building(s) which contain the Affordable Workspace
Affordable Workspace Management Plan	See Appendix 2 for template	Operator taking the lease for the Affordable Workspace	3 months prior to practical completion of the building(s) which contain the Affordable Workspace

Appendix 1

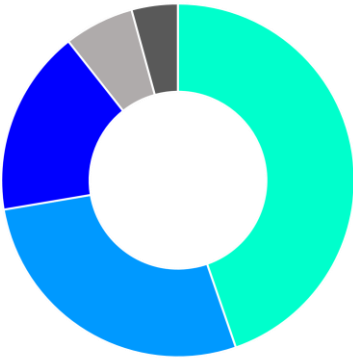
Operator Market Research

DRAFT

In January 2021, Brent Council conducted market research with

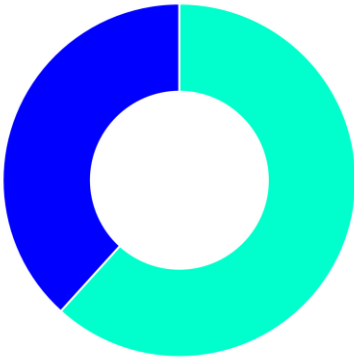
49 Workspace Operators

TYPOLGY



- 43% Office/Coworking
- 29% Creative Studios
- 18% Mix of workspaces
- 6% Makerspaces
- 4% Kitchens

ORGANISATION TYPE



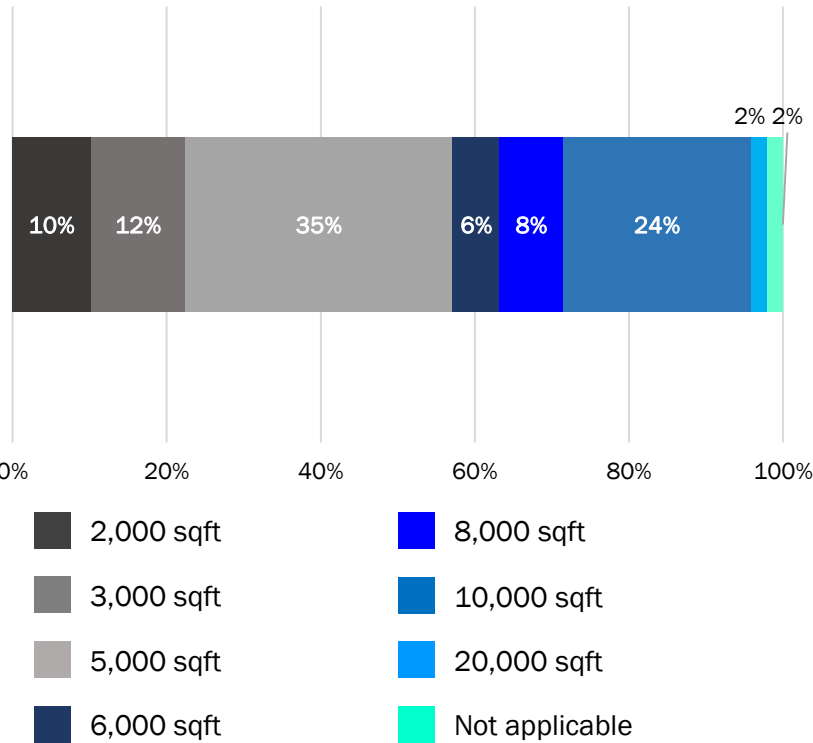
- 63% Non-for-profit/charity
- 37% For profit

SITES UNDER MANAGEMENT



- 8% 0 sites
- 41% 1 site
- 12% 2 – 4 sites
- 16% 5 – 8 sites
- 22% 9+ sites

1 | WHAT IS THE MINIMUM SIZE SPACE YOU WOULD CONSIDER LEASING/ACQUIRING?



33% of operators said that 10,000 sqft is ideal

78% would not consider a space smaller than 5,000 sqft

“Operating costs (mainly staff) in a 1,000 sqft space are similar to a 10,000 sqft space and therefore scale of space increases financial viability for the operator and the ability to make the space affordable for end users”

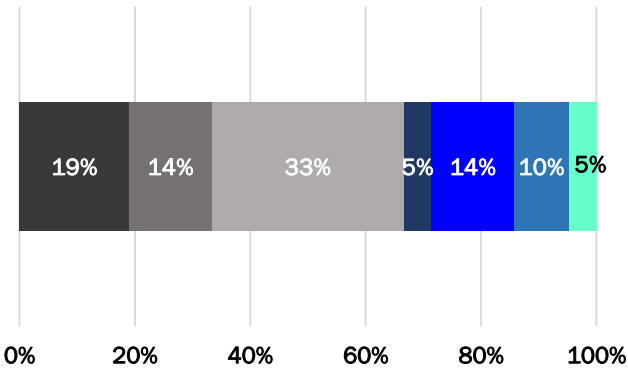
Office studio operator



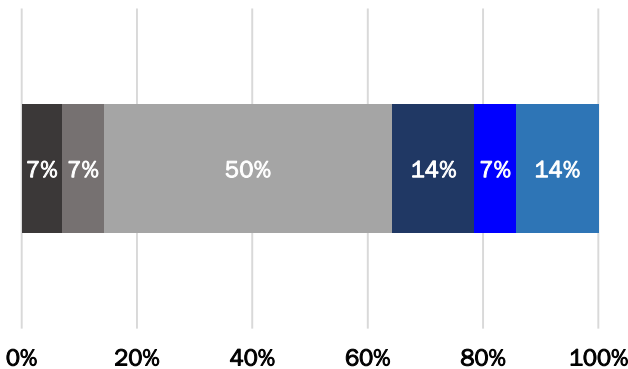
Minimum Size By Typology

1 | WHAT IS THE MINIMUM SIZE SPACE YOU WOULD CONSIDER LEASING/ACQUIRING?

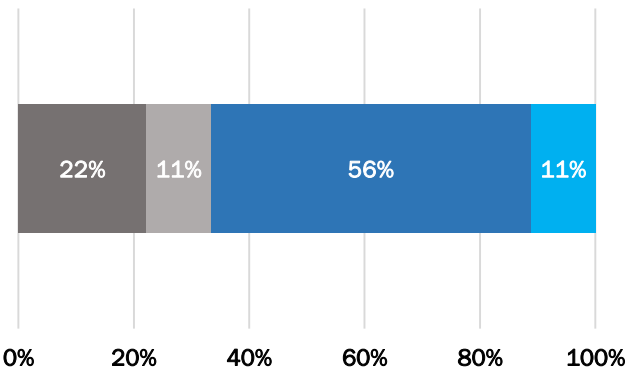
OFFICE



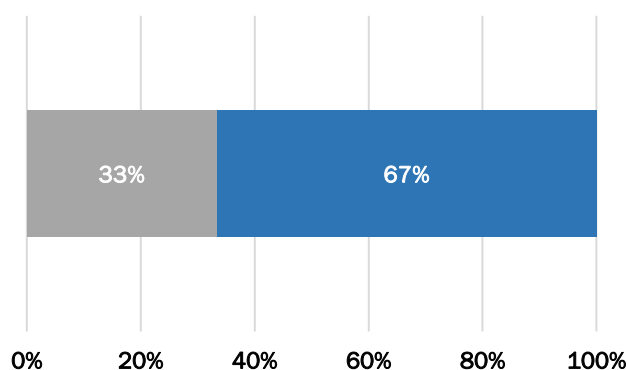
CREATIVE STUDIOS



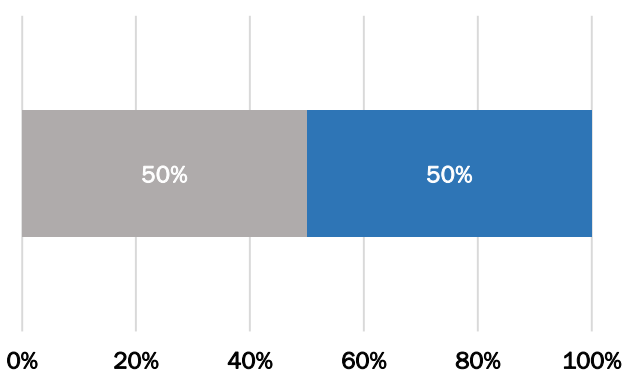
MIX



MAKERSPACE



KITCHEN

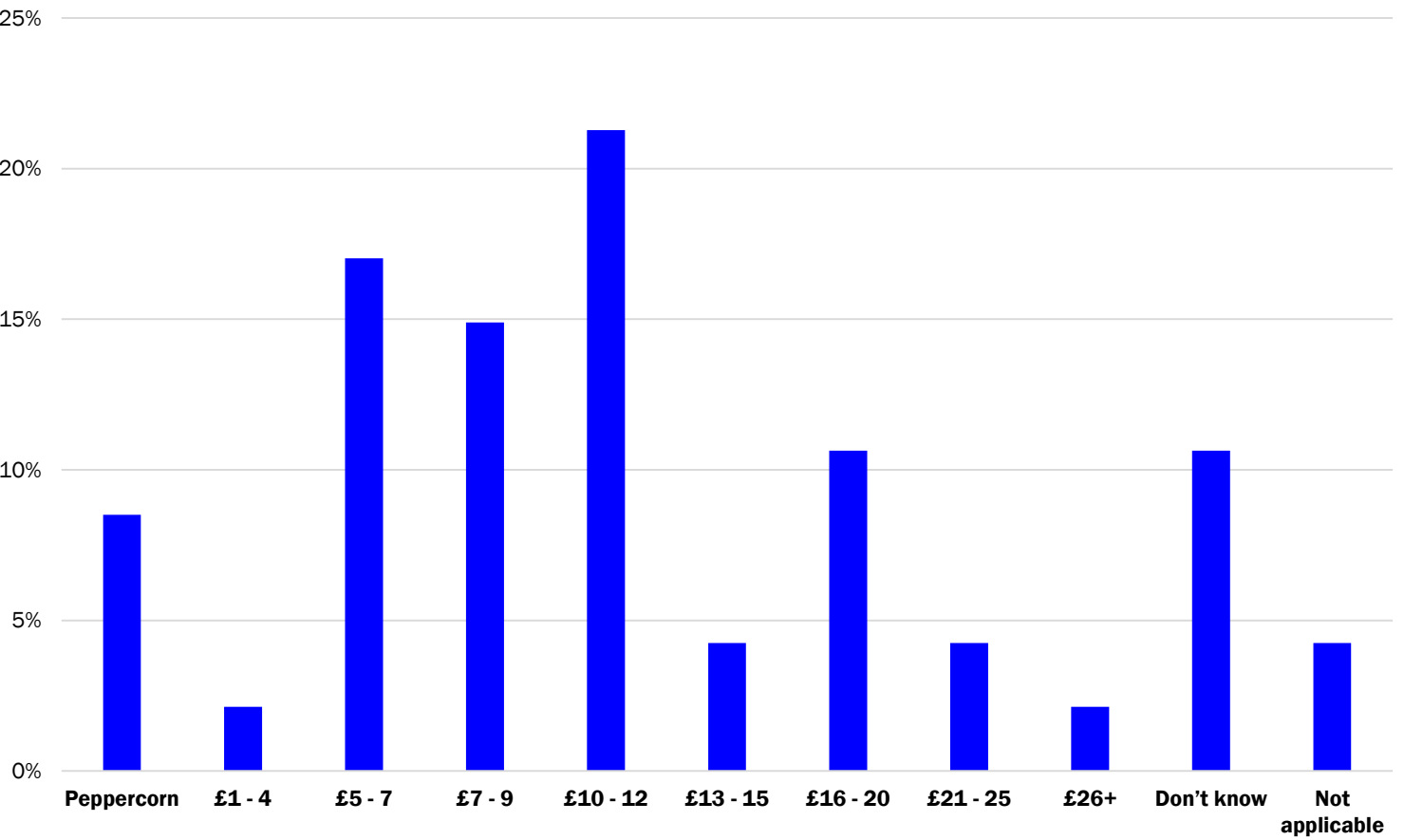


- 2,000 sqft
- 3,000 sqft
- 5,000 sqft
- 6,000 sqft
- 8,000 sqft
- 10,000 sqft
- 20,000 sqft
- Not applicable

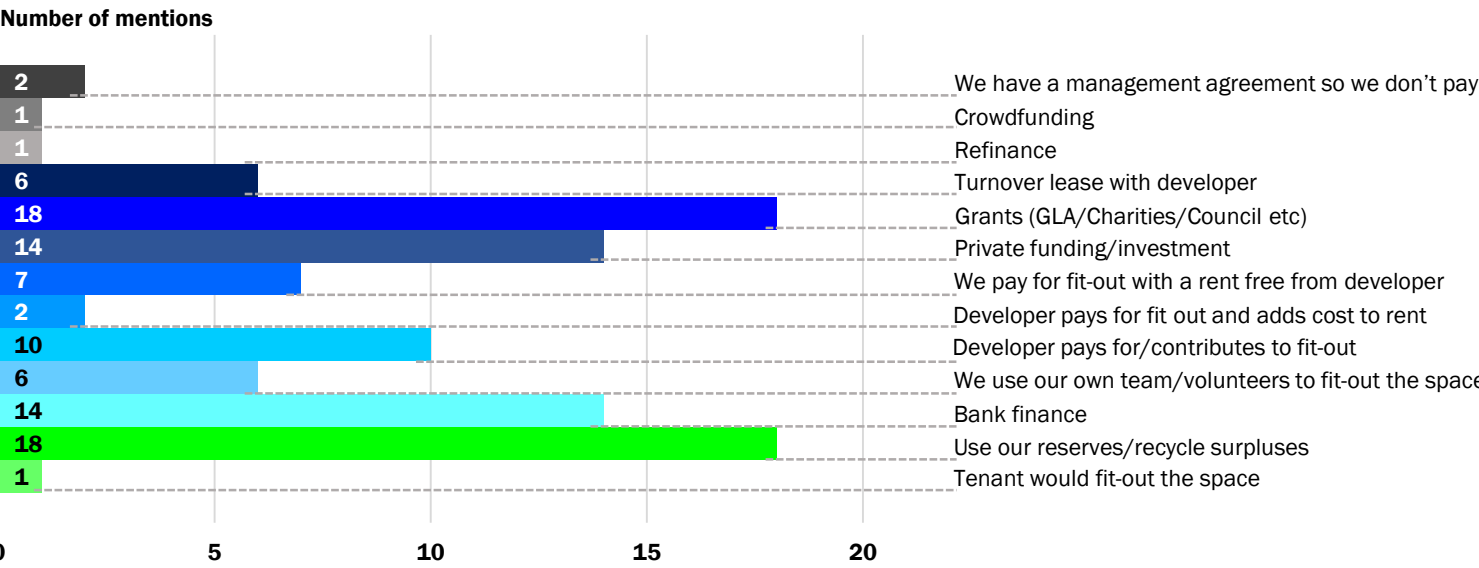


Costs

2 | WHAT IS THE MAXIMUM YOU COULD PAY FOR RENT AND SERVICE CHARGE £/SQFT (IN BRENT – ZONE 3/4) TO KEEP THE WORKSPACE AFFORDABLE FOR END-USERS?



3 | IF YOU HAD THE OPORTUNITY TO LEASE/ACQUIRE A WORKSPACE IN A NEW DEVELOPMENT, HOW WOULD YOU FUND THE FIT-OUT FOR A SHELL AND CORE SPACE?



The responses to question 3 are the amount of times each point was mentioned. These were not offered as options, but rather they were mentioned independently by the operators.

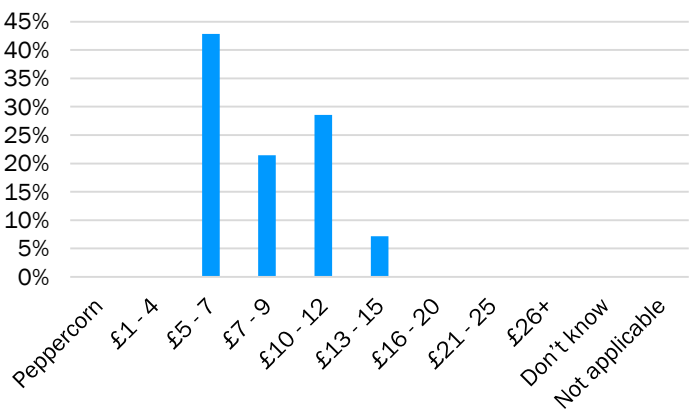
Costs By Typology

2 | WHAT IS THE MAXIMUM YOU COULD PAY FOR RENT AND SERVICE CHARGE £/SQFT (IN BRENT – ZONE 3/4) TO KEEP THE WORKSPACE AFFORDABLE FOR END-USERS?

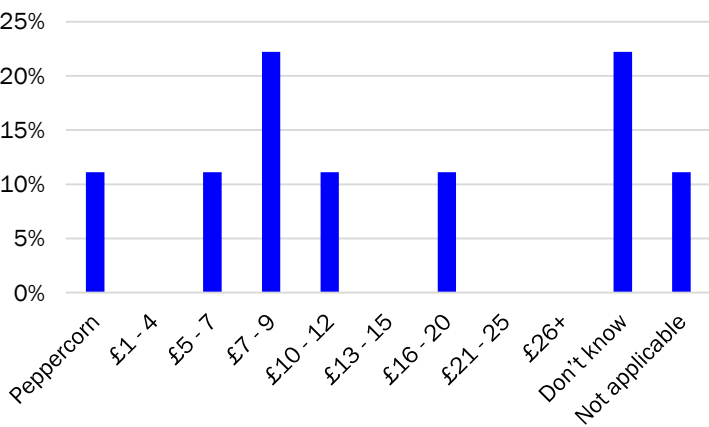
OFFICE



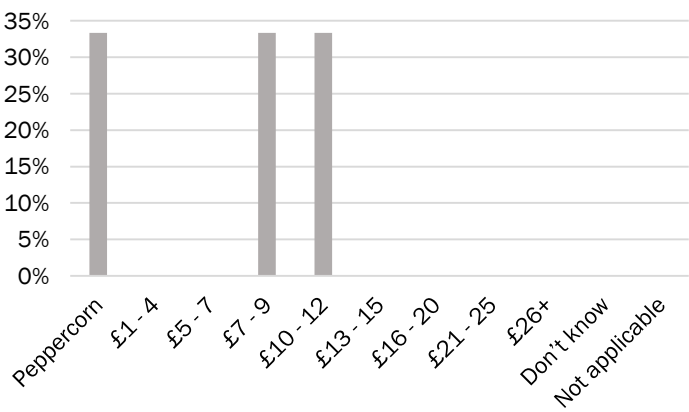
CREATIVE STUDIOS



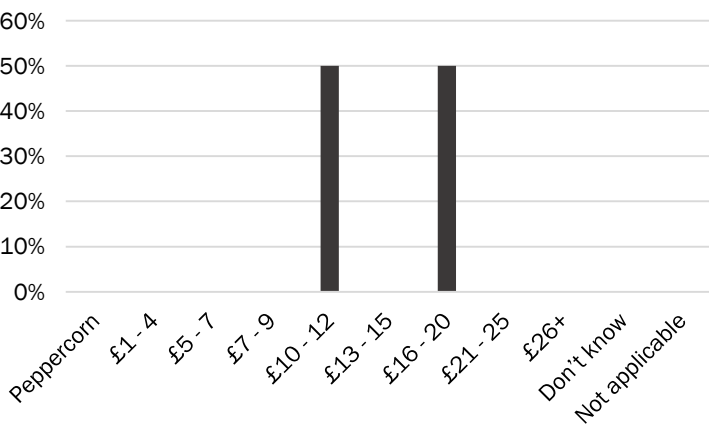
MIX



MAKERSPACE



KITCHEN



Specification

4 | WHAT IS MISSING FROM THE FOLLOWING SECTION 106 FIT-OUT SPECIFICATION?

- Finished to a standard that will allow for immediate occupation including secure entrance(s), heating, lighting, kitchenette(s) and WC facilities;
- Fully enclosed with perimeter walls and consented windows and doors installed and secure;
- The floors to be power loaded with a minimum 3.5Kn loading capacity (2.5 + 1 Kn) but must be able to accommodate Use Classes B1(a) - (c);
- Mechanically or naturally ventilated depending on Planning Permission requirements and reasonable requirements by the Affordable Workspace Operator;
- All statutory services are to be supplied, capped, tested and separately metered. All drainage to be installed and connected;
- To comply with all relevant accessibility regulations and requirements;
- Electrical supply to be 3 phase; and
- Accessible 24/7

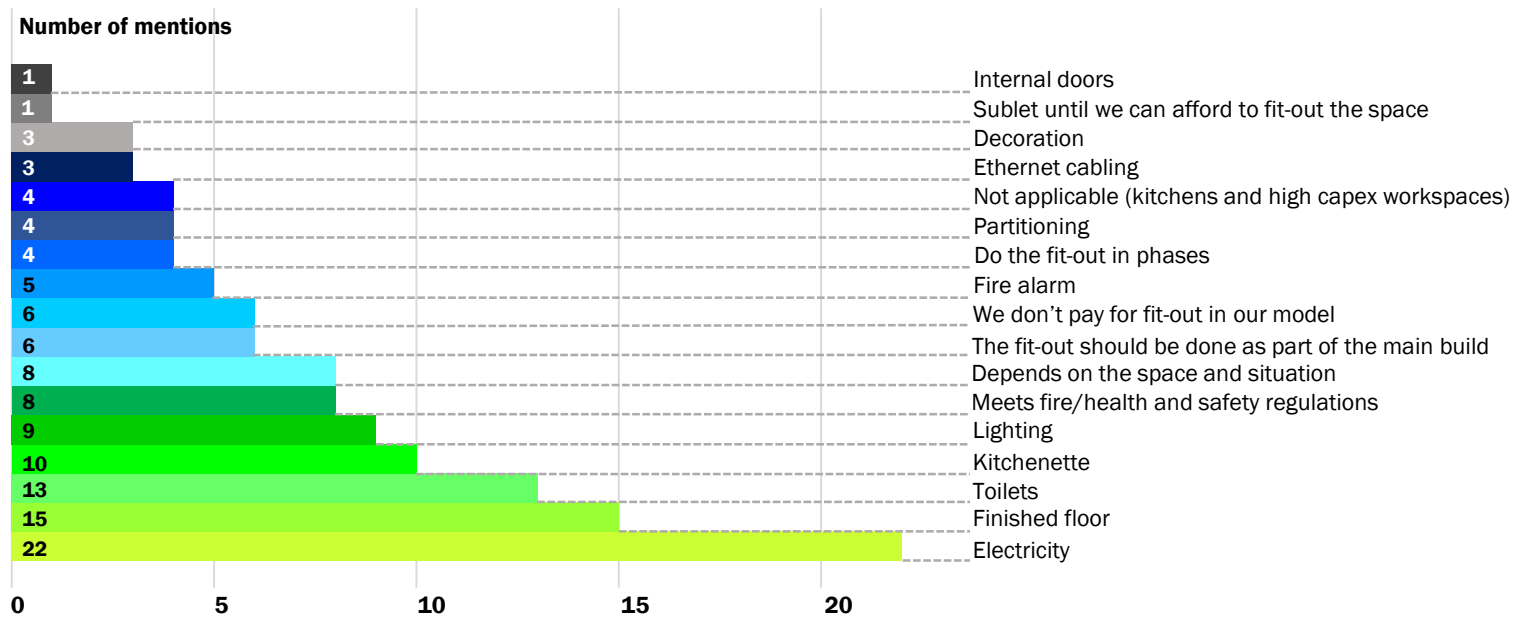
	OFFICE/ COWORKING	CREATIVE STUDIOS	MAKERSPACE	KITCHEN	MIX OF WORKSPACES
Internet infrastructure	12	1			3
Natural over mechanical ventilation	2	8	1		1
Dedicated loading bay		6	2	2	1
Cycle storage	2	5	1		
Meets building/health & safety/fire regs	5	2			1
Good natural light	2	4			1
Cash contribution + shell and core		4		1	2
Extra ventilation capacity		1	2	1	2
Mag-lock doors, CCTV, roller-shutters	2	2			2
Remove heating from the list		5			
Ground floor unit	1	2		1	1
Disabled parking		4			
Waste strategy		3	1		
Sound insulation		3	1		
Goods lift if above ground floor		2		1	1
Gas connection				2	
High capacity for electricity				2	



The responses to question 4 are the amount of times each point was mentioned. These were not offered as options, but rather they were mentioned independently by the operators.

Specification

5 | WHAT LEVEL OF FIT-OUT DOES A WORKSPACE REQUIRE FROM SHELL & CORE TO BE FINANCIALLY VIABLE?

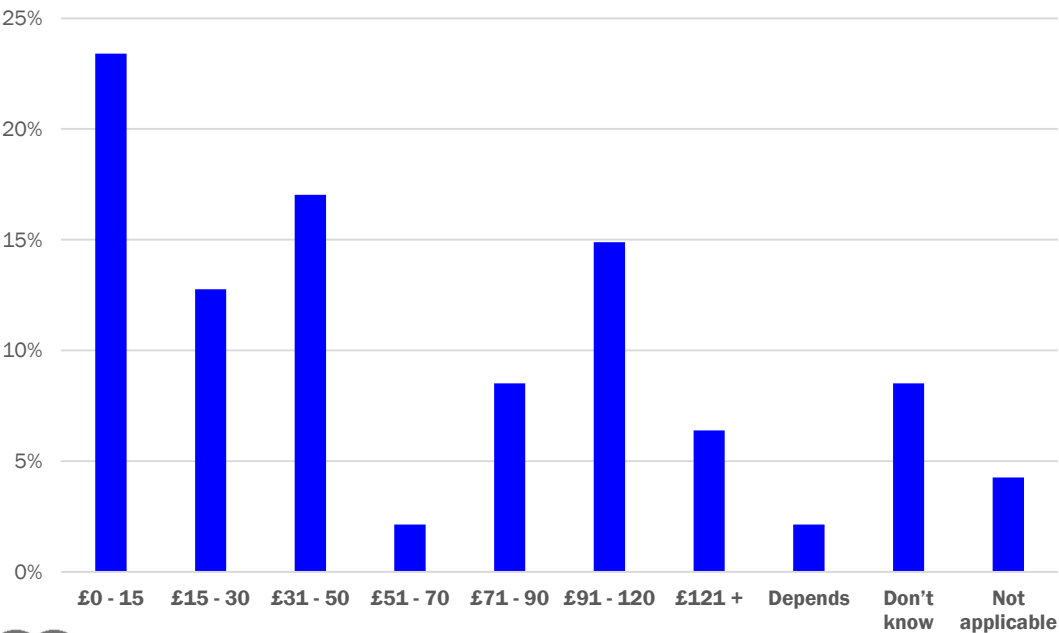


**55% of operators
fit-out their
workspace for
under £50/sqft**

*“Cost of fit-out depends on building,
location and end-users, but in
general we try to keep upfront capex
costs down and keep the space at
affordable rates.”*

Creative studio operator

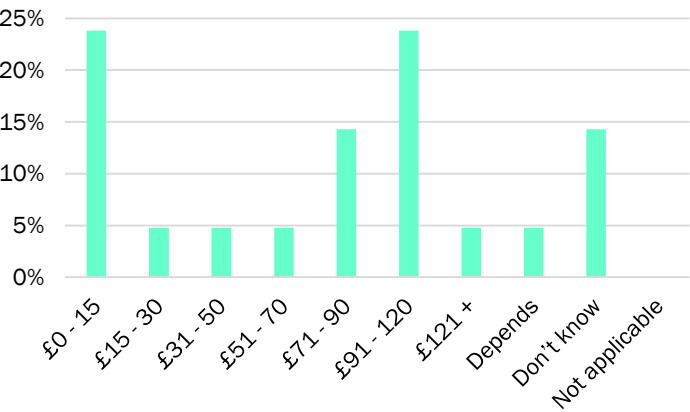
6 | HOW MUCH WOULD YOU BUDGET FOR A WORKSPACE FIT-OUT FROM SHELL AND CORE (£/SQFT)?



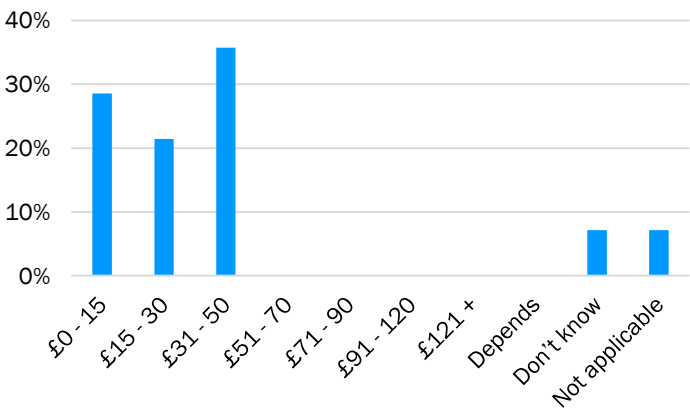
Specification By Typology

6 | HOW MUCH WOULD YOU BUDGET FOR A WORKSPACE FIT-OUT FROM SHELL AND CORE (£/SQFT)?

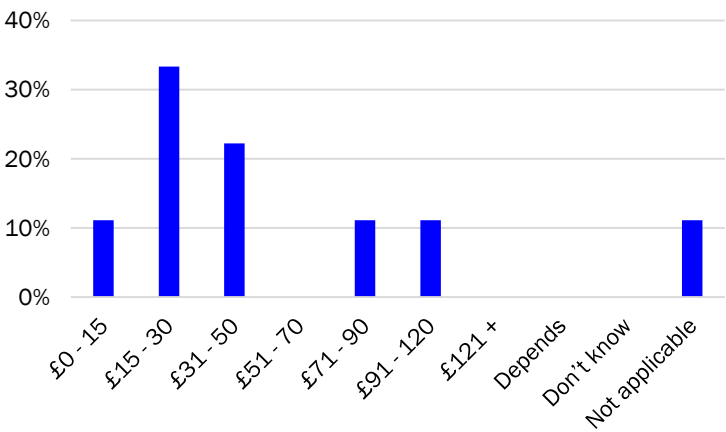
OFFICE



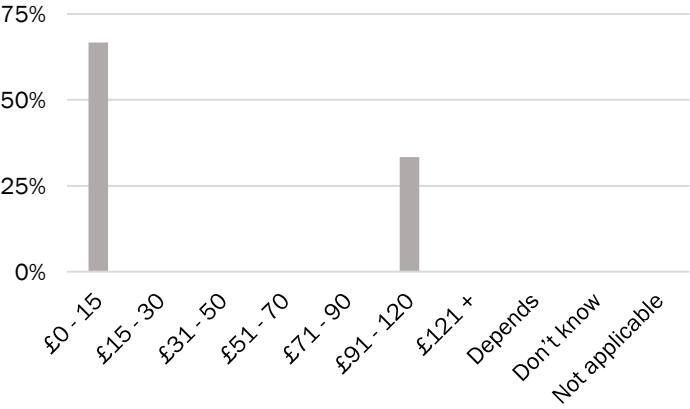
CREATIVE STUDIOS



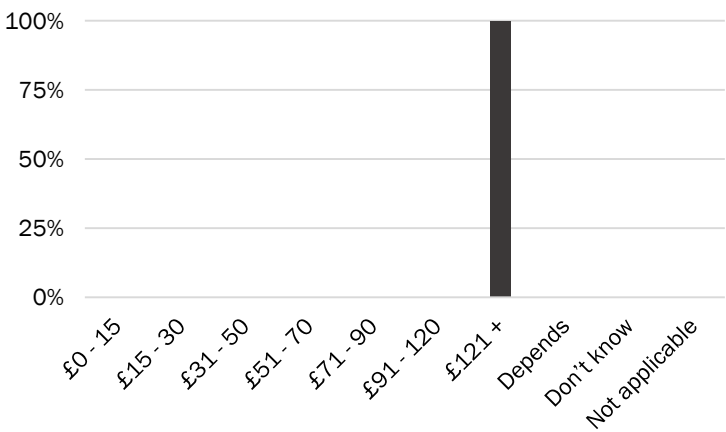
MIX



MAKERSPACE

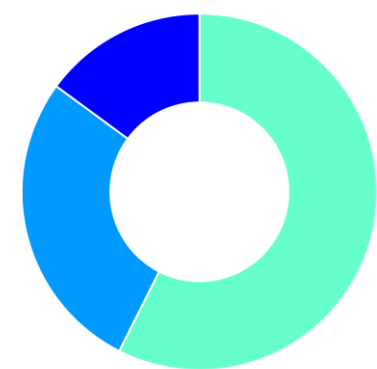


KITCHEN



Workspace in New Development

7 | HOW IMPORTANT IS IT THAT YOU ARE INVOLVED IN THE DEVELOPMENT FROM DESIGN AND PLANNING STAGES?



- 57% Essential
- 29% Desired/quite important
- 14% Not important

86% of operators say that it is important to be involved with the workspace from the design and planning stages

8 | WHAT ARE THE MAIN CHALLENGES FOR NEW AFFORDABLE WORKSPACE DELIVERED IN MIXED-USE DEVELOPMENT?

	OFFICE/ COWORKING	CREATIVE STUDIOS	MAKERSPACE	KITCHEN	MIX OF WORKSPACES
Financial viability and getting funds	8	6	2	1	3
Misalignment of values with developer	2	5	1		2
Finding the right size/location	3	1	1	2	3
Local demand	6	1	1		2
Noise from workspace	2	1	1	1	3
Separate access	4	2		1	1
Need for natural light as well as privacy		4			1
Dealing with residential neighbours	4	1			2
Security	2				1
Fumes from workspace activity			1	1	2
Having relationship with Council	1				
Loading bay in right location		1		1	2



The responses to question 8 are the amount of times each point was mentioned. These were not offered as options, but rather they were mentioned independently by the operators.

Appendix 2

Affordable Workspace Management Plan

Affordable Workspace Management Plan

The headings below provide an overview of the information that the Council expects as part of the Affordable Workspace Management Plan, to be agreed between the Affordable Workspace operator and the Council.

Affordable Workspace Operator

- Overview, background of organisation, including details of operation of other affordable workspaces.
- Confirmation that the operator meets Council's Affordable Workspace criteria:
 - Credible track record and experience managing Affordable Workspace;
 - Illustrate that their workspace is at comparable affordable rates for end-users in Brent by outlining the range of rates and the proportion of each tier⁹;
 - Agree to only increase rates to end-users after receiving written permission from the Council. The justification/s for increasing rates must be robust and include substantive evidence;
 - A commitment to enter into an Affordable Workspace Management Plan (see paragraph 8 above) for any workspace Affordable Workspace secured by section 106 agreement;
 - A commitment to target a 75% allocation of the Affordable Workspace they manage in Brent for Brent residents; and give consideration to any Council referrals for end-users;
 - A commitment to recycle/reinvest any financial surpluses generated from Affordable Workspace they own/manage in Brent back into Affordable Workspace in Brent.
 - For-profit organisations must report their company structure and any profit-share agreements with investors;
 - Evidence of having a sustainability policy and endeavour to align with the Council by producing a net zero carbon footprint by 2030;
 - A commitment to report annually to the Council on employment outputs on Affordable Workspace they own/manage in Brent; and
 - A commitment to continue to meet the operator criteria

Affordable Workspace Proposal

- No of studios (and size) / desk spaces / meeting rooms / other (depending on Affordable Workspace operator selected)
- Services, support (e.g. mentoring and training for tenants) and facilities provided
- Management of space
- Hours of operation

Tenant's terms

- Application process for selecting members and confirmation of priority for Brent residents and target minimum 75% of members to be from Brent. The operator should endeavour to fill studios and/or desks with Brent residents and give consideration to any Council referrals for end-users.
- Rent (and service charge if applicable) per sqft / sqm / desk charged to tenants
- Lease / letting arrangements

⁹ An illustrative desk-based workspace example: 40% of memberships are hot-desk at £100/person/month, 30% are fixed-desk at £200/person/month and 30% are private offices at £300/person/month.

An illustrative creative studio workspace example: 15% of tenants are in an open studio at £80/month, 15% of tenants are in micro-studios at £150/month, the remaining studios (70%) are leased for £17/sqft/annum

- If the space is provided as office space, the operator should commit to offering a minimum 40% of the space as open workspace (for fixed desks and hot desks) unless otherwise agreed in writing with the Council

Plans and fit-out

- Plans that show the subdivision of the space
- Specification and scope of works for proposed fit-out. We encourage recycled and low-embodied carbon materials where possible.

Sustainability

- Evidence of operating as sustainably as possible within the workspace: only using energy where necessary; reducing waste and recycling correctly; and encouraging workspace users to use sustainable modes of transport where possible when coming to and from the site.
- Facilitate the provision of zero carbon energy either through bulk supply or by individual renewable energy contracts.

Marketing plan

- To include advertising in The Brent Magazine, the Council's monthly e-newsletter to residents, local press, local libraries and applicable arts and crafts websites and advertising channels.

Partnerships and Activities

- Proposed partnerships with local organisations e.g. schools, youth group, business associations
- Opportunities for internships / apprenticeships
- Engagement / outreach activities with local community
- Networking events

Outputs

- Anticipated outputs by end year 1, year 3 and year 5 e.g. training sessions, internships, outreach activities etc.

Health & Safety and Insurances

- Confirmation of compliance with all relevant Health & Safety legislation, and ensure adequate insurances are in place throughout the lease term

Review of Affordable Workspace Management Plan

- Agreement to have an annual review with the Council on the performance and outputs of the Affordable Workspace Management Plan, including:
 - Affordable Workspace rents charged to each Affordable Workspace occupier
 - Provide copies or procure that the Affordable Workspace operator provides copies of all occupational leases/licences granted to Affordable Workspace occupiers
 - Performance against set objectives in the Management Plan
 - Any other information or data required by the Council, to be updated/amended from time-to-time to reflect any changing requirements.

Appendix 3

S106 obligations template

DEFINITIONS AND INTERPRETATION

Affordable Workspace	means workspace that is provided at rents maintained below the market rate for that space and used for a specific social, cultural, or economic development purpose
Affordable Workspace Contribution	means a financial contribution in the sum of [] pounds (£[]) which payable to the Council by the Owner
Affordable Workspace Heads of Terms	<p>means a document setting out the terms of the commercial lease (which is to be entered into by the Owner and the Affordable Workspace Operator) for the Affordable Workspace Unit and which are to include:</p> <ul style="list-style-type: none">(a) the tenancy term period(b) an agreed rent of no more than the Affordable Workspace Operator Rent or (if applicable) a financial consideration of no more than the Affordable Workspace Operator Price(c) service charges(d) the extent of the demised area(e) the anticipated date of occupation(f) a schedule of the landlord's works, to be carried out prior to the occupation of the unit
Affordable Workspace Layout Plan	means the floorspace [sqm] shown for identification purposes coloured [] on the [plan] attached to this Deed
Affordable Workspace Management Plan	<p>means the management plan relating to the use and occupation of the Affordable Workspace Unit by Affordable Workspace Occupiers and which is to include the following (although not an exhaustive list):</p> <ul style="list-style-type: none">(a) the proposed access criteria for an Affordable Workspace Occupier(b) the proposed Affordable Workspace Rent to be charged to an Affordable Workspace Occupier based upon evidence and analysis of local open market workspace rents and commercial viability and to be undertaken by the Affordable Workspace Operator and made available to the Council(c) an agreement to prioritise Local People in allocating space in the Affordable Workspace Unit and target at least 50% of Affordable Workspace Occupiers to be as such(d) the proposed lease or licence terms for Affordable Workspace Occupiers

- (e) indicative floor plans describing the proposed sub-division of the Affordable Workspace Unit to Affordable Workspace Occupiers
- (f) the proposed fit out of the Affordable Workspace following implementation of any proposed sub-division of the Affordable Workspace Unit
- (g) the methodology to support the proposed marketing strategy for the Affordable Workspace Unit including the publications, websites or spaces that will be utilised to advertise the available space, with particular focus on advertising and attracting Brent residents
- (h) if the space is provided as office space, the Operator should commit to offering a minimum 40% of the space as open workspace (for fixed desks and 'hot desking' desks) unless otherwise agreed in writing with the Council
- (i) a commitment that secures the submission (by the Affordable Workspace Operator) of an annual report to the Council which sets out the following:
 - (i) the Affordable Workspace Occupiers that have or are occupying the Affordable Workspace Unit,
 - (ii) the leases or licences with the Affordable Workspace Occupiers,
 - (iii) the current Affordable Workspace Occupier Rent, and
 - (iv) any other information or data reasonably required by the Council
- (j) a commitment that secures the Affordable Workspace Operator (unless the Council otherwise agrees) to apply any financial surplus from the Affordable Workspace Unit towards the marketing and/or the improvement, maintenance and/or repair of the Affordable Workspace Unit or the provision of other Affordable Workspace within the Council's administrative area and/or the affordability of the Affordable Workspace Unit to the Affordable Workspace Occupiers;
- (k) a commitment that secures from the Affordable Workspace Operator that the Affordable Workspace Unit shall only be used in accordance with the terms of the Affordable Workspace Management Plan including by any under tenant

Affordable Workspace Occupiers	means any qualifying resident or local business that is eligible by reference to the Affordable Workspace Management Plan to occupy the Affordable Workspace Unit
Affordable Workspace Operator	means: <ul style="list-style-type: none"> (a) the Council; or (b) any other organisation incorporated for the provision of affordable workspace (as approved by the Council)
Affordable Workspace Operator Price	means a financial consideration to be paid by the Affordable Workspace Operator upon the grant of a lease of the Affordable Workspace Unit (for a term of not less than 125 years) which is to be no greater than 50% of the equivalent value if the lease was disposed of at open market value as certified by the Independent Surveyor (and whereby any service charge shall be calculated in accordance with the Royal Institution of Chartered Surveyors guidance on service charges in commercial property 3rd edition or such updated version of that guidance as is issued from time to time)
Affordable Workspace Operator Rent	means the rent to be charged by the Owner to the Affordable Workspace Operator for a lease (if the Affordable Workspace Operator does not acquire a lease for a term of not less than 125 years) in the Affordable Workspace Unit) and which is to be no greater than fifty per centum (50%) of the Local Market Rents or no greater than [insert figure (£)] per square feet of net internal area (whichever is the lower)
Affordable Workspace Specification	means the specification for the Affordable Workspace Unit which shall include at a minimum (unless they are not required by the Affordable Workspace Operator and it is approved by the Council in writing) the following: <ul style="list-style-type: none"> a) to be finished to a standard that will allow for immediate occupation including secure entrance(s), heating, lighting, kitchenette(s) and WC facilities; b) fully enclosed with perimeter walls and consented windows and doors installed and secure; c) floors to be power loaded with a minimum 3.5 Kn loading capacity to accommodate Use Class E(g)(i) or E(g)(iii);

- d) to be mechanically or naturally ventilated depending on Planning Permission requirements and the reasonable requirements of the Affordable Workspace Operator;
- e) all statutory services including electricity to be supplied, capped, tested and separately metered and drainage to be installed and connected;
- f) to be connected to internet infrastructure with dedicated fibre for the Affordable Workspace Unit;
- g) compliance with all relevant accessibility regulations and requirements;
- h) Comply with all relevant building and fire regulations and requirements;
- i) Access for servicing and delivery provisions;
- j) Access to cycle storage; and
- k) accessible 24/7

Affordable Workspace Unit

means the unit being []sq m (gross internal area) of workspace shown for identification purposes on the Affordable Workspace Layout Plan which is to be provided as Affordable Workspace for the lifetime of the Development (and for the avoidance doubt not to be used other than as approved by the Council in writing)

Building

means any building containing the Affordable Workspace Unit

Disposed Of

means either:

- a) the grant of a lease of the Affordable Workspace Unit to an Affordable Workspace Operator at the Affordable Workspace Operator Rent and for a term of not less than 15 years; or
- b) the grant of lease of the Affordable Workspace Unit to an Affordable Workspace Operator for a term period of not less than one hundred and twenty five (125) years and at the Affordable Workspace Operator Price

Draft Agreement for Lease

means a draft agreement for lease for the Affordable Workspace Unit which is to be entered into by the Owner and the Affordable Workspace Operator

Independent Surveyor

means a chartered surveyor of at least 10 years' experience in developments similar to the Development agreed between the

	parties or determined by the President of the RICS on referral by either party in the absence of agreement
Lease Agreement	means binding legal agreement for the disposal of the Affordable Workspace Unit to an Affordable Workspace Operator
Local Market Rent	means the rent for floorspace in the [ward] and local area for uses falling within Use Class [] which has been assessed in accordance with the provisions of [Affordable Workspace Schedule]
Owner's Offer	means an offer (in writing) made by the Owner to the Council to dispose of the Affordable Workspace Unit to the Council by way of: <ul style="list-style-type: none"> a) a lease for a term period of not less than one hundred and twenty five (125) years; and b) at the Affordable Workspace Operator Price (such amount accompanied by reasonable evidence)
Phase	means any phase or sub phase of the Development
Trigger Date	means a date being twelve (12) calendar months from (but not including) the date of the Practical Completion of the Development or Building or Phase (whichever happens first)
Use Class	means a use class as set out in the Schedule to the Town and Country Planning (Use Classes) Order 1987 as in force on the 1 September 2020

[Option A- AW of 300 – 465 sqm, a financial contribution if after 12 months remains vacant and thereby discharge the requirement to deliver the AW on site]

Schedule []
AFFORDABLE WORKSPACE

1. The Owner covenants:
 - a) to submit to the Council the Affordable Workspace Heads of Terms for its approval and not less than twelve (12) months prior to the Material Start (or such later period of time as agreed by the Council in writing);
 - b) to use all reasonable endeavours to enter into and complete the Draft Agreement for Lease or the Lease Agreement based upon the approved Affordable Workspace Heads of Terms
2. The Owner covenants:
 - a) to submit to the Council (for its approval) the Affordable Workspace Specification three (3) calendar months prior to the Material Start; and
 - b) not to Occupy or permit the Occupation of the Affordable Workspace Unit unless and until the Affordable Workspace Specification has been approved by the Council in writing
3. The Owner covenants to provide the Affordable Workspace Unit in accordance with the approved Affordable Workspace Specification and at the Owner's cost.
4. It is hereby agreed in the event of a dispute relating to the calculation of the Affordable Workspace Operator Rent and or the Affordable Workspace Operator Price such dispute shall be determined in accordance with clause **[general dispute resolution clause]** of this Deed
5. The Owner covenants not to Occupy or permit the Occupation of more than 50% of the Open Market Housing Units unless and until:
 - a) the Affordable Workspace Unit has been leased to an Affordable Workspace Operator for a term period of not less than 15 years at the Affordable Workspace Operator Rent; or
 - b) the Affordable Workspace Unit has been leased to an Affordable Workspace Operator for a term period of not less than one hundred and twenty five (125) years and at the Affordable Workspace Operator Price.

6. For the avoidance of doubt (and without limitation), it shall be reasonable for the Owner to include the following terms in the lease or transfer deed of the Affordable Workspace Unit to the Affordable Workspace Operator:
- a) a restriction preventing uses other than uses within **Use Class** []
 - b) a restriction preventing uses that could cause nuisance and/or annoyance (such as, by way of example and not by way of limitation, use as a needle exchange or for drug dispensation and/or use), and/or
 - c) terms ensuring that neither the Affordable Workspace Operator or any Affordable Workspace Occupier have any statutory right to a new lease, and/or
 - d) a requirement for the Affordable Workspace Operator to obtain the prior written approval of the Owner to the identity of any proposed Affordable Workspace Occupier before such Affordable Workspace Occupier takes up such occupation (such approval not to be unreasonably withheld or delayed), and/or
 - e) terms that entitle the Owner to charge a reasonable service charge to the Affordable Workspace Operator accordance with the Royal Institution of Chartered Surveyors guidance on service charges in commercial property 1st edition September 2018 or such updated version of that guidance as is issued from time to time
7. The Owner shall no later than three (3) months prior to the anticipated date of Practical Completion of the Development procure that the Affordable Workspace Operator submits an Affordable Workspace Management Plan to the Council for its approval in writing
8. The Owner shall not permit the Occupation of more than 75% of the Open Market Housing Units unless and until the Affordable Workspace Management Plan has been approved (and in writing) by the Council
9. Following submission to the Council of the Affordable Workspace Management Plan by the Affordable Workspace Operator, the Council shall as soon as reasonably practicable and in any event within 20 Working Days of receipt of the Affordable Workspace Plan either:
- a) confirm to the Owner and, if the Affordable Workspace Operator is in place at that time, also the Affordable Workspace Operator in writing that the Affordable Workspace Plan is approved; or

- b) request in writing such additional information required as is reasonable in the circumstances having regard to the purpose of the Affordable Workspace Management Plan

and in the event that the Council does not respond to the Owner in writing in accordance with paragraph 9 (a) or (b) (above) within the said 30 Working Days, the Affordable Workspace Management Plan shall be deemed to have been approved by the Council

10. In the event that the Council has made a written request in accordance with paragraph 9 (b) above, the Owner shall procure that the Affordable Workspace Operator provides to the Council with such information so requested within 10 Working Days (or within such other period as agreed by the Council)

11. Following receipt to the Council of the further information so requested under paragraph 9 (b) (above), the Council shall as soon as reasonably practicable and in any event within 20 Working Days either:

- a) confirm to the Owner and Affordable Workspace Operator in writing that the Affordable Workspace Management Plan is approved; or
- b) inform the Owner and Affordable Workspace Operator in writing that the Affordable Workspace Management Plan is rejected (and provide its reasons)

and in the event that the Council does not respond to the Owner in writing in accordance with paragraph 11 (a) or (b) (above) within the said 30 Working Days period then the Affordable Workspace Management Plan shall be deemed to be approved by the Council

12. In the event that the Council rejects the Affordable Workspace Management Plan in accordance with paragraph 11.(b) (above), the Council and the Owner will have a further period of 15 Working Days beginning on the expiry of the 20 Working Days period referred to in paragraph 11 above in which to agree an Affordable Workspace Management Plan

13. If after the 15 Working Days period referred to under paragraph 12 (above), an Affordable Workspace Management Plan is not agreed between the Council and the Owner, each party shall be entitled to refer the matter to an expert in accordance with clause [the general dispute resolution clause] of this Deed for determination

14. In the event that the Affordable Workspace Management Plan is referred to an expert pursuant to paragraph 13 (above), the Occupation restriction referred to in paragraph 8 above shall no longer apply
15. The Owner covenants that the Affordable Workspace Unit shall not be used or Occupied until the Affordable Workspace Management Plan has been approved by the Council or determined by an expert (in accordance with paragraph 14 (above))
16. The Owner covenants;
 - a) that the Affordable Workspace Unit shall only be used as Affordable Workspace (and as approved by the Council in writing); and
 - b) to procure that following Practical Completion (of the Affordable Workspace Unit) the Affordable Workspace Unit is made available for use and is operated in accordance with the approved Affordable Workspace Management Plan (as amended from time to time as agreed by the Council in writing) for the lifetime of the Development or as otherwise agreed in writing by the Council
17. The Owner shall procure that the Affordable Workspace Operator submits a report to the Council annually setting out details of all Affordable Workspace Occupiers, Affordable Workspace Rents charged to each Affordable Workspace Occupier and provide copies or procure that the Affordable Workspace Operator provides copies of all occupational leases/licences granted to Affordable Workspace Occupiers and any other information or data required by the Council
18. The Owner covenants to pay the Council's reasonable and proper costs incurred by the Council in connection with the approval of the Affordable Workspace Specification and Affordable Workspace Management Plan
19. The Owner shall in the event of non-compliance with any part of this schedule upon written notice from the Council take all steps reasonably required by the Council to remedy the non-compliance within six (6) calendar months of the notice (unless otherwise agreed in writing by the Council) PROVIDED ALWAYS that the Council shall not serve such a notice in relation to the Affordable Workspace Management Plan where an expert has been appointed pursuant to paragraph 14 (above) and the matter is yet to be determined by the expert

20. The Owner covenants to pay to the Council the Affordable Workspace Contribution (and within 20 Working Days) in the event that the Affordable Workspace Unit has not been Disposed Of by the Trigger Date
21. Subject to the safe receipt of the Affordable Workspace Contribution by the Council (having been paid by the Owner to the Council in full) pursuant to paragraph 20 (above), paragraphs 1 to 2 (inclusive) and 4 to 18 (inclusive) of this schedule shall no longer apply to the Affordable Workspace Unit (and which for the avoidance of doubt shall remain as Use Class [] and may be disposed of by the Owner on the open market
22. In the event that the Affordable Workspace Unit is leased to the Affordable Workspace Operator at the Affordable Workspace Operator Rent to include in the lease agreement or transfer deed a (tenant only) break right allowing the Affordable Workspace Operator the right to end the tenancy upon the fifth anniversary date of the grant of the lease and thereafter every five years (rolling)

[Option B – AW of over 465sqm to include terms that secure an offer of the AW to the council if still vacant after 12 months]

Schedule []
AFFORDABLE WORKSPACE

1. The Owner covenants:
 - a) to submit to the Council the Affordable Workspace Heads of Terms for its approval and not less than twelve (12) months prior to the Material Start (or such later period of time as agreed by the Council in writing);
 - b) to use all reasonable endeavours to enter into and complete the Draft Agreement for Lease or the Lease Agreement based upon the approved Affordable Workspace Heads of Terms
2. The Owner covenants:
 - a) to submit to the Council (for its approval) the Affordable Workspace Specification three (3) calendar months prior to the Material Start; and
 - b) not to Occupy or permit the Occupation of the Affordable Workspace Unit unless and until the Affordable Workspace Specification has been approved by the Council in writing
3. The Owner covenants to provide the Affordable Workspace Unit in accordance with the approved Affordable Workspace Specification and at the Owner's cost.
4. It is hereby agreed in the event of a dispute relating to the calculation of the Affordable Workspace Operator Rent and or the Affordable Workspace Operator Price such dispute shall be determined in accordance with clause **[general dispute resolution clause]** of this Deed
5. The Owner covenants not to Occupy or permit the Occupation of more than 50% of the Open Market Housing Units unless and until:
 - a) the Affordable Workspace Unit has been leased to an Affordable Workspace Operator for a term period of not less than 15 years at the Affordable Workspace Operator Rent; or
 - b) the Affordable Workspace Unit has been leased to an Affordable Workspace Operator for a term period of not less than one hundred and twenty five (125) years and at the Affordable Workspace Operator Price.

6. For the avoidance of doubt (and without limitation), it shall be reasonable for the Owner to include the following terms in the lease or transfer deed of the Affordable Workspace Unit to the Affordable Workspace Operator:
- a) a restriction preventing uses other than uses within **Use Class** []
 - b) a restriction preventing uses that could cause nuisance and/or annoyance (such as, by way of example and not by way of limitation, use as a needle exchange or for drug dispensation and/or use), and/or
 - c) terms ensuring that neither the Affordable Workspace Operator or any Affordable Workspace Occupier have any statutory right to a new lease, and/or
 - d) a requirement for the Affordable Workspace Operator to obtain the prior written approval of the Owner to the identity of any proposed Affordable Workspace Occupier before such Affordable Workspace Occupier takes up such occupation (such approval not to be unreasonably withheld or delayed), and/or
 - e) terms that entitle the Owner to charge a reasonable service charge to the Affordable Workspace Operator accordance with the Royal Institution of Chartered Surveyors guidance on service charges in commercial property 1st edition September 2018 or such updated version of that guidance as is issued from time to time
7. The Owner shall no later than three (3) months prior to the anticipated date of Practical Completion of the Development procure that the Affordable Workspace Operator submits an Affordable Workspace Management Plan to the Council for its approval in writing
8. The Owner shall not permit the Occupation of more than 75% of the Open Market Housing Units unless and until the Affordable Workspace Management Plan has been approved (and in writing) by the Council
9. Following submission to the Council of the Affordable Workspace Management Plan by the Affordable Workspace Operator, the Council shall as soon as reasonably practicable and in any event within 20 Working Days of receipt of the Affordable Workspace Plan either:
- c) confirm to the Owner and, if the Affordable Workspace Operator is in place at that time, also the Affordable Workspace Operator in writing that the Affordable Workspace Plan is approved; or

- d) request in writing such additional information required as is reasonable in the circumstances having regard to the purpose of the Affordable Workspace Management Plan

and in the event that the Council does not respond to the Owner in writing in accordance with paragraph 9 (a) or (b) (above) within the said 30 Working Days, the Affordable Workspace Management Plan shall be deemed to have been approved by the Council

10. In the event that the Council has made a written request in accordance with paragraph 9 (b) above, the Owner shall procure that the Affordable Workspace Operator provides to the Council with such information so requested within 10 Working Days (or within such other period as agreed by the Council)

11. Following receipt to the Council of the further information so requested under paragraph 9 (b) (above), the Council shall as soon as reasonably practicable and in any event within 20 Working Days either:

- c) confirm to the Owner and Affordable Workspace Operator in writing that the Affordable Workspace Management Plan is approved; or
- d) inform the Owner and Affordable Workspace Operator in writing that the Affordable Workspace Management Plan is rejected (and provide its reasons)

and in the event that the Council does not respond to the Owner in writing in accordance with paragraph 11 (a) or (b) (above) within the said 30 Working Days period then the Affordable Workspace Management Plan shall be deemed to be approved by the Council

12. In the event that the Council rejects the Affordable Workspace Management Plan in accordance with paragraph 11.(b) (above), the Council and the Owner will have a further period of 15 Working Days beginning on the expiry of the 20 Working Days period referred to in paragraph 11 above in which to agree an Affordable Workspace Management Plan

13. If after the 15 Working Days period referred to under paragraph 12 (above), an Affordable Workspace Management Plan is not agreed between the Council and the Owner, each party shall be entitled to refer the matter to an expert in accordance with clause [the general dispute resolution clause] of this Deed for determination

14. In the event that the Affordable Workspace Management Plan is referred to an expert pursuant to paragraph 13 (above), the Occupation restriction referred to in paragraph 8 above shall no longer apply
15. The Owner covenants that the Affordable Workspace Unit shall not be used or Occupied until the Affordable Workspace Management Plan has been approved by the Council or determined by an expert (in accordance with paragraph 14 (above))
16. The Owner covenants;
- a) that the Affordable Workspace Unit shall only be used as Affordable Workspace (and as approved by the Council in writing); and
 - b) to procure that following Practical Completion (of the Affordable Workspace Unit) the Affordable Workspace is made available for use and is operated in accordance with the approved Affordable Workspace Management Plan (as amended from time to time as agreed by the Council in writing) for the lifetime of the Development or as otherwise agreed in writing by the Council
17. The Owner shall procure that the Affordable Workspace Operator submits a report to the Council annually setting out details of all Affordable Workspace Occupiers, Affordable Workspace Rents charged to each Affordable Workspace Occupier and provide copies or procure that the Affordable Workspace Operator provides copies of all occupational leases/licences granted to Affordable Workspace Occupiers and any other information or data required by the Council
18. The Owner covenants to pay the Council's reasonable and proper costs incurred by the Council in connection with the approval of the Affordable Workspace Specification and Affordable Workspace Management Plan
19. The Owner shall in the event of non-compliance with any part of this schedule upon written notice from the Council take all steps reasonably required by the Council to remedy the non-compliance within six (6) calendar months of the notice (unless otherwise agreed in writing by the Council) PROVIDED ALWAYS that the Council shall not serve such a notice in relation to the Affordable Workspace Management Plan where an expert has been appointed pursuant to paragraph 14 (above) and the matter is yet to be determined by the expert

20. The Owner covenants to send to the Council the Owner's Offer (in writing) in the event that the Affordable Workspace Unit has not been Disposed Of by the Trigger Date
21. If the Council notifies the Owners in writing ("**Council Acceptance**") within six (6) calendar months of the date of receipt of the Owner's Offer that it wishes to accept the Owner's Offer, then the Owner and the Council shall use reasonable endeavours to enter into the lease for the Affordable Workspace Unit on reasonable commercial terms for the Affordable Workspace Unit
22. If the Owner does not receive a Council Acceptance within six (6) calendar months of receipt by the Council of the Owners' Offer then the Owner's Offer shall have lapsed and the Owner shall not be required to accept any Council Acceptance thereafter
23. The Owner covenants to pay to the Council the Affordable Workspace Contribution (and no later 20 Working Days) if paragraph 21 (above) applies and the Owner and the Council have not entered into a lease of the Affordable Workspace Unit within nine (9) months of the date of the Council's notice, or in the event that paragraph 22 (above) applies
24. Subject to the safe receipt of the Affordable Workspace Contribution by the Council (having been paid by the Owner to the Council in full) pursuant to paragraph 23 (above), paragraphs 1 to 2 (inclusive) and 4 to 18 (inclusive) of this schedule shall no longer apply to the Affordable Workspace Unit (and which for the avoidance of doubt shall remain as Use Class [] and may be disposed of by the Owner on the open market
25. For the avoidance of doubt, it is hereby agreed:
- a) if a lease of the Affordable Workspace Unit is entered into in accordance with paragraph 21 (above), the Owner shall construct the Affordable Workspace Unit in accordance with the approved Affordable Workspace Specification unless otherwise agreed by the Council; and
 - b) in the event that the Affordable Workspace Unit is leased to the Affordable Workspace Operator at the Affordable Workspace Operator Rent to include in the lease agreement or transfer deed a (tenant only) break right allowing the Affordable Workspace Operator the right to end the tenancy upon the fifth anniversary date of the grant of the lease and thereafter every five years (rolling)

