

Programme Management Group

12 November 2020

Programme for in principle approval - Future Workspace Programme - Item 9

Programme Management Group members are asked to:

AGREE the broad parameters of a future Workspace Programme

AGREE that a provisional allocation of £500,000 be made to the Future Workspace Programme

AGREE that Chief Executive be given delegated authority to approve allocations of up to £250,000 for individual schemes, following submission of a detailed proposal and for proposals up to £500,000 in consultation with the Chair of PMG

1 Summary

- 1.1 At its meeting in July 2020 PMG agreed to several projects being developed in the project pipeline for any future funding opportunities; this included the future workspace initiative and the development of an e-commerce platform. This paper seeks to establish the principles of an approach of working through such previously submitted proposals with a cut off for delegated authority and a suggested envelope of funds. It then looks at how this can specifically work for the Future Workspace Programme.
- 1.2 In recognition of accelerating changes to local high streets and town centres as a result of impact of the economic downturn that is facing our area, as well as the need to provide for flexible workspace that is compliant with Covid-19 workplace safe operating procedures we have been working with a number of local authorities and private sector partners on potential pilot or demonstrate projects. This is in line with proposed actions within our Recovery and Renewal Action Plan.
- 1.3 We propose to establish a Local Growth Funded programme of £500,000 that opens up innovative space for people to work closer to home. The focus will be on projects that pilot or test out approaches to provide this type of new working environment in our towns. This will also help to demonstrate how our town centres can be viably repurposed, linking to the priorities within our Recovery and Renewal Action Plan and our emerging Local Industrial Strategy around the environment, low carbon and digital technology.
- 1.4 We wish to progress this quickly to benefit local communities impacted by COVID 19 and to ensure that expenditure is made before March 2021, it is proposed that the Chief Executive be given delegated authority to approve allocations up to £250,000.

2 Process

- 2.1 We have been exploring ways that we can accelerate our processes and have introduced some changes through working with our Accountable body. These are discussed in an earlier paper. We are recommending that we introduce a streamlined process for the administration and approval of this programme. We propose that PMG approve the broad parameters for the fund and agree that initially the fund is directed at those applicants that have been working with us on expressions of interest as a result of an earlier call for projects. This will enable a high degree of partnership working in developing proposals and still offers a good spread of partners and business models that will enable different approaches to be tested. We can look to roll out pilot programmes as part of wider programmes in the future when there is more clarity around future funding streams.

- 2.2 A further refinement is the recommendation that for those projects that are assessed as meeting the criteria the Chief Executive be given delegated authority to approve allocations up to £250,000, and for amounts up to £500,000 in consultation with the Chairman of PMG and reported back to a subsequent full meeting of PMG. Requests for funding in excess of this should still be considered by the full PMG but this will require additional meetings to be convened at short notice so that delivery timescale and spend is not unduly delayed. In this way a funding decision can be made in a matter of weeks, but with a clear audit and decision-making trail.
- 2.3 The principles and criteria of the Future Workspace Programme are set out in Section 4 below. There are currently three projects we are actively engaged with in Andover, Winchester and North Hampshire/West Surrey details of which are included in Appendix 1.

3 Context for the Future Workspace Programme

- 3.1 The Covid-19 pandemic is bringing about changes to the way many employers and their staff operate their business, with changing distancing requirements and guidance for staff to work from home if possible. This is forcing a reassessment of lifestyles, and changes to the ways we work. The pandemic and subsequent economic impacts are also accelerating the changes in how town centres are used, with reducing retail space as well as rising demand in flexible and co-working commercial space.
- 3.2 Hence there is an urgent need to develop innovative space for people to work closer to home so that this change to a new way of working can be accommodated in the town centres across the EM3 area, both to support individuals and business adapt and ensure the viability and vitality of these centres is retained.
- 3.3 A key element of the LEP Recovery and Renewal Action Plan is the reopening and restructuring of town centres. Within this we are seeking to pilot new ideas that will allow people to work closer to home as well as supporting a longer-term aim to re-vision how town centres work, diversifying uses, building in new experiences and encouraging walking and cycling alongside public transport. Part of this is around the development of new workspace that can provide a 'hybrid' option for those who are able to work from home/remotely, providing an opportunity to work away from home and come together as a team if relevant but without having to travel significant distances to a more traditional offices.

4 Principles

- 4.1 Overall, it is suggested that we should look for pilot projects that can be delivered at pace and will test out a range of approaches that achieve new or refurbished workspace in a number of town centres within the Enterprise M3 area.
- 4.2 We should not look to support those areas where the market is able to provide facilities itself. These are unlikely to be 'normal' workspace, but more innovative proposals and ones that offer additional value where investment from the public sector can make a real difference. In that way we should be able to maximise the level of impact and hence the value of our funding.
- 4.3 The pilot nature of any programme is important enabling us to test what type of interventions work and could be rolled out elsewhere, and equally important which ones don't. We would expect all projects that receive funding from Enterprise M3 to contribute proactively to this learning and to share experiences with other town centres, both locally and nationally. This approach will link well to maximising the benefit of the £25,000 Covid-19 Revenue funding that PMG approved to support market research and demand studies which can help to make the case for the future workspace opportunities.
- 4.4 It is also suggested that pilot programme support should be provided for initiatives that are able to stand up in their own right as well as projects with the potential to evolve over the longer term. It may be that a project can provide a demonstrator for schemes that can be scaled up and applied to a wider area or sector.
- 4.5 In assessing proposals it is recommended that we consider the following criteria:

- Is the project deliverable within the stated timescales
- Has the project identified costs and appropriate matched funding?
- Does the project clearly demonstrate how it can support social distancing?
- Have benefits and outcomes clearly been identified?
- Does the project demonstrate that its part of a wider strategy or needs of an area and aligns with the emerging Local Industrial Strategy and the Recovery and Renewal Action Plan?
- Does the project align with other initiatives (e.g. those planned by shopping centres, transport hubs, Business Improvement Districts etc?)
- Is the project seeking support for added value elements or filling a gap in need that the private sector would not be able to fulfil?
- Does the project use technology, data and digital tools both to maintain social distancing, and to aid decision making?
- Does the project include low carbon elements?
- Does the project include design principles for a safer urban space?
- Does the project have the potential to share best practice with others and to be rolled out elsewhere in the Enterprise M3 LEP area?

4.6 In more practical terms we would be looking for proposals that can demonstrate:

- Deliverability– we would require projects to start delivering as soon as possible and be substantially completed by 31 March 2021.
- A clearly identified timetable that can be met at pace
- A robust funding package, with match funding and/or ability to lever in private sector investment
- Preference for a loan particularly where proposals are generating income
- Quantify the number of individuals and businesses that will be supported
- Clear identification of any risk
- That they can meet statutory and legal requirements
- That the applicant is able to demonstrate that the project meets State Aid requirements
- Clarity that state aid requirements are met where private sector partners are involved
- Maintenance and longer-term commitments have been identified
- How monitoring of the effectiveness of the measures will be undertaken
- Alignment to the Reopening High Streets Safely Funding and Supporting Town Centre Fund where this is applicable.

4.7 Pace of delivery will be critical, and we will require proposals to deliver on site quickly with defrayal of the LEP funding completed by 31 March 2021 at the latest.

5 Proposals

5.1 There are three projects we are actively engaged with in Andover, Winchester and North Hampshire/West Surrey. Applicants have all engaged directly with the LEP through earlier submissions/expressions of interest. We envisage that the schemes requiring funding of between £150,000 and £400,000, with potential in several cases to reduce the scope or scale of the proposals.

5.2 It is suggested that each of the proposals be assessed by LEP officers internally, against the criteria listed in Section 3 above. To date three proposals have been put forward that would fit the indicative programme principles. The key details are summarised in the Table below, with the background and descriptions contained in Appendix 1.

Town	Partners	Proposal	Total costs	LGF contribution	Key outputs
Andover	Test Valley Borough Council/ Incuhive	Conversion of high street retail unit	£300,000	£232,000	2,782 sq feet commercial floorspace refurbished 6 businesses supported 1.5 jobs supported
Andover	Test Valley Borough Council/ Incuhive	Conversion of retail unit within shopping centre	Tbc	£100,000	5,000 sq ft refurbished commercial floorspace refurbished 1.5 jobs supported
Winchester	Winchester CC/Well Thought	Conversion of former Registry Office to create city centre flexible workspace and co-working hub	£500,000	£300,000	10 businesses supported 1,500 – 2,250 sq feet commercial space refurbished 1.5 jobs supported. 150 space bike park – solar powered lights/ app access/ contactless security
Farnham	Simple Working Ltd	Conversion of former high street bank unit to create workspace.	£1,100,000	£150,000 (per site)	3000sq feet refurbished and 1.5 jobs supported

6 Recommendation

- 6.1 We are recommending that we introduce a streamlined process for the administration and approval of elements of the LGF programme so as to ensure that it can be delivered within the required timescales whilst maintaining the necessary scrutiny and ownership by PMG. As part of this an allocation of £500,000 is sought for a new Future Workspaces Programme.
- 6.2 It is therefore requested that Programme Management Group members are asked to:
- **AGREE** the broad parameters of a future Workspace Programme
 - **AGREE** that a provisional allocation of £500,000 be made to the Future Workspace Programme
 - **AGREE** that Chief Executive be given delegated authority to approve allocations of up to £250,000 for individual schemes, following submission of a detailed proposal and for proposals up to £500,000 in consultation with the Chairman of PMG

Kevin Travers & Fiona McMurray
3 November 2020

Appendix 1 - Summary of Future Workspace projects

IncuHive Andover

This is the most expensive of the proposals received to date, but also the most developed. It was originally put forward to the Supporting Town Centre Fund but was not supported due to the scale of the proposal and the strategic fit with the overarching aims of that particular funding stream. However, it is considered that the Andover IncuHive project would fit very closely with the objectives of your new Future Workspace Programme. In view of the scale of funding being sought Test Valley Borough Council are also working up a lower cost proposal, if we wish to commit a lower amount of funding.

Test Valley Borough Council is working with the IncuHive Group Limited to provide a new “IncuHive Space” in Andover town centre. This will deliver, a serviced, high quality and modern co-working and desk rental facility for individuals and small businesses, with a number of unique features that make it an attractive location for users.

The facility will be the first of its kind in the town and is aimed at small “micro-entity” start-ups and those working from home. The project will entail the refurbishment and conversion of an empty High Street shop (No. 83) at the heart of the town centre. The proposal from IncuHive currently under consideration by the Council envisages six individual office spaces (13m²) and thirty rentable desks, together with a recreation area and reception facilities. The new space will benefit new and existing small-scale business entities to make the first move up and away from a home environment. It will also provide a more desirable alternative working space for those having to work from home as a result of the Covid-19 pandemic. It is expected to reduce the need for travel by office workers by providing a more convenient (but equally/better) equipped environment than that in a corporate London office or another major centre. In providing this new facility in the heart of the town centre, it will bring in new footfall for local shops and other facilities, and send a clear message of confidence in the future of the town centre as a working environment, and a place to visit for shops and leisure. The project could be presented as a quick win, fully aligned with the Council’s wider regeneration agenda for the town centre.

The project can be delivered quickly (five-six months is expected to be a likely timescale) and funding will allow the project to proceed without adversely affecting other demands on resources as the Council seeks to lead the town forward in the recovery from Covid-19.

The proposal has been designed to comply with social distancing rules, with precautions put in place to safeguard users of the new facility. In providing a local facility as an alternative to commuting to London, it will reduce the strain on public transport, and be beneficial in terms of carbon reduction.

The total cost of the project is estimated to be £300,000 and the Borough Council is seeking a contribution from the LEP of £232,000.

The above project is based on the conversion of an empty shop unit, selected on the basis that being situated in the High Street, it best fitted the primary objectives of the Supporting Town Centres programme. Given the shift of focus to a more generic future workspace theme, they reassessed the project, taking account of the timescales the new programme will have to work to.

An alternative space could be provided within an existing office building above The Chantry Shopping Centre which has been vacant for several years. This would not require the level of building work needed for the initial proposal and accordingly would be cheaper and quicker to deliver. This is still a town centre location so there would still be social and economic benefits to Andover Town Centre aligning it to the objectives of the new programme, and deliverable in the timescales we are working to. It is estimated they would be looking for funding of £100,000 from the LEP for this project, though the detail is still being worked on.

Winchester Workspace

We are working with officers from Winchester City Council and representatives from Well Thought who already deliver a flexible workspace in Winchester, but are looking to expand this within the City, to develop a Winchester-wide new approach to local working fully aligned to the City Council's regeneration agenda.

The proposal galvanising spaces, office assets and community to build a network of flexible, professional pop-up workspaces across the city for individuals or corporates to utilise.

The Old Registry Office is the focus of their bid to the LEP as it can provide an excellent location for a flexible working offer, providing easy access to central London transport whilst offering a way for professionals to remain working in Winchester and become more connected to the local working environment and professional network.

To be operationally fit for purpose it will require a base-level consistent fitout prior to handover, including the installation of door security, high quality broadband WIFI and general decoration, in addition to an interior fit out. The proposers will fund the fit out to make the building suitable for flexible working however this would require nuanced arrangement in order to recoup those set up costs.

The model to be used is a membership scheme and provide a blend of space for professionals to work and network and also private office space for staff from corporates who are looking to reduce their office space elsewhere to locate on an informal but regular basis.

They are also looking at added value, with the provision of a cycle parking hub adjacent to the Registry Office, which can be booked by members when using the space or if they are commuting elsewhere for a day; the emphasis being on flexibility.

They are still working up details but the funding ask is likely to be in the region of £250,000 - £300,000 which would enable the cycle hub to be delivered and outfitting of the Registry Office site. There is potential for a loan or conditional grant, acknowledging that there are risks associated with this type of innovation.

North Hampshire/West Surrey Town Centres

SimpleWorking Ltd is a new business looking to develop flexible workspace in up to 6 local towns (such as Farnham, Fleet, Haslemere, Alton, Petersfield) with the twin aims of supporting local workspace needs of commuters and city centre workers working remotely, and utilise empty retail spaces on town high streets to support town centre regeneration and reinvigoration.

These office workspaces will be designed and built to city centre office standards, and therefore become accredited satellite office spaces for major corporates to provide to staff to support their well-being and reduce the environmental impact of commuter miles. In addition, the project provides for increased workspace social distancing for workers by increasing the number of credible workplaces, beyond the central city office, and reducing the numbers of workers on public commuter transport services.

The provision of LEP funding facilitates the fast delivery of the project into multiple, non-traditional spaces (retail real estate), with the funding to support the innovative design work and the higher value technology infrastructure necessary for equivalency with major city centre office developments.