



## **CREATING PUBLIC VALUE: HOW BUILDINGS CAN BETTER SERVE OUR COMMUNITIES**

# ABOUT FUTURE OF LONDON

Future of London helps build better cities through knowledge, networks and leadership – across disciplines, organisations and sectors. We are the capital's independent network for regeneration, housing, infrastructure and economic development practitioners, with 5,000+ professionals using FoL as a hub for sector intelligence, connection and professional development, and a mandate to prepare the next wave of cross-sector city leaders.



## PROJECT TEAM

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## PROJECT PARTNERS

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HWFI CDT - a community-led social enterprise securing ownership of spaces in the area. Ensuring the community is a stakeholder in placemaking and that spaces are inclusive of, and relevant to, our neighbourhood.

### GENERAL PROJECTS

General Projects is a real estate developer that imagines, designs and delivers, innovative and inspiring buildings. Our aim is to establish new benchmarks for the built environment that transform the way our users, live, work and play.



PRD is a consultancy which works with partners across the public, private and civil society sectors to design, mobilise and evaluate bold and transformative place and asset strategies.



REDO was set up by the founders of 3Space to advise on how real estate can deliver social impact and contribute to sustainable, prosperous and resilient cities.

## WITH THANKS TO

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Louise Duggan, Greater London Authority; Mayor Rokhsana Fiaz, LB Newham; Jacob Loftus, General Projects; Harry Owen-Jones, 3Space; Binki Taylor, The Brixton Project; Sara Turnbull, WorkWild; Neil Webster, Ade Adebayo and Thuso Selelo, ACES, and Ian Williams, LB Hackney.

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# INTRODUCTION

Public buildings are often at the heart of community life providing an essential space for people to socialise, work, volunteer and learn new skills. They can offer much needed local affordable space and opportunities for community ownership or management. But not all the buildings – or assets – that a local authority owns get to achieve their full potential.

This can be in part due to the duty imposed on local authorities to achieve the best price reasonably obtainable when disposing of public assets (S123 of the Local Government Act). This statutory requirement, the increasing financial and capacity pressures and varied interpretations of 'Best Value'<sup>1</sup> often compel boroughs to base decisions about their properties purely on securing the greatest income in the short term rather than longer-term community benefit.

Covid is exacerbating the problem: driving the rates of vacant properties up, increasing unemployment and widening inequalities. And now with recent additional requirements to meet net-zero carbon targets, it's not surprising that local authorities are often drawn to prioritise a quick sale or lease on market terms.

There is however an alternative approach that could help address these challenges and achieve public value to support a better economic, social and environmental recovery. In recent years, some London boroughs have started to break the mould.

Affordable workspaces and multi-use spaces are rightly championed because of the value they deliver for local communities and for their role in catalysing further local investment and development.

Now is the time for this place and local economy-focused approach to become universal. Faced with the need to respond to crisis, London's local authorities and their partners are realising that genuinely affordable commercial and community space is critical to a sustainable neighbourhood.

As landlords to substantive asset portfolios (often including under-used buildings) with access to funding options for capital investment, local authorities are well placed to lead this charge. Building up a portfolio of steady income and well-run assets can strengthen communities, not just in recovery, but for decades to come.

As part of Future of London's Learning from Crisis programme<sup>2</sup>, cross-sector partners came together to talk about the role public-sector land and buildings can play in recovery.

This guide shares findings from a webinar<sup>3</sup>, podcast<sup>4</sup> and research. It considers key principles that challenge traditional approaches and provides practical tips to support London boroughs and their partners to adapt their approaches to deliver more impact from the land and buildings they (or indeed we all) own.

- 1 Best Value is a statutory framework that ensures that councils are required to plan, deliver and continuously improve local authority services. Each local authority has a duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". <https://bit.ly/3tThCzA>
- 2 [www.futureoflondon.org.uk/knowledge/learning-from-crisis/](http://www.futureoflondon.org.uk/knowledge/learning-from-crisis/)
- 3 <https://bit.ly/3ojWf9u>
- 4 <https://bit.ly/33PVnQw>





# MAKING THE CASE

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Emerging research into the impact and potential responses to Covid make a strong case for strengthening and expanding community-led social infrastructure. During the pandemic, neighbourhoods with strong existing networks fared better than those without<sup>5</sup> and communities will play a critical role in rebuilding trust and cohesion after the crisis.

Spaces that support community networks will be critical to help meet the longer-term need for greater economic productivity and resilience.

These spaces can offer businesses the chance to re-boot, for entrepreneurs to flourish and for communities to design and develop new services that meet their specific needs. These are outcomes that matter to councils as they have far-reaching effects on community health, prosperity and wellbeing.

The case for doing this is by no means new:

- The existential threat to shops from online retail has been a growing for years. It is widely accepted that the high street needs to be reimaged to bring people back by offering a compelling new offer of culture, entertainment, hospitality and leisure, and even homes, health and education uses, to survive.
- Gentrification often pushes out the start-ups, arts and social enterprises responsible for creating the vibrancy that has made unloved places popular. Losing these pioneers risks undermining the foundations of a place that attracted investment and development in the first place.
- The affordable-end of the market is generally not well-supported by the current policy and market drivers.
- An immediate response to the current crisis is essential, but we must aim for 'more than meanwhile'; by fostering a long-lasting transformation in how we define and support successful communities and town centres.

Despite this, offering space to community groups and entrepreneurs is not standard practice. As Sara Turnbull, Founder of WorkWild and former CEO of Bootstrap, an affordable workspace provider in Hackney, points out:

“Developing an approach to asset management that delivers inclusive growth isn't necessarily possible overnight. Authorities need to take their time to build community relationships and understand their needs and aspirations.”

Sara Turnbull, Founder of WorkWild

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<sup>5</sup> <https://bit.ly/3yrz0z0>



Image: General Projects

## WALWORTH TOWN HALL, SOUTHWARK

The Walworth Town Hall, part of Walworth Square in Elephant and Castle, is a grade II listed building, originally built in 1865 and extended in the early and mid-1900s. Part of the building was significantly damaged in 2013 by fire and has been underoccupied since.

In the past it has been used as a library, council offices, the Town Hall and a museum. The building is owned by Southwark Council, who initially considered developing it.

The costs and complexity of the scheme was considered unaffordable for the council at the time and they therefore took the decision to tender a redevelopment opportunity of the site on the open market.

General Projects was the successful bidder based on a vision to retain the architectural fabric of the building; support enterprise and SME development, including providing affordable workspace and 450 workplace opportunities; and bring some of the community aspects back into use.

General Projects plans on improving the building to make it more accessible – a new lift shaft, and stairs to the entrance; an open courtyard; and a community centre and library.

As well as sympathetically nurturing the building back into use, General Projects will be introducing a community wealth building programme, providing mentoring, training, skills development, networking and employment and enterprise opportunities for the local area.

# LOCAL AUTHORITIES AS MARKET MAKERS

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Local authorities can and should play an important 'market-making' role to address fundamental failings and to support a better response to the Covid crisis.

This means using their own property and where possible buying third-party assets or entering strategic partnerships with other public-sector organisations in key locations to create the right conditions.

Offering affordable and flexible terms is critical to encouraging local businesses, entrepreneurs and community organisations to use them, especially when many are seeking to re-build and re-launch in the wake of Covid.

There are several ways that this could happen:

- Assets within a Council's portfolio may be let on affordable terms to an operator or end-user at less than market value. Outcomes can be designed into the arrangement to quantify the social and economic impact and rationale for the lease price. In some cases it may be viable and desirable for the council to consider the value of asset transfer or long-leaseholds to a land or development trust (with an asset lock to return the asset into local authority ownership should the Trust fail) to manage the asset in the long-term.
- For assets in third-party ownership, a council can take on the role of head lessee with a covenant to deliver the same arrangement via a sub-lease. This creates a critical bridge between assets in private ownership and the local businesses and community groups that could help bring these properties back into community-led creative uses.
- Local authorities may adopt a strategic approach to acquiring and directly investing in third-party owned properties to secure and develop assets that have the potential to deliver benefits at the heart of their communities. Policy can direct Section 106 or infrastructure levy contributions to affordable workspace instead of requiring new development to provide on-site affordable workspace which is often hard to make viable.
- Councils could explore new opportunities for strategic partnerships with other public-sector bodies and redefine existing partnerships such as those previously delivered under the One Public Estate programme<sup>6</sup>.

"It is important to support staff to be more creative in order to deliver Newham's innovative community wealth building agenda. To empower officers to take risks requires a more holistic approach whereby council officers work outside of their traditional roles with community stakeholders."

Rokhsana Fiaz, Mayor of Newham

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<sup>6</sup> <https://www.local.gov.uk/onepublicestate>



Image: LB Hackney

## LB HACKNEY'S VOLUNTARY SECTOR LEASING POLICY

LB Hackney has been supporting community use of its assets for almost 20 years.

The council has used the flex within local government legislation to develop an innovative voluntary and community sector lettings agreement policy. As a result, council assets are supporting the delivery and up-scaling of community organisations and activities, generating positive social and environmental outcomes across the borough.

Ian Williams, Group Director of Finance and Corporate Resources at LB Hackney points out “there is flexibility for councils in how ‘best value’ obligations are met when disposing or letting assets. This isn’t restricted to achieving market value if social, economic and environmental value is identified.”

Bootstrap in Dalston and Arbeit and The Old Baths in Hackney Wick are examples of not-for-profit organisations that manage and provide space for social enterprises in the community. The employment, enterprise and skills opportunities they provide to local people are a direct result of this policy.

Bootstrap has been operating since the 1970s. It manages more than 5,500 sq metres of space and lets studios at market rate to 70 different tenants from small businesses, social enterprises, charities and start-ups. The income generated is reinvested into practical help for local businesses and enterprises, providing free event space and advice for young people through a management course and business support.

Ian Williams reflects, “a key reason for Dalston’s success is the long-term view Hackney took. This provided assurance to the community, owners and investors that there will be ongoing buy-in from the council.”

# SETTING PRINCIPLES FOR A NEW APPROACH

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Resetting a council's approach to its property portfolio to balance social returns against maximum financial returns at scale will require bold action and deeper thinking about ownership and value. How this is articulated will be different for every project and should be in response to the local market and wider societal conditions.

Here are seven principles which the public sector can apply to deliver a more progressive approach:

## 1. REDEFINING VALUE AND TAKING RISKS ON A LONGER-TERM RETURN CYCLE

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The big challenge for the owner of a building (public or private) can be recognising that the value of an asset is not necessarily the same as what the market will pay or the users' perceived covenant strength. In some cases, this means making bold decisions to forgo income to prioritise social, or public, value.

If done well, there is almost certainly an opportunity to create income, but the route to this is relatively complex compared with traditional landlord and tenant relationships. A strong strategy and policy that generates a framework for judging proposals, such as Sutton's Developmental Assets guide<sup>7</sup>, is required.

"Income loss can be avoided with appropriate value measures that consider both profits and inclusive socio-economic outcomes".

Harry Owen-Jones, Director at REDO

One view that can help make the case for prioritising social value is that public buildings are owned by the public. The local authority is the vehicle to manage these buildings. If this is accepted, then the case for maximising the social, environmental and economic value generated by and for local communities is easier to make.

The duty on local authorities to provide 'Best Value' when selling or renting property is often confusing and unhelpful in developing the above case when the primary measure of value is limited to maximum financial return. However 'Best Value' obligations are broad enough to consider wider social and economic returns and should be applied. There is now a growing number of impactful public buildings projects that show that this challenge is not insurmountable.<sup>8</sup>

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7 [https://www.sutton.gov.uk/downloads/file/1930/suttons\\_developmental\\_assets\\_booklet](https://www.sutton.gov.uk/downloads/file/1930/suttons_developmental_assets_booklet)

8 <https://bit.ly/2QubksE>

## 2. THE IMPORTANCE OF OWNERSHIP

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Ownership gives local authorities greater control of the outputs generated by a building, whether purely financial or blended to include a social return. This idea is gaining increasing traction in London. For any authority, a public-valued asset strategy can play a critical role as part of an all-round approach to the new economic and social landscape.

Local authorities already purchase interests in commercial properties to bolster income in the face of funding cuts, but a limited number have invested in assets outside their boundaries which for some is a risk too far<sup>9</sup> and may soon be no longer permitted.

There is a case to be made for focusing property investment on a local authority's own town centres. Using the funding to make catalytic investments can provide a steady income stream.

Sutton Council's purchase of the former BHS site to deliver the Sutton Works project (see page 10) and Brent Council's purchase of the Picture Palace in Harlesden have given these local authorities control over the outcomes that contribute to their own strategic priorities.

Buildings purchased by a local authority can be designated as part of its economic and planning policy. Leases for affordable space in new developments can then be leveraged to cover the 'affordability gap'. Other more strategic approaches include International House in Brixton (see page 13) or Plumstead Power Station in Greenwich.

Another approach is for properties to be independently managed or owned by a Socially Oriented Property Management Company (Soc-PMC) with community partners, community development or a land trust. These provide long-term solutions and financial returns, as well as building capacity of local people and agencies (more on page 18).

Ownership by social enterprises also delivers local benefits. As Ian Williams, Group Director of Finance and Corporate Resources at LB Hackney says, "long-term planning is key to enable social enterprises to establish and scale. This is achieved through property ownership or long leases. Ownership means organisations can benefit from any increase in property value and borrow against that value to fund more activity and become more financially sustainable."

"When communities are trusted with managing public assets, they can deliver local authority objectives and can be more agile and nimble than councils in responding to changing neighbourhood need, planning for the longer term, being more financially stable and delivering more if they own the building they're in."

Alex Russell, Independent Placemaking Consultant and Executive Chair of Hackney Wick and Fish Island Community Development Trust

Whilst this may seem like common sense, doing it at scale does need significant adaptation for the public sector. This will require councillors, developers, owners and investors to think differently, resetting their preconceptions and ways of working.

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<sup>9</sup> <https://reut.rs/3ykgl7Z>



Image: Architecture 00

## SUTTON WORKS, SUTTON

LB Sutton recognises that what people want from their high street has changed - with a move away from a concentration on retail to a demand for more leisure activities and community space as well as supporting the creative sector.

The council, armed with £11.3m of UK Government Future High Streets funding, identified several sites including Sound Lounge and Sutton Works where it could pilot its new asset strategy. The funding enabled the council to directly intervene to repurpose empty properties and deliver a more diverse high street that is fit for the future.

“The private sector is proving unable to deliver all the necessary changes to diversify the high street offer, so it is down to local councils to act.” - Councillor Jayne McCoy, Deputy Leader of Sutton Council.

The Council has demonstrated its commitment with the purchase and transformation of the old RBS building into Market House, with anchor tenant The Sound Lounge providing live music, vegan food and a more accessible home for the Volunteer Centre.

LB Sutton also took over the former BHS building. It secured H&M as a new tenant and is repurposing the remaining space – now Sutton Works - to provide a flexible base for start-ups and small businesses. Sutton Works will provide a hub offering flexible space and business support, alongside community events, educational spaces and a roof garden.

Delivering social value is also a key component of the project. One initiative will be to develop an intergenerational growing project on its roof, where Age UK Sutton will partner with Sutton Community Farm and local schools.

It will also provide space for other key partners to engage with residents and to promote educational and career opportunities. These activities will support the council’s ambition to make Sutton age-friendly and to deliver new opportunities for local people and businesses.

Sutton has plans to deliver a dedicated ‘maker space’ for creative ventures, as well as additional performance space and a more diverse food offer. These works will commence with the regeneration of the disused Chicago Rock Cafe.

### 3. BUILDING LOCAL ECONOMIES

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The impact of the pandemic adds to the evidence that lack of investment in a place severely undermines the resilience of its community.

If we're experiencing a 'Covid decade,'<sup>10</sup> local authorities will need to play a proactive role in fostering local economies, with a focus on green and growth industries. Public buildings can be a catalyst for private-sector investment and a platform for growing a business ecosystem from the ground up. Councils can take a long-term view that supports local collaborations and retains wealth within a community.

"The local economy is now a well-being issue"

Binki Taylor, Partner, The Brixton Project

### 4. ACT NOW

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Traditional markets are faltering, strengthening the case for action. The recession is hitting hard, businesses are ceasing to trade, there is an increase in tenant lease defaults and an absence of occupier demand is pushing rent down.

The traditional model of covenant strength underpinning assets has been substantially weakened. Owners and lenders will be forced to look for other forms of security and will favour vibrant and diverse occupier markets that lead to fewer void events and more robust income streams.

Consequently, asset portfolios will need to be re-structured and re-financed and there will be inevitable changes in ownership. By traditional measures of success, this is seismic, and we must not overlook the adverse impacts that many will suffer as a consequence.

This will also instigate a significant change to the property ownership status quo and the public and civil society sectors will have more scope to intervene and take control.

Reducing prices will allow for some tactical acquisitions and a greater curatorial role for public partners in key locations and neighbourhoods where access to assets and improved amenity will have a significant positive impact.

### 5. SUPPORTING COMMUNITIES, LEARNING FROM THE PAST

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Community stewardship has been happening for decades. Whether it is through community wealth building or participatory social action, every local authority empowers its local communities to take responsibility for local assets, from sports pitches to community centres.

If councils are going to pass the ownership of assets to local groups to realise the powerful benefits of a grassroots-led approaches, lessons from the past must be learnt.

In the mid-2000s as the New Deal for Communities projects came to an end, a significant part of legacy planning was to hand assets to communities. In many cases this failed, in part due to government funding cuts, but also because of a lack of investment in developing community capacity to operate these buildings.

Previous failures should not be a reason for not acting; instead, we need to learn, ensuring that provision is made for capacity building.

A key risk is the need for periodic capital investment in the buildings and the local authority has a role to play here in underwriting this investment, rather than passing the burden on to community groups and operators.

<sup>10</sup> <https://bit.ly/3omINS8>

## 6. PROMOTING PUBLIC VALUE

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Making the case for re-use, local ownership and public value will require challenging the accepted tools for measuring value, viability and impact. Although The Green Book<sup>11</sup> and government guidance on business case development includes social cost benefit analysis tools, the key focus is on hard measures of economic success, in particular uplift in land values and productivity.

These measures do not sufficiently take account of the wider social, health and environmental benefits such as employment and the community activities these buildings can accommodate.

It is important to find ways to reflect and value such benefits, accepting that at times it will not be possible to measure all of these. Government guidance is moving in this direction, but it will need practitioners to adapt to ensure public value is given the prominence it needs.

## 7. TACKLING THE CLIMATE EMERGENCY

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Given the built environment contributes 40%<sup>12</sup> to the UK's carbon footprint, reusing buildings is one of the most effective ways of tackling the climate emergency provided the council has the funding and skills to retrofit to net-zero standards.

If local authorities are serious about meeting their net-zero targets, they should be prioritising the reuse of existing buildings over demolition and rebuild.

The investment in repurposing and reusing older and often historic council buildings should also deliver energy efficiency improvements.

The Local Government Agency's 2016 'The potential for energy efficiency and renewable energy' report<sup>13</sup> suggest annual energy costs range from £150,000 for a small rural district council to £25 million for the largest city council.

Straightforward, low-risk measures such as lighting controls, lighting upgrades, heating controls, boiler replacements and building fabric insulation typically result in a 10-18% saving with an average payback of two to three years on the cost of the measures.

Opportunities of this nature should exist for all councils depending on the nature of their assets and their existing level of efficiency.

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11 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)

12 <https://bit.ly/2NhaQUx>

13 <https://local.gov.uk/sites/default/files/documents/download-potential-energy-9f8.pdf>



Image: Chris Burrows

## INTERNATIONAL HOUSE, LAMBETH

International House in Brixton opened in 2018 to become London's largest affordable workspace - more than 6,000 sq metres over 12 storeys - and a centre for 850 jobs.

Prior to its current incarnation, the building provided 600 desk spaces for Lambeth Council's Children's and Young People Service team. The council rationalised its office space and made International House available to support its inclusive growth strategy.

Workspace operator 3Space was granted the lease based on their BuyGiveWork model. The model is 'buy one, give one'. This means for every commercial tenant, 3Space provides a free space for an emerging local enterprise or project.

This provides significant benefit both to the council in helping fulfil their community and economic strategies and to the community who have access to free space and support for developing businesses. The building is earmarked for redevelopment but 3Space's activity in the building will inform the future regeneration plans.

Binki Taylor, Partner at The Brixton Project said "re-using existing buildings like International House is not only more sustainable but can also avoid gentrification. The approach of 'gentle refurbishment' with the tenants has created a clear sense of ownership and identity. Tenants have a stake and a say in how the building is run."

## FIRST STEPS FOR BOROUGHES

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As part of this project, we asked a panel of experts to suggest early steps which can help boroughs to take positive action:

1

Pick 10 assets in your portfolio and think about how these could be better used and managed with a focus on social as well as commercial value.

2

Establish a structure to group assets together as a portfolio and start to identify the different values these assets could generate for local people.

3

Think about how internal stakeholders and politicians are incentivised to deliver this. What information do they need? What barriers exist to buildings being occupied in a more diverse and inclusive way?

4

Work with and invest in the local community, including young people, to agree how these 10 assets should be used.

5

Kickstart a co-production process. Recognise where capacity needs to be built and work with local civil-society organisations to develop this. Recognise that it may take time.

6

With the community, set a clear definition of social investment and return.

7

Communicate the priorities and approaches to developers and encourage them to play a part. Demonstrate how this can be part of their local story and can contribute to corporate Environmental, Social and Governance (ESG) objectives.



# THE FINANCE OPPORTUNITIES

It goes without saying financing public-sector asset acquisition and management requires upfront investment.

The Public Works Loan Board (PWLB) has long been the stalwart for public borrowing for built environment projects. It offers an attractively priced loan facility to local authorities on straightforward terms. This is how many local authorities have accumulated commercial portfolios to date.

More recently the Government has steered authorities away from borrowing to finance the acquisition of commercial assets for yield in part because of cases like Spelthorne Borough Council's out-of-borough investments<sup>14</sup>. The local authority has over £1 billion invested in commercial property and in 2020 was forced to give its major tenant WeWork a £4.5 million reduction on its rent for a building in Hammersmith - outside of its jurisdiction. PWLB borrowing for commercial projects must demonstrate tangible regeneration benefits in the local area.

Private, socially aware funding solutions are also becoming available and more attractive as the market matures. For example, a Sustainability Linked Loan (SLL) where the interest rate is tied to social impact based KPIs.

This is the model used for the £75 million credit facility that BNP Paribas provided to Peabody Trust<sup>15</sup>. As a result, Peabody is set to benefit from a lower interest margin on the loan if it delivers an agreed number of accredited childcare qualifications under their Childcare Training Programme.

In the case of affordable workspace and civic infrastructure, it could be tied to job creation, training, business support or a number of other social and economic metrics. Aside from PWLB and SLL borrowing, there may well also be interest from institutional investors looking for consistent yields backed by a strong covenant.

Furthermore, once a local authority has a portfolio of properties and a strategic location-based approach to affordability then it becomes easier to attract additional grant funding such as GLA Good Growth funding as with Sutton Works, or development contributions to finance building improvements and business support programmes.

The challenge and opportunity for more purpose-driven public and private investors is to recognise the long-term value that can be gained from this approach. This is where an acceptance of a broader measure of 'value' is necessary.

This need not mean a reduction in commercial return, but should recognise and track the social, environmental and local economic outcomes which may be realised through slower publicly-led investment.



<sup>14</sup> <https://bbc.in/3tSxKS2>

<sup>15</sup> <https://bit.ly/3waX3QD>



# THE PRIVATE-SECTOR SOLUTION

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The challenge is often creating the capacity and resource to do things differently. Although not new, third-party organisations that support public-value objectives are becoming more appealing to the public sector.

We already have successful Community Land Trusts and community owned buildings which operate for the public good.

A more recent player is the Socially Oriented Property Management Company. A Soc-PMC could enable a local authority to take a portfolio approach to managing local assets against a suite of clearly defined, social and commercial aims, objectives and deliverables that address affordability and target local sectors and groups.

With this approach, a council agrees a suite of leases with the Soc-PMC, alongside a Service Level Agreement, which would guarantee income to the local authority and define the expectations regarding the social and economic impacts to be achieved and reported, through tenant management and by end-users.

The objects of the Soc-PMC, together with the evidenced social impacts would also make the venture attractive to charitable funding and impact investors.

Multiple assets under one ownership structure would allow the operation to benefit from economies of scale. The portfolio could be a mix of purely social and more commercial activity similar to 3Space's BuyGiveWork model (see page 13). Taking on multiple sites, or sites with mixed tenants (e.g. for-profits and not-for-profits) can create a cross-subsidy model.

Surpluses from commercially oriented assets and activities could be reinvested to subsidise not-for-profit activities, to support other affordable workspace within the borough or to secure and mobilise further buildings.

The socially oriented objectives of the Soc-PMC may also open sources of grant funding and, depending on its corporate structure, attract Business Rates Relief.<sup>16</sup>

Opportunities for community stewardship and governance arrangements for the Soc-PMC could also be developed, with the venture sitting alongside other models such as Community Land Trusts and community-led building. All seek to deliver inclusive economic benefits and improved, long-term community stewardship within our cities, towns and neighbourhoods.

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<sup>16</sup> [www.gov.uk/apply-for-business-rate-relief](http://www.gov.uk/apply-for-business-rate-relief)



General Projects

## EXPRESSWAY, ROYAL DOCKS, LONDON BOROUGH OF NEWHAM

In 2018, General Projects bought a 11,000 sq metre former office block, under the flyover at the Royal Docks site in Newham.

Their vision was to affordably convert the building by using repurposed materials and furniture into a set of spaces that could accommodate 162 small office sized (max 46 sq metres) units to support small and medium sized businesses, small industrial production spaces, maker and creative and community spaces.

Working with Architecture 00, General Projects flipped the building interior design so that tenants could enjoy the views of the Royal Docks and opened the building onto public space.

General Projects wanted to do more with the building to help tackle the social inequalities in the area. Working in partnership with Newham Council they created a 'Community Wealth Building' programme:

- Networks were formed and business support programmes developed to support businesses through the changes to the building and Covid.

- Existing tenants were part of the changes to the building and encouraged to participate in design and supply. Better signage, improved air quality and co-working / socialising spaces were all introduced through working with tenants. Tenants now supply cleaning services, events, catering, furniture and venue management to the building.
- The youth incubator scheme supports 17 young people (aged 18-30) a year with 275 sq metres of free space, mentoring from others in the building and skills seminars.
- There is an apprenticeship programme in partnership with Newham College for tenants to tap into and for local young people to benefit from.
- The Expressway Genius Bar provides ongoing business support to those in the building to access the funding and navigate the paperwork generated by the impacts of Covid – giving companies back the time to run their businesses.

This has contributed over £3 million worth of social value created over five years and more than £550,000 worth of inward investment into the companies in the building.

# CONCLUSION

There has never been a more appropriate time for local authorities to take a leading role in local economic and community recovery. Past crises have demonstrated that long-term public-sector vision and investment breeds confidence and subsequent development from the private and civic society sectors.

But to become a 'market maker' requires local authorities to think creatively about their assets, reassess their definition of best value and build the capacity of local communities. An approach that nurtures local talent (start-ups, charities, community groups and other activities) and prioritises public value can create vibrant, diverse places that in turn attract private-sector investment to benefit the wider community.

This won't be a quick win for the public sector and will take time to embed and (re)build trust with local people and businesses to make sure it delivers for their needs. Nonetheless, government legislation is not a barrier, funding mechanisms are available and there are already examples of good practice to learn from that are achieving public value.

## KEY FINDINGS

- **Now is the right time to innovate as borrowing rates remain attractive, property is available and more affordable and ageing town centre models are being re-thought.**
- **Best Value need not be a showstopper. Models that balance commercial, social and economic drivers and outcomes are growing in use.**
- **Revenue and social impact are not mutually exclusive and virtuous cycles can be developed between these key drivers.**
- **Local authorities can build their confidence to innovate and take a more flexible and creative approach to their property portfolio through sharing experience, successful case studies and route maps. Future of London is well placed to facilitate this.**
- **A better understanding of long-term social and economic value is critical and should be built into asset strategies and policies. This ambition needs to be communicated to developers and operators through clear guidance.**
- **Co-design will boost the economic and social value generated by communities and help combat gentrification.**





IconicSteps

lp

BRIXTON

ABIGAIL WE RISE

Nick & Melissa say peace! C

Lacey body pieros

Cheryl  
Black beauty comes  
2020

Jumbo Projects  
BRACH NEW HEATH

Mel  
WOMEN LIKE ME  
2020

Ros Griffiths  
COMMUNITY BANGORSE  
BRIXTON IS FAMOUS...  
SOMETIMES INSANOUS!

Deam N...  
June 2020

Ade  
Creative Connections

G52020



Future of London helps build better cities through knowledge, networks and leadership – across disciplines, organisations and sectors. We are the capital’s independent network for regeneration, housing, infrastructure and economic development practitioners, with 5,000+ professionals using FoL as a hub for sector intelligence, connection and professional development, and a mandate to prepare the next wave of cross-sector city leaders.

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