



Abbey Road Economic Report

23 July 2013

Contents

1	INTRODUCTION	1
2	SITE CONTEXT	3
3	POLICY FRAMEWORK	5
	Strategic Policy	5
	Site-Specific Policy	7
	Conclusion	9
4	CAMDEN'S ECONOMIC CONTEXT	11
	The Pattern of Employment Uses in the Borough	11
	The Local Commercial Leasing Market	12
	Micro-Businesses in Camden	14
	The Needs of Micro-Businesses	15
5	DELIVERING ECONOMIC BENEFITS	17
	Construction and Other Employment Training	17
	Direct Employment	18
	Spending and Indirect Jobs	20
	Wider Community Benefits and Potential Links with the Hive	20
	The Vision for the Hive	21
	The Joint Offer	22
6	CONCLUSIONS	25
	APPENDIX A – MICRO-BUSINESS EXAMPLES	26
	Examples of Flexible Employment Floorspace	26

1 INTRODUCTION

- 1.1 Quod, in the role of specialist planning and socio-economic development consultant for the project team, has been asked to review the work undertaken to inform the economic/employment strategy which formed part of the July 2012 extant permission under reference 2012/0096/P for the redevelopment of land located at Abbey Road/Belsize Road and to advise on the revised outline submission for the site (July 2013)
- 1.2 Since the grant of outline planning permission in 2012, changes deemed necessary to the scheme have triggered the need for the Applicant, the Housing & Adult Social Care Department (HASC), to reapply for outline planning permission. As a result, a new outline planning application is being prepared.
- 1.3 The extant planning permission resulted in the loss of employment floorspace on-site. This was accepted by the London Borough of Camden (LBC) in principle and conditions were attached to the permission to ensure that replacement employment floorspace was provided in each Phase before other development was able to progress. The application was also considered to meet other priority planning objectives particularly in terms of providing additional high quality homes (including affordable homes) in the Borough.
- 1.4 For various design and contextual reasons, the emerging proposals reduce the amount of employment floorspace on-site further (by nearly 900sqm from the 2012 OPP)..
- 1.5 This report is intended to set out the current policy context relating to economic development and also to identify the opportunities for the proposed development in terms of the employment floorspace it offers.
- 1.6 At present, the employment floorspace on-site is not fully utilised and is arranged on an ad hoc basis. The uses have predominantly sui-generis characteristics comprising a mixture of meanwhile uses and car-related businesses based in the original car park building. The nature of the building and its location means that occupants are able to occupy significantly larger areas of floor space than would normally be the case and they occupy the premises on short-term leases or licences. The head



lessee's lease has ended and they have received notice of repossession. The site does not, therefore, fall within the standard definition of employment uses which are subject to specific planning policies and designations.

- 1.7 The proposals for the site have the potential to accommodate the types of employment floorspace that will genuinely benefit local people and, despite the reduction in floorspace, will offer a similar number of jobs to those expected to be supported by the 2012 OPP scheme and will deliver indirect benefits that the current uses on-site are unable to generate.

2 SITE CONTEXT

- 2.1 The Abbey Road Redevelopment Site is located at the intersection of Abbey Road and Belsize Road, in Kilburn ward of the London Borough of Camden. The Site includes the Emminster and Hinstock residential blocks to the north of Belsize Road, and the large multi-storey car park to the south.
- 2.2 Existing land uses on Site include various small scale convenience retail premises, a public house, pharmacy and newsagent, all within the ground floors of the Emminster and Hinstock buildings. The multi-story car park accommodates a cluster of car-based businesses including car servicing, repair and cleaning businesses, car hire and a chauffeur service. Other small businesses occupying space within the car park include an upholsterer, graphic designer, interior designer and a recording studio.
- 2.3 The commercial spaces within the residential towers provide a small scale retail offering, primarily serving the local community in the immediate area.
- 2.4 The cluster of car-related businesses has developed in an ad hoc manner, with car parking bays being converted into businesses spaces over the years as they have become available. These businesses are temporary, and clearly not part of a purpose built commercial property. As is highlighted in the following Policy Context, these businesses do not fall within a formally recognised employment area.
- 2.5 The quantum of the employment space which is currently located in the converted car parking and is in active use is difficult to estimate due to the nature of the occupation. However, analysis undertaken by GVA Grimley found that a large proportion of the space is likely to be inactive or used as storage space. As a result of this, on average, the employment density is expected to be very low at perhaps 1 job for every 100sqm¹.
- 2.6 The appearance of the car-park building and it's frontage to Belsize Road is relatively run down and uninviting. The shop fronts themselves are in a poor state of repair, and the various vehicle entrance / exit points have created a low quality pedestrian environment.
- 2.7 The public realm at the ground floor of the Emminster and Hinstock buildings is also not well

¹ GVA, 2012, Abbey Area Redevelopment Project Employment Impact Assessment



maintained, with the commercial premises poorly presented and unappealing.

3 POLICY FRAMEWORK

- 3.1 This section sets out the local employment/economic planning policy context at both the strategic and a site-specific level. It should be noted that the site is not subject to any specific economic-related planning policy designations as shown on Camden's Planning Policy Map.

Strategic Policy

- 3.2 The key strategic policy objectives for Camden are set out within the adopted Core Strategy (2010) and are supplemented by more detailed policies within the adopted Development Policies 2010-2025 (2010).
- 3.3 **Policy CS8: Promoting a Successful and Inclusive Camden Economy** seeks to secure a strong economy in Camden and to ensure that no one is excluded from its success. The policy provides a distinction between the role of additional office floorspace (in strategic growth areas such as King's Cross) and the role of floorspace with a more locally focused economic function.
- 3.4 The need for the former has been identified at the regional level to support London's economic function within the national and international economy. It is expected that this growth will predominantly be concentrated around King's Cross and Euston which form part of the core Central Activity Zone (CAZ) for London.
- 3.5 In the case of the latter (i.e. the local function of employment floorspace), there is an objective to safeguard existing employment sites and premises in the Borough that meet the needs of modern industry and other employers. The policy also states that where employment floorspace is proposed that development should deliver 'a mix of employment facilities and types, including the provision of facilities suitable for small and medium sized enterprises, such as managed, affordable workspace'. The policy also encourages development to support local enterprise development, employment and training schemes for Camden residents and recognises the importance of other employment generating uses such as retail, markets, leisure, education, tourism and health.
- 3.6 The supporting text to Policy CS8 states that there will be resistance to the loss of premises suitable for small businesses, particularly those under 100sqm. In addition to safeguarding these types of employment sites, the Council will also seek the provision of 'innovative new employment floorspace

in developments that will provide a range of facilities including: flexible occupancy terms, flexible layouts, studios, workshops, networking, socialising, and meeting space that will meet the needs of a range of business types and sizes'. There is, therefore, clear recognition of the importance of small businesses in the Borough.

- 3.7 The Council places significant emphasis on securing support for local employment training schemes and enterprise development in order to address the 'mis-match' in the skills required by the borough's employers and the skills of many members of the community.
- 3.8 Camden's adopted Development Policies document (2010) provides further detail on how Policy CS8 will be achieved. **Policy DP13: Employment Premises and Sites** states that the Council will retain land and buildings that are suitable for continued business use and will resist a change to non-business unless it can be demonstrated to the Council that a site or building is no longer suitable for its existing business and there is evidence that the possibility of retaining, re-using or redeveloping the site or building for similar alternative business use has been fully explored over an appropriate period of time.
- 3.9 Policy DP13 goes on to state that 'where a change of use has been justified to the Council's satisfaction, we will seek to maintain some business use on site, with a higher priority for retaining flexible space that is suitable for a variety of business uses'. Furthermore, the Council states it will encourage mixed-use schemes provided that:
- The level of employment floorspace is maintained or increased;
 - They include other priority uses such as housing and affordable housing;
 - Premises suitable for new, small or medium enterprises are provided;
 - Floorspace suitable for either light industrial, industry or warehousing uses is re-provided where the site has been used for these uses or for offices in premises that are suitable for other business uses;
 - The proposed non-employment uses will not prejudice continued industrial use in the surrounding area.

Site-Specific Policy

- 3.10 Plans for the regeneration of the Abbey Area began in 2010 after the site was considered as part of a wider review of a number of estates. Belsize Road Car Park Building forms part of the development area and it is specifically identified within the emerging **Site Allocations DPD** which was examined at EiP between March and May 2012 (further changes to the document have recently been consulted on). This document sets out the Council's proposals for land and buildings on significant sites which are likely to be subject to development proposals during the lifetime of the LDF.
- 3.11 The Belsize Road Car Park is identified within the Site Allocations DPD as Site 36. Any development on this site would be expected to:
- Maximise the potential of the site to provide new housing (including affordable housing);
 - Replace the existing unsightly car park structure with well-designed building(s);
 - Make better use of the prominent corner site and ensure that buildings engage better with adjoining streets and ensure an improved relationship with residential properties to the west on Belsize Road;
 - Facilitate and integrate with other proposals and wider improvements which may emerge as part of the Council's estate regeneration programme;
 - Incorporate alternative employment generating uses such as shops, workspace and/or new community uses; and
 - Provide new or extended open space.
- 3.12 The main policy considerations identified to relate to the site include a requirement to provide some replacement employment floorspace (Policy CS8) and new residential uses (Policy CS6) designed to safeguard the amenities of residents (Policy DP26) and improve the public realm and relationship of the site with the surrounding area (Policy DP24). The Council will also ensure the development preserves the setting of nearby built heritage assets (Policy CS14).
- 3.13 The Site Allocations DPD (2012) states that although 'the site accommodates some employment uses and policies would generally seek to retain these uses, the existing building was not purpose built for

the uses for which it is now put and these have been incremental and ad hoc in nature. Previous estimates indicate the employment uses occupy less than 50% of the building's floorspace' (p.133).

- 3.14 The document highlights that the 'LDF supports maximising the use of underutilised land and buildings for housing and there are wider estate regeneration proposals which have been consulted on and form part of a wider outline planning application... Given that housing is the priority land use a reduction in the amount of employment floorspace on the site is likely to be acceptable, if it is replaced by self-contained housing, which also supports other planning objectives, such as investment in improved social housing. Similarly, policies which seek to restrain parking provision would support the removal of a surplus car park' (p.133).
- 3.15 It is suggested that 'some employment use could be retained on site as part of any redevelopment, but not necessarily in the same form and different business uses could potentially provide more jobs. A mixture of community use, B1/studio floorspace and/or small scale retail (particularly at ground floor level to address and enliven the frontage around the road junction), along with housing would represent an appropriate mix on the site' (p.134).
- 3.16 The **Business Premises Study (Final Report, 2011)** identified three categories of 'industrial site'. Sites in Category 1 demonstrated the more desirable characteristics for an industrial area. In particular, easy access with good delivery arrangements and the ability to operate 24/7 as a result of no sensitive neighbouring uses. At the other end of the scale are sites which fall into Category 3. These tend to be typically heavily compromised in terms of their appropriateness for industrial uses. They are characterised by poor access, incompatible neighbouring uses and too high site coverage. Any repairs, alterations or replacements of buildings on Category 3 sites are unlikely to be viable in the first instance, nor resolve the fundamental problems relating to their location.
- 3.17 In 2008, the London Borough of Camden published its **Employment Land Review – Final Report**. This document looked at two broad land uses – industry and warehousing and offices.
- 3.18 The document recognised that office provision in the Borough can be split into three typologies:
- Central London – contributes to London's global role;

- Camden Town – focused around Camden Town hub and attractive to businesses being displaced from the higher value area to the south; and
- Rest of the Borough – town centre locations which tend to cater for office occupiers which are typically small and local such as solicitors, surveyors and accountants.

3.19 In terms of industrial floorspace in Camden, the document states that opportunities for new industrial development in Camden are limited. However, there is a suggestion that more could be done to encourage developers to include light industrial/studio level rent floorspace in new schemes to meet rising demand for this type of floorspace.

Conclusion

- 3.20 Planning policy is generally resistant to the loss of employment floorspace across Camden except where specific criteria are met which can justify and/or mitigate the loss. These criteria include (inter alia): the provision of other priority uses such as housing and affordable housing; and premises suitable for new, small or medium enterprises are provided.
- 3.21 The evidence base which sits behind the LDF recognises that employment floorspace in Camden fulfils a range of roles depending on location (offices) and quality (industrial). In the case of office floorspace, 'Central London' located floorspace serves an important function in contributing to London's global role. The employment floorspace in 'Camden Town' is growing in demand from businesses that have been displaced from higher value areas. Finally, there are the town centre employment locations across the Borough that cater for small and local occupiers.
- 3.22 In considering the acceptability of the proposals for the site, it is important to identify the role of the existing employment floorspace in the context of the planning policy framework and evidence base (as set out above).
- 3.23 As has been stated earlier in this report, the existing uses on-site do not fall into a single planning use class category. In the main, the uses are sui-generis with some car-parking. There is no clear fit with either the office uses or industrial uses identified in planning policy. Putting that issue aside, if the site is considered against the more detailed policy approach of DP13, it is clear that policy allows for the loss of some employment space if proposals satisfy the criteria to justify the loss of employment

floorspace. In particular, the proposals would need to provide other priority uses such as housing and affordable housing and premises suitable for new small or medium enterprises. Any proposals would also not prejudice continued industrial use in the surrounding area.

- 3.24 Overall, it is considered that the proposals represent a significant opportunity to not only deliver other key aspects of the Council's spatial vision but also to replace existing floorspace (which is currently underutilised and does not by its nature meet an identified need within the Borough) with floorspace that meets specific local market needs. This will contribute to Camden's continuing appeal to SMEs as well as ensure the delivery of a scheme with sustainable non-residential uses on-site. There is a clear opportunity to align the economic contribution of the site to the social benefits arising from estate renewal.

4 CAMDEN'S ECONOMIC CONTEXT

The Pattern of Employment Uses in the Borough

4.1 LB Camden has the third highest concentration of business and employment in London, after Westminster and the City². However, these jobs are not evenly distributed throughout the borough; significant parts of Camden are predominantly residential with small pockets of employment performing local roles. Thus, employment in Camden broadly falls into one of three tiers:

- Businesses in the Central Activity Zone (CAZ) support London in its “world city” role in the global economy. This type of employment is clustered in the south of the borough in major hubs around Holborn/Covent Garden, Bloomsbury, Euston and Kings Cross which have a combined 200,000 employee jobs;
- Town Centre employment, which is the main policy focus beyond the CAZ, takes the form of a wide range of uses (business, retail, leisure and community) with both local and wider significance. This employment space supports the CAZ and “allows all parts of London to make a contribution to the city’s economic success³.” Camden’s district and metropolitan centres are in Camden Town, Hampstead, Kentish Town, Swiss Cottage/Finchley Rd and West Hampstead; and
- Local employment is scattered throughout the Borough in predominantly residential areas providing small scale retail and local services and office space for SMEs and professional sole traders such as accountants.

4.2 LB Camden’s policy provides a distinction between the role of additional office floorspace in strategic growth areas in the CAZ, and the role of floorspace with a more locally focused economic function. Abbey Road does not fall into, or have strong links with, these established business space markets in the CAZ or Town Centres. Employment uses here have been mostly ad hoc, making use of low cost space in the car park, or to provide for local resident’s retail or community needs.

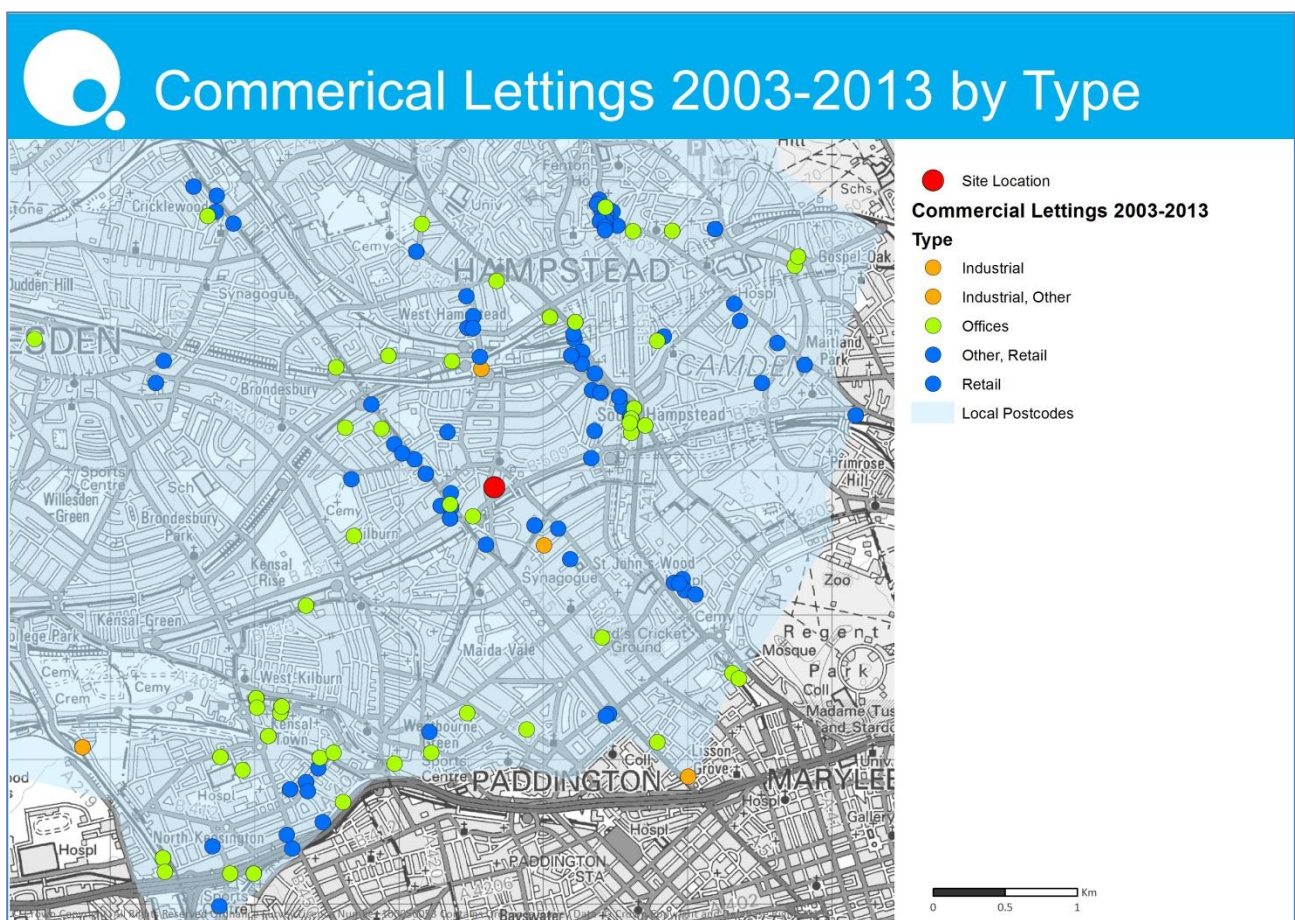
² CBRE, 2012, Camden Employment Sectors

³ Mayor of London/GLA, 2011, London Plan

The Local Commercial Leasing Market

4.3 The area around Abbey Road/Belsize Road is not an office location. According to EGi letting statistics, there have only been two office lets in the immediate area over the past decade. As shown on Figure 1, local lettings have been predominantly retail units (which have been small A1 high street units along Kilburn High Road).

Figure 1



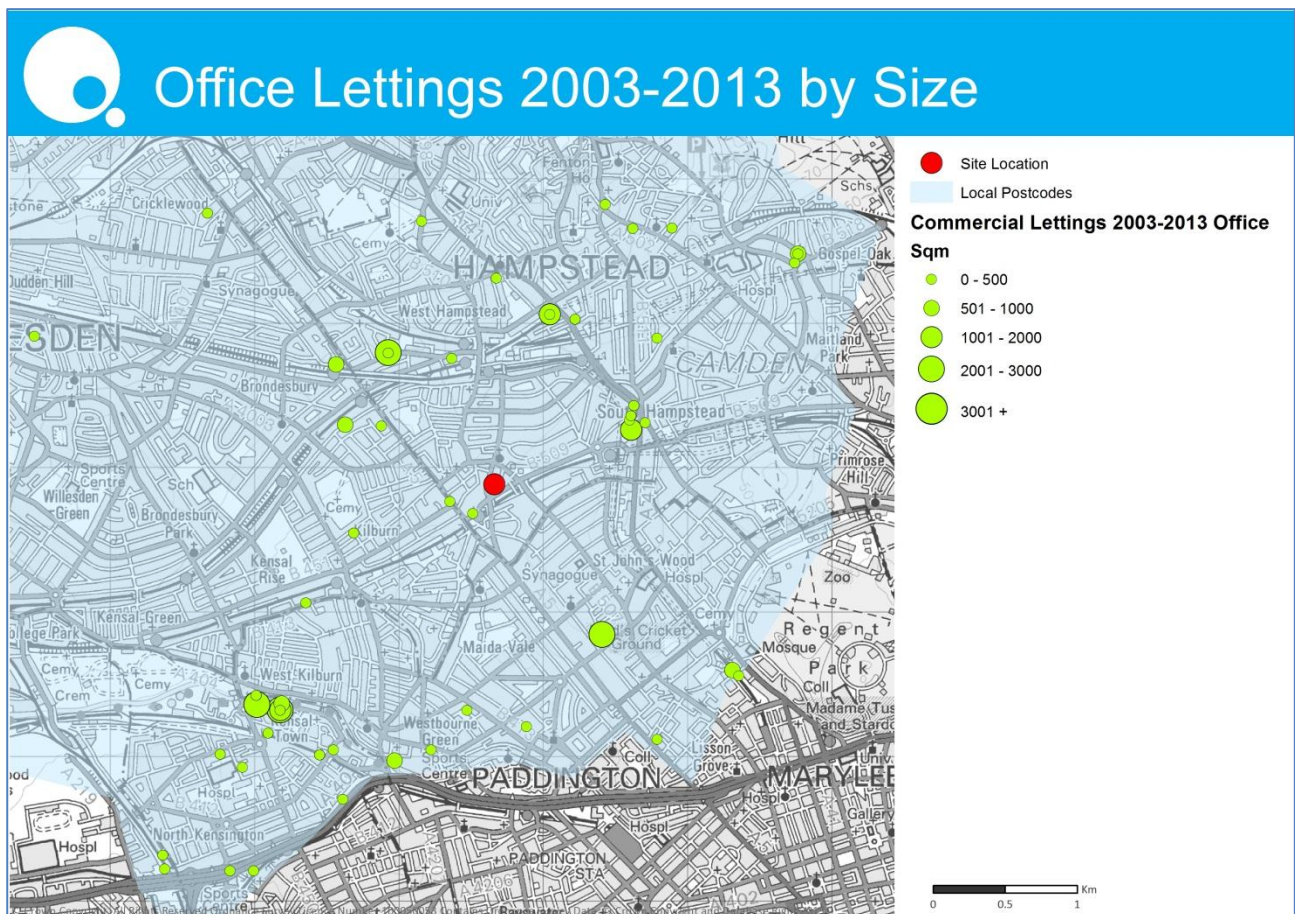
4.4 Research by Hamptons International⁴ indicates that office demand in NW6 is limited, with Baker Street and Camden Town providing much more attractive alternatives for firms seeking space in north/north west London. As indicated by the size of recent local lettings, office space here tends to be used by small independent professional practitioners such as accountants.

⁴ Hamptons International, 2012, Phase 1 Abbey Area Market Report – Version 1

4.5 The two office units that have been let nearby on Colas Mews and at Decca House are very small (48sqm and 214sqm respectively). As Figure 2 shows, there have been no office lettings of a significant size in the local area; of the circa 100 lettings in the past 10 years, around 80 have been under 500sqm. Larger lettings have been clustered around West Kilburn and South Hampstead/Swiss Cottage.

4.6 As a result of poor demand, rents are low and the area therefore has very limited potential to build a viable conventional B1 proposition here.

Figure 2



4.7 The area has shown limited potential to form a business hub or to connect with commercial areas to the south and east. LB Camden has areas with significant existing and potential commercial success, including a thriving part of the CAZ to the south of the Borough and the hub around King's Cross. Employment land should indeed be a priority in these and other parts of the Borough, but the Abbey

Road/Belsize Road area needs to drive its own demand by providing a unique or specialist offer that is rooted in the local area and functions well as part of a largely residential area. This area should be seen as somewhere to realise the potential for 'innovative new employment floorspace' and support local enterprises, as set out in policy, rather than low value conventional B1 uses. Flexible workspace for micro businesses and start-ups could provide such a use. The key characteristics of micro-businesses are detailed below.

Micro-Businesses in Camden

- 4.8 Camden's economy performs very well in the knowledge-based sectors and cultural and creative industries (CCIs), with the 5th highest proportion of knowledge-based employment in the country⁵. These sectors are particularly prevalent amongst Small/Medium Sized Enterprises (SMEs) in Camden: around 50% of SMEs in the Borough are in knowledge driven services and 81% of Camden's CCIs employ fewer than 5 people.
- 4.9 Amongst the knowledge-based and creative industries in London, in particular technology-based industries and tech social enterprises, modern telecommunications mean that there are now relatively low capital costs. The sectors offer a much higher level of access for start-ups and enormous potential for rapid growth without large-scale investment. There are an estimated 6,000 people employed in the Borough in computer gaming, software and electronic publishing. An estimated 1 in 5 social enterprises in London are start-ups under 2 years old.⁶
- 4.10 Micro-businesses typically have a catalytic effect on economic activity, as start-up businesses grow and increase in scale and economic output. The 'spin-off' effects of successful start-up businesses can include an increase in employment and an increase in local spending on goods and services. Clustering of micro-businesses can magnify these effects. Social enterprises create jobs and encourage investment whilst maximising the benefit – either in the form of investment of profits or by providing services – that is put back into the community. Around a third of social enterprises are in the most deprived communities in the country, where their work can have the greatest impact⁷.

⁵ CBRE, 2012, Camden Employment Sectors

⁶ Social Enterprise UK , 2011, Fight Back Britain: A report on the State of Social Enterprise Survey 2011

⁷ Social Enterprise UK , 2011, Fight Back Britain: A report on the State of Social Enterprise Survey 2011

The Needs of Micro-Businesses

- 4.11 New firms have the potential to grow rapidly and be a significant source of new employment; but they are also extremely vulnerable. Their value and contribution to the economy can be enhanced by providing opportunities that help to improve their survival rates. Business incubation provides SMEs relatively cheap and low risk space for young firms to start out and experiment. Clusters of start-ups in one place can share knowledge and experience to their mutual advantage.
- 4.12 Evidence suggests that incubation adds value to a firm, with incubated businesses significantly less likely to fail in their first years than the average: 87% of incubated firms are still in operation – a much higher success rate than for new businesses generally, where around a third of new UK small businesses fail within the first three years.
- 4.13 Incubation space can be particularly helpful for social enterprises and community enterprises which may, in turn, have positive benefits for the local community.
- 4.14 Micro-businesses and SMEs represent a significant component of the commercial property market. They have vastly different requirements when compared to traditional office, industry and other employment land uses, and can contribute to an area's economic vitality on a significant scale. For these reasons, small and micro-businesses require consideration early in the planning process.
- 4.15 They have unique requirements often seeking small and cheap work spaces, and are capable of utilising flexible spaces including co-working, workshop or hot-desk office units. There are many business types that fall within the micro definition, and therefore a diverse property offering is required to meet their needs, for example art and fashion based businesses will require flexible workshop space, whereas software/tech based firms will require more desk-oriented, potentially co-working or collaborative spaces. The Core Strategy states that the development of “managed workspace” should be encouraged to support small and growing businesses and social enterprises (para. 8.21).
- 4.16 The format of incubation space can vary. Space can simply be small offices or rented desks on flexible leases with on-site services such as telecoms set up or can, as increasingly the case, take the form of more experimental, shared spaces where start-ups pay a monthly membership to use workspace, meeting rooms and attend member events. See Box 3.1 and 3.2 for examples of

successful incubation/follow-on models.

- 4.17 An important part of business incubation is appropriate follow-on space. As start-ups move from sole traders or partnerships to become employers they need to move out of shared spaces and into their own offices but they may still be too vulnerable for long term commercial leases. Follow-on space that is in the same neighbourhood as incubation space can help to retain local benefits and maximise knowledge/experience sharing. This could follow a “hub and spoke” type format with some shared facilities and events at the central hub but more formal office space in local satellite locations.

Box 3.1: Hubs

Hub spaces are an international network of business spaces.

They are funded by membership fees paid by start-up enterprises and social entrepreneurs who cannot take on the risk of a long term lease or who want to benefit from the collaboration opportunities offered by sharing business space.

Hubs offer members hot-desking space, meeting rooms, events space and the opportunity to take part in seminars and networking events. They help members to forge links with like-minded entrepreneurs, peers and investors.

There are three existing Hubs in London, at Kings Cross, Islington and Westminster.

Box 3.2 TechHub

TechHubs are located in Shoreditch and Old Street with a new location opening in Hackney in 2013. They offer office services such as printing, high speed internet and meeting rooms to all members – including these services in other TechHubs world-wide.

Flexible memberships are offered on a similar basis to the Hub (see box above) but their Resident or Team membership options are more like follow-on space.

Membership offers fixed desks or self-contained offices with 24/7 access for up to six people. These spaces support growing start-ups as they move from being sole traders to becoming a full team.

Resident start-ups have the stability of having their own dedicated space whilst maintaining the knowledge sharing benefits and low financial risk of the entry level space.

5 DELIVERING ECONOMIC BENEFITS

5.1 The London Borough of Camden supports the inclusion of employment uses as part of the redevelopment proposals for Abbey Road as the Council recognises the local economic and employment benefits that could arise. These benefits can be maximised through a variety of interventions including:

- Support for residents to access the labour market; and
- Support for start-ups and micro-businesses in the area.

5.2 The emerging scheme proposes the following floorspace breakdown:

- Supermarket - 522.5sqm
- Retail (A1-A5) – 645sqm;
- Commercial B1 – 120sqm
- Flexible floorspace including B1 and A1-A5 – 398.9sqm
- Community (D1) – 2,300sqm.

5.3 This section of the report sets out the economic benefits that might be expected to arise from the proposed development. These benefits include: opportunities for construction and other employment training, spending and indirect jobs, and provision of SME workspace.

Construction and Other Employment Training

5.4 The construction phase of the proposed development will provide employment and training opportunities for local residents.

5.5 The proposed scheme is of a scale that can support a training/educational element through on-site apprenticeships, school leaver training programs or other initiatives focussed on local residents. Indeed, these aspects will be expected by the Council and are likely to form part of the S106 agreement associated with the scheme.

- 5.6 Camden Council's flagship training programme is the King's Cross Construction Skills Centre (KXCSC). This initiative has been operational since 2004. The centre offers training, apprenticeships, employment advice and opportunities to people looking to start a career within construction or those who are interested in furthering their career in the industry.
- 5.7 There is an expectation for developers/Applicants to commit to working with KXCSC throughout the construction of the development. This will typically involve the following:
- Offering a number of apprenticeship placements for the duration of the construction phase. A support fee of £1,500 per apprentice is also payable to cover the recruitment process, training provider brokerage and post-employment mentoring and support;
 - Providing information about all vacancies arising as a result of the construction phase;
 - Supplying the KXCSC with a full labour programme for the lifetime of the Development; and
 - Providing the Council with a detailed monthly labour report to monitor the employment and self-employment profile of all workers referred by the KXCSC.
- 5.8 If apprenticeships are not able to be offered then a financial contribution is expected to be paid in order to allow for the creation of training opportunities elsewhere.

Direct Employment

- 5.9 The proposed development will generate employment as a result of the retail and flexible office floorspace. Approximately 115 FTE jobs are expected to be accommodated by the retail and community space. In addition to this, the flexible space proposed is expected to support up to 170 entrepreneurs over the course of a year to eighteen months. This represents a net increase in the economic role of the site based on a current estimated employment figure of 160 jobs.
- 5.10 The flexible space on-site (including 125sqm for the Abbey Road Housing Co-Op Office) could take a variety of forms although this will largely be dictated by the scope of operations that will take place from The Hive (see below for more detail).
- 5.11 The Operational Method Statement which formed part of the S106 Agreement for the incubator space at 103 Camley Street (see Appendix A) provides an indication of how the space here may

operate. It states that, *'the Incubator will be capable of accommodating in excess of 300 new enterprises. It is expected that this number will be replicated every 12-18 months. Over a 10 year period the Incubator has the potential to promote, sustain and mentor over 3,000 new business ventures and make the facility a unique enterprise driver within the Camden and London economies'*. By applying those figures to the floorspace within the proposed development, there is potential for approximately 110 enterprises to be supported at the Site every 12-18months.

- 5.12 Assuming that part of the criteria for being eligible for space within the flexible space on-site is that an enterprise cannot be formed of more than 5 people, by taking an average of 2 people per enterprise would mean the proposed development could support around 170 people over a 12-18month period to progress and grow their businesses.
- 5.13 The new jobs will provide new opportunities for residents of Camden to work locally. The mix of employment space to be provided, which includes both retail and flexible office space, is well suited to offering a range of job opportunities including those for unskilled or low-skilled people. These entry-level jobs can also provide valuable opportunities for young people as they transition from school into the work force.
- 5.14 The retail sector is recognised as being hugely effective in providing a wide range of people a route into the labour market. This includes groups that otherwise can find themselves disadvantaged in the labour market such as the young, women (especially those with young children), and ethnic minorities⁸. As such the retail sector can play a very important role in addressing some of London's most pressing problems of worklessness and the regeneration of deprived areas.
- 5.15 Evidence shows that retail growth creates a high percentage of entry-level jobs. As such, the retail floorspace proposed on the site would provide opportunities to local unemployed people amongst whom the most sought after occupation is in the retail sector and where the proportion of people with no qualifications is relatively high.
- 5.16 The retail sector also offers excellent opportunities for on-the-job training, career progression and flexible working.

⁸ GLA Economics (2006) Retail in London: Working Paper E – Retail and the Labour Market

Spending and Indirect Jobs

- 5.17 Once completed, the proposed development will provide up to 296 homes – or up to 222 net additional households.
- 5.18 Based on an average weekly spend of £240 per household⁹, the development can be expected to generate approximately £2.7m of spending per annum. Most of this spending would occur in the local area, on goods and services provided by local businesses.
- 5.19 The commercial element of the proposed development can also be expected to generate local spending, as the employees will utilise local shops and services.
- 5.20 The ‘multiplier effects’ generated as a result of spending by both residents and employees in the local area could mean a 50 new indirect jobs resulting from the operational phase of the proposed development.

Wider Community Benefits and Potential Links with the Hive

- 5.21 The previous section of this report demonstrates that the area within which the site is located does not sit within any one of the three main categories of employment floorspace found across the Borough. As such it will be necessary for any employment space provided as part of the redevelopment at Abbey Road to create a unique selling point (USP) for itself in order to generate demand and ensure the floorspace is sustainable in the long-term.
- 5.22 The importance and strength of micro-businesses has been explored earlier in this report. Appendix A of this report gives examples of functioning micro-business space elsewhere in the Borough and identifies the successes and benefits arising from those schemes. This provides an indication of the kind of floorspace that might be provided at Abbey Road to generate the maximum benefit particularly for local residents. A key point to note in considering these examples is that they are all located within established employment locations within Camden, albeit they provide an alternative employment floorspace offer. Therefore, the approach used to deliver employment floorspace in these examples may not be directly transferable to Abbey Road which may require greater levels of intervention to create a sustainable solution.

⁹ Office for National Statistics (2012) Family Spending

- 5.23 Although locating this space outside of an established employment location has its challenges, it also creates an opportunity to reach a new type of potential tenant, more locally rooted and with stronger ties to the community. Although new and innovative ways of providing flexible business space are lowering the barriers to entry for start-ups, their central London locations mean that they currently tend to attract tech-savvy young entrepreneurs and may still seem out of reach to some more community based entrepreneurs.
- 5.24 The Council and stakeholders are keen to see a joined up approach to initiatives to tackle deprivation in the Abbey area and the Alexandra and Ainsworth Way Estates. There is the potential for the scheme to tap into opportunities being generated by other projects which support start-up social enterprises and creative industries across Camden. These create an alternative offer to the traditional employment floorspace found in strategic locations within the Borough. The key local partner could be The Hive.

The Vision for the Hive

- 5.25 The Hive is a vacant building on Abbey Road, at the entrance to Alexandra Road Park. The Council and its preferred bidder consider that it has the potential to house a community-centric small business incubator and enterprise hub providing flexible and innovative shared space for social enterprises and business start-ups with local roots.
- 5.26 It is envisaged that the flexible business space would be run as a partnership of local charities/social enterprises. The council's preferred bidder who is currently in the feasibility and business plan stages of the proposals and as such, exact details about the proposals are currently not known. The outcome of this process should be decided in Autumn 2013. However, potential ideas that could come forward here are:
- Versatile space to allow for a combination of office-type working and meetings/events
 - A time-based membership scheme along the lines of the Hub (see Box 3.1) to provide affordable, flexible space to meet the needs of start-ups.
 - Links with the park and football pitches to increase the quality of and accessibility to these spaces for local residents.

- The Hive to form a “base” and contact point for community initiatives.

- 5.27 It is envisaged that locally based social enterprises could be key potential clients of the business space at the Hive. Social enterprises employ a relatively high proportion of women and people from BME backgrounds at director level, bucking trends in other sectors. 66% of surveyed social enterprises actively recruit from the local area “to a large extent” and a quarter actively recruits people who are disadvantaged in the labour market¹⁰. Young people, NEETs and their families could also be a key focus.
- 5.28 It is hoped that the co-location of social-enterprises, business start-ups and community services (perhaps along the lines of the Bromley-by-Bow Centre) would have both knowledge sharing and cost benefits.
- 5.29 The Hive would act as an “outward facing” link between the vibrant but deprived communities at the local estates and the wider Camden community.

The Joint Offer

- 5.30 At this stage, it is considered that there is potential for Abbey Road to provide similar or complementary facilities to those offered at The Abbey Hive if the demand is judged to be sufficient to support this. Alternatively, the proposed development could provide ‘move-on’ space for businesses that have managed to establish themselves with the Hive’s support and are in need of longer-term accommodation arrangements whilst still maintaining low overheads. The potential space at the Hive would be quite limited and therefore their offer could have greater reach via links with other local space.
- 5.31 Consultation with the LB Camden’s economic development team in April 2013 showed that the Economic Development team are most concerned with the *type* of business floorspace, and the wider issues concerning the number and types of jobs and socio-economic impact of business space development. Creating links with the Hive could have significant local benefits providing mitigation for any net loss of employment space. As stated in the previous section, the actual number of people

¹⁰ Social Enterprise UK , 2011, Fight Back Britain: A report on the State of Social Enterprise Survey 2011

employed on the site could be expected to increase despite a net loss of space. This engagement with Council's Economic Development Team has informed the proposals to date and continued engagement would be made as the project progresses if necessary.

- 5.32 Early engagement is currently being undertaken with the preferred bidder for The Hive to ensure that any opportunities for joint working are explored.
- 5.33 There is an understanding that part of the commercial floorspace on-site (125sqm) will be occupied by the relocation of the Abbey Road Housing Co-Op Office. The Co-op is a resident controlled organisation that provides a range of management and maintained services for local estates as well as providing a forum for organising community events and sharing knowledge on key issues (rent, health, local services).
- 5.34 The examples detailed in Appendix A highlight some of the key characteristics that flexible business floorspace at Abbey Road would need to provide in order to be seen as an attractive option to occupiers.
- 5.35 These characteristics include:
- Low rates;
 - Genuinely flexible space including hot-desking facilities;
 - Access to facilities and services such as high-speed internet and meeting rooms; and
 - Business support (potentially from member businesses if they can be secured).
- 5.36 The opportunities for potential links to the Hive could also be an attractive feature.
- 5.37 If the redevelopment of The Hive is not viable, this will demonstrate a clear challenge in providing low-cost incubator space that is sustainable in this location. A decision may then need to be made about whether greater subsidies are to be committed to the proposed development, in which case there will be less funding for other priorities.



6 CONCLUSIONS

- 6.1 The proposal for Abbey Road represents an opportunity to contribute to one of the Council's key priorities – namely the delivery of additional and better quality homes. The site is not in a designated employment location and it will potentially be challenging to make employment uses work here without significant intervention to ensure the long-term sustainability of these uses.
- 6.2 The proposed development can be expected to create a range of economic benefits not only through the jobs it accommodates but also in terms of the training opportunities it will be expected to deliver and the spending associated with the residents and employees on-site.
- 6.3 Although there will be a reduction in the overall quantum of employment floorspace on-site, due to the nature of the uses and the employment densities associated with them, the proposed development is expected to result in an increase in the number of jobs on-site, particularly when the potential number of entrepreneurs expected to utilise the flexible space on-site is captured.
- 6.4 In addition, the types of jobs available are expected to generate opportunities for a wider spectrum of the Camden population than the current uses located on-site. The retail floorspace in particular will accommodate entry-level employment which represents a significant opportunity for those currently experiencing barriers to the local labour market.
- 6.5 The flexible office floorspace, whilst creating employment opportunities directly will also help to support entrepreneurs and social enterprises who may, in the future, grow to become significant local employers and/or service providers.
- 6.6 Potential links with the Hive could be mutually beneficial, creating cost and knowledge sharing benefits for management and tenants. This would give the office space a USP and local roots.

APPENDIX A – MICRO-BUSINESS EXAMPLES

Examples of Flexible Employment Floorspace

Camden Lock Village (Hawley Wharf)

The proposals for Hawley Wharf involve the redevelopment of the current site which was severely damaged by fire some years ago, to create a mixed-use development comprising 8 new buildings to provide employment, housing, retail, market and an educational facility.

The proposals are expected to support a wide range of business space that will meet the needs of the creative sector. The floorspace on-site will include small flexible B1a/B1c units provided on terms that will support small/medium sized enterprise (SME) growth through to very basic accommodation for businesses seeking to minimise their overhead costs.

The proposals also offer the potential to link with local business development activities such as the 'pop up' business space being run through Camden Town Unlimited.

The S106 agreement for the scheme commits the developer to:

- An employment and training contribution of £55,000;
- Producing an Employment Space Marketing Strategy;
- Providing 'Incubator Space' which comprises:
 - Hot-desking for no less than 50 people;
 - At least 10 small separate offices;
 - A kitchenette and toilet facilities;
 - Printing, photocopying and scanning facilities;
 - Lockable storage for users of hot-desk facilities;
 - Mail service, phone and electric sockets, WiFi and broadband;

- Disabled access;
 - 24-hour access and security (including CCTV); and
 - Access to shower facilities.
- Using reasonable endeavours to work in partnership with Kings Cross Construction Centre;
- Employing 22 construction apprentices and using reasonable endeavours to employ a further 18 additional apprentices. Also there is a requirement to use reasonable endeavours to employ one apprentice during the post-construction phase;
- Producing a Local End-User Employment Strategy;

103 Camley Street

This development involved the demolition of existing industrial buildings to create a mixed use development comprising 307 student accommodation units, 35 residential units, 1,653sqm of incubator business units, 2 retail units of 406sqm and improvements to the public realm.

This scheme is a joint venture between University College London and Urbanest. UCL and Camden Town Unlimited will manage the business incubator space on a perpetual lease from Urbanest which will entail 'peppercorn rent' for the first ten years.

Within the S106 agreement relating to the scheme there is a requirement for the Applicant to work with the King's Cross Construction Centre in order to maximise the opportunities for local people during the construction phase of the development.

The space provided for the 'Incubator' is required to be no less than 1,431sqm (GIA). There is also a requirement for an 'Incubator Plan' to be submitted to the Council prior to implementation of the permission. The S106 agreement sets out the type of occupiers the incubator space should be marketed to. They should not, for example: be a subsidiary of a larger business; consist of any more than 5 employees; or have operated as a business for any longer than two years prior to occupying the Incubator. A fee of £75 per week is set as the maximum charge for occupiers of the Incubator. All of these aspects are required to be set out within the 'Incubator Plan'.

The management strategy for the incubator space at 103 Camley Street is expected to follow a similar method to that applied by the Camden Collective in a number of their schemes across the Borough. The Operational Method Statement (2011) submitted as part of the S106 Agreement states that the Incubator will be capable of accommodating in excess of 300 new enterprises. It is expected that this will be replicated every 12-18 months.

The Camden Collective

The Camden Collective is a venture which has been developed by Camden Town Unlimited (CTU). CTU works with Camden Council, TfL, GLA, Central Government and key private sector stakeholders to improve the viability, visibility and commercial performance of Camden Town as a business location. CTU are also responsible for managing the Camden Town Business Improvement District (BID)).

The space at 15A & 37 Camden High Street is open 24 hours a day and was developed by a partnership that included Camden Town Unlimited, DMA, Conran Design Group and Camden Council. The space is a converted warehouse unit on Camden High Street and comprises approximately 280sqm of floorspace.

The physical specifications of the space are largely defined by a 'wireless, wall-less' office concept. There are no separate units but a space which can be configured in several ways through entirely moveable fixtures and fittings and hot-desking facilities.

On-site business support is also offered and member businesses (e.g. MTV, Emap and Getty Images) provide business development opportunities and mentorships for the Collective's tenants.

There is a pay-per-day system with a flexible payment schedule after paying an initial deposit of £150. The rates include access to the space and to the shared facilities on-site (wireless broadband, kitchen, meeting room and limited storage space provided on a first-come-first-served basis).

The Collective typically operates at a full capacity. It is expected that the scheme will be expanded into other properties in the Camden Town area.

The purpose of the space is to provide low cost commercial space to businesses particularly 'start-ups'.

The Hub King's Cross

This facility is located in a Grade II listed building (warehouse conversion) on York Way. It was opened in 2008 and is part of a network of hubs which offer co-working for social entrepreneurs and businesses.

The premises comprise a first floor open office with mobile furniture and walls to maximise the flexible use of the floor area. The ground floor accommodates a café, meeting rooms and a common exhibition space. Shared facilities available to members include printers scanners, phone & fax, a café, high speed internet, physical and virtual storage space, meeting room equipment and administrative support.

The Hub operates a pay-per-hour rent schedule. Members can purchase access packages ranging from 30 hours (at £72) to unlimited hours (at £319). This approach to payment results in an efficient use of the space and allows the Hub to be financially sustainable.