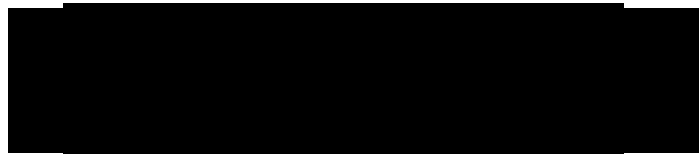


LONDON BOROUGH OF CAMDEN	WARDS: All wards
REPORT TITLE: Update on Knowledge Quarter and Affordable Workspace Delivery	
REPORT OF: Director of Economy, Regeneration and Investment	
FOR SUBMISSION TO Planning Committee	DATE 22 July 2025
SUMMARY OF REPORT This report provides an update on the Knowledge Quarter and Affordable Workspace delivery through planning permission and s106 obligations and changes to policy and new sectoral needs. Local Government Act 1972 – Access to Information No documents that require listing were used in the preparation of this report. Contact Officer: Patrick Jones, Business Growth Manager, 5 Pancras Square, London, N1C 4AG Tel: 020 7974 4807 patrick.jones@camden.gov.uk	
RECOMMENDATIONS Planning Committee is asked to note this report.	

Signed:



Director of Economy, Regeneration and Investment
Date: 11 July 2025

1. Introduction

1.1 Providing discounted employment space makes Camden affordable, especially in sectors and locations where high prices or rapidly increasing market value becomes a barrier e.g. creative workspace or labs for life sciences. We want to maintain a diverse economy that caters for all business sizes and types, which in turn helps to retain businesses 'born' in the borough, supports entrepreneurship and a wider range of employment opportunities. We do this through planning policy and negotiations on planning applications, through investment in our own assets and by influencing and supporting regeneration projects. The focus of this paper is on space delivered through development, shaped by planning policy and negotiations on planning applications.

1.2 In 2023 Camden published an Affordable Workspace Strategy which set out our ambition to increase the supply of affordable workspace in Camden within the context of the current social and economic landscape and the changes we want to see; and also set out both how we will deliver this mission and how success will be measured. The Affordable Workspace Strategy defined affordable workspace as:

“...commercial space for small businesses and entrepreneurs that creates access to locations and markets that otherwise would be inaccessible. Affordable Workspace is typically provided at rent maintained below the market rate for that space for a specific social, cultural and or employment development purpose. This space can be flexible, shared or dedicated lettable space and configured to the needs of a wide range of sectors.”

1.3 Planning policy sets out that, any development proposal with more than 1,000m² uplift in net commercial floorspace should provide Affordable Workspace and that this should be secured by S106 obligation if planning permission is granted. This applies across the whole borough. The council negotiates Affordable Workspace on a case-by-case basis, but the Employment Sites & Business Premises CPG (January 2021) gives some examples of what has been secured in the borough as a guide:

- 20% of the workspace to be provided at 50% of comparable market values.
- an element of the floorspace to be offered to an affordable workspace provider (to be approved by the Council) at a peppercorn rent (i.e. a very small or token rent).
- 20% of the desks in the open workspace (hot-desking) area to be offered at 50% of market value.
- an average of market rents paid by tenants in the area occupying an equivalent type and quality of space. This should relate to average market rates in the relevant sector in particular to light industrial and maker space.

1.4 This paper summarises the affordable workspaces secured through s106 agreements, the status of these sites and any outcomes reported so far. The paper also updates on changes to Affordable Workspace policy in the

emerging Local Plan and the introduction of a Payment in Lieu model (PIL) – noting that these policies currently carry limited weight in decision making. The PIL mechanism is relevant to the Life Sciences workspace discussion and potentially in unlocking more potential from our existing affordable workspace obligations.

- 1.5 Finally, this paper also updates on the Knowledge Quarter and how sectors such as life sciences have specific real estate requirements and how that in turn shapes the affordable workspace and economic impact we see through s106 obligations. Camden is seeing a marked increase in lab-enabled Life Sciences schemes where the application of a discounted rent is both a significant challenge to viability and doesn't necessarily address the primary needs of small businesses seeking space in the sector. Camden recently commissioned a study into the delivery of affordable workspace in Life Science and lab focussed developments. The findings of the study and likely next steps are set out in section 4.

2. Summary overview of space secured and status

- 2.1 Since 2011, Camden has negotiated and secured affordable workspace through s106 obligations in line with planning policy which, if built, would total over 17,400m² of commercial floorspace. These obligations have been secured across the borough and in a variety of schemes and settings that support co-working, artists' studios and more recently lab space and cultural production.
- 2.2 Of the total pipeline, 3,300m² has been completed and occupied so far (see appendix 1):
- 103 Camley Street, Base KX operated by UCLs incubator programme 'the Hatchery'.
 - 102 Camley Street, small business offices occupied by Barista training provider Well Grounded.
 - 1 Triton Square, operated by Impact Hub with 30 x 6-month free co-working memberships provided to local residents a year. The Knowledge Quarter Partnership (KQP) have also co-located in the space.
 - The House of Koko, operated by the Koko Foundation and providing 25 free co-working memberships.
- 2.3 That only four sites are operational reflects the fact that many of the schemes receiving approval in the last decade (all four of these schemes received their approvals before 2017) are large and complex construction projects.
- 2.4 A further 11 consented schemes (consent received between 2017 and 2024), with s106 agreements signed and provision for a further 7,400m² of affordable workspace, are close to completion and with progress being made on how workspace will be operated and the local benefits realised. Particular cases to highlight include:
- Camden Goods Yard

- St Pancras Commercial Centre
- Camden Town Hall
- LifeArc at 105 Judd Street
- London Film School at Page House, Parker Street
- Acorn House, offsite delivery linked to MSDs Belgrove House scheme

2.5 The remaining 11 consented schemes, totalling around 6,800m² of potential affordable workspace include high profile developments such as the British Library Extension, the former ENT Hospital and Panther House in Holborn. The larger more complex sites are several years off completion and have not yet submitted specification and operation plans for discharge.

Operation of live schemes – how local business and entrepreneurs are accessing sites

- 2.6 Base KX, 103 Camley Street, NW1 0PF (Ref: 2011/5695/P) is an incubator space for start-ups - run (initially) as a partnership between UCL, Camden Collective and the Council, with the total cost of desk space limited to £300 per month as the opening offer. The total amount of affordable space secured was 1,653m² and has been operational since 2014. Base KX is now wholly operated by UCLs incubator programme 'the Hatchery', a two-year programme for UCL students and graduates. The Council sits on steering group and advocates for local benefits and impact. UCL will continue to operate Base KX until at least 2029.
- 2.7 102 Camley Street, NW1 0PF (Ref: 2014/4381/P) comprises cellular offices with an agreed 20% of the employment floorspace available at a discount of 50% market rent for a period of 5 years. This amounts to a total of 324m² of affordable workspace and the discounted space is occupied by charity Well Grounded - a barista training provider that Camden works with to support career pathways for Camden residents. This is a sub-lease from the main tenant, an importer and wholesaler of coffee beans.
- 2.8 Impact Hub Euston, 1 Triton Square, NW1 3DX (Ref: 2016/6069/P) An obligation tied to British Land's 1 Triton Square' scheme; Impact Hub are the operator in partnership with the Knowledge Quarter partnership. The s106 agreement required that 1,028m² of floorspace (6% of the commercial uplift) would to be offered at no more than 50% of the full market rent in the building. This obligation formed the terms of lease offered to Impact Hub, with a rolling 50% proportion of co-working memberships available to local entrepreneurs. This is in the form of 6 months free co-working access (Hub 30) and a further 6 months at 50% discount. This also includes access to IH standard business support services (workshops, mentors etc). This has a value of at least £810 per eligible resident. Camden officers sit on a steering group which monitors adherence to eligibility criteria. Impact Hub manage the expression of interests/application process. Broad joint promotion of offer. Applications for this offer officially opened at the start of November 2024, to date there have been 12 applications.

- 2.9 The House of Koko, 1A Bayham Street, NW1 7JE (Ref: 2018/1677/P) Agreement for 25 free memberships for the Members' Club for local residents at any one time. Koko Foundation manage and allocate memberships based on agreed Camden criteria.

Jewellery studio space

- 2.10 Hatton Garden is a historic centre for the jewellery trade and Camden has operated a long-standing policy to secure and retain premises suitable for use as jewellery workshops and related uses. Where proposals in Hatton Garden increase floorspace by more than 200sqm, we seek 50% of the additional floorspace as affordable premises suitable for the jewellery sector (instead of seeking housing through the mixed-use policy H2) – primarily small and micro workshop spaces – that are inherently affordable albeit not necessarily discounted. This policy has yielded over 2,500m² of jewellery space, including two discounted spaces and a discounted retail space. Arundel House, operated by business support provider CENTA (Camden Enterprise Agency), is a significant example of the success of this policy. CENTA provide business support within Arundel House.

Monitoring and learning lessons from past delivery

- 2.11 The Inclusive Economy team currently seeks updates on the memberships at House of Koko and sits on the board at Base KX, receiving updates and outcomes. In the most recently secured outcomes, officers have been closely involved in the design and implementation of both the affordable workspace membership offers at Impact Hub Euston and the pending Bidborough Works members club in Camden Town Hall. The current level of monitoring and evaluation is appropriate considering the number of live obligations.
- 2.12 There are several schemes where the developer or landlord has not implemented the AWS obligation because a suitable tenant or operator has not been found – in one case, at St Pancras Commercial Centre (SPCC), we worked alongside the developer to consider potential operators but unfortunately terms were not agreed due to price and opportunity elsewhere in Camden. In the case of SPCC a revision to the planning approval is pending (the necessary deed of variation has not yet been agreed) to convert part of the building to Sui Generis in order to accommodate the Museum of Youth Culture as an alternative provision. Officers have been supportive of this amendment on the basis of it providing equivalent social, economic and cultural value to Camden residents especially with a focus on young people and economic opportunities for young people.
- 2.13 Other sites where an AWS outcome has proved harder to achieve are small sites, under 300m², which are not attractive to co-working operators and more suited to a single occupant. Also, increasingly when the 20% space at 50% price ratio is applied in CAZ parts of Camden where land and rental values have increased significantly, a discounted space is still not affordable to many operators or sectors. Going forward, with the Payment in Lieu an option (as set out in the emerging local plan), we would increasingly encourage schemes

delivering less than 300m² of AWS to make a payment for investment elsewhere and at other sites, seek less overall space, but greater discounts and duration – in perpetuity if possible. The recently agreed obligation at Euston Tower is an example where the AWS secured is significantly less than 20% of the floorspace uplift but is delivered at a 100% discount – though this also reflects other trade-offs such as affordable housing contributions. It should be noted that the emerging local plan holds limited weight in decision making at this time but has been referenced as it highlights the proposed direction of travel for the delivery of affordable workspace based on our experience and challenges with delivery.

- 2.14 The viability of affordable workspace is changing. Co-working in neighbourhood settings seems to be growing as a market, especially for people choosing to work flexibly with hybrid access to workspace and teams. Conversely, in the Central London area the office market has become very price and quality sensitive, and the value of discounted space is diminishing. The Health and Life Sciences sector, as set out in the main report, is focussing on fit out and reducing capital expenditure for tenants. And, other than the Jewellery sector, very few schemes in Camden are suitable for creative maker spaces or artists' studios, which require large overall floorspaces and significant discounts to be viable. On the latter, our Estate Mission vacant spaces workstream is supporting direct delivery.

3. Changes to Affordable Workspace policy in the draft New Local Plan

- 3.1 The draft new Local Plan features an updated policy covering affordable workspace provision through planning and development. Draft Policy IE4 (Affordable and Specialist Workspace) retains the same thresholds to trigger obligations and a seeks a similar requirement for 20% of new commercial floorspace to be provided at 50% of market rents for at least 15 years.
- 3.2 The policy now provides greater clarity on the hierarchy of approaches to delivery; firstly, on-site provision of affordable workspace, secondly, if on-site is not suitable or justifiably un-viable off-site provision of affordable workspace on another site in the borough and finally, where it is mutually beneficial, consider a payment in lieu (PIL) of provision that can be invested by the Council, which is equivalent to the cost of on-site delivery, in line with the payment in lieu calculator below.

A	Equivalent Market Rate for the affordable workspace expected by the policy
B	Income Multiplier for the market investment yield = $1 \div \text{market investment yield}$
C	Capital Value of the affordable workspace at Full Market Value = Market Rent (A) * Income Multiplier (B)
D	Income Multiplier for affordable workspace yield = $1 \div \text{affordable workspace yield}$
E	Discount (%)
G	Capital Value of the affordable workspace using affordable workspace yield = Discounted Market Rent (E x A) x Income Multiplier (D)

H	Cost of delivering affordable workspace = (C - G)
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- 3.3 Formally introducing the option of a PIL recognises that, whilst there is a strong and considerable pipeline of workspaces set out in the first part of this report, viability end-use affordability is becoming more challenging – especially in the southern and Central London areas of Camden, as well as more challenging in sectors such as Life Sciences and the provision of laboratory space.
- 3.4 No decision has been made on how any funds from PIL will be utilised. This will be progressed in the coming months as the local plan progresses through examination.

4. The Knowledge Quarter and affordable workspace for the Life Sciences sector

The Knowledge Quarter

- 4.1 The Knowledge Quarter is used to describe the innovation district that covers the universities, scientific research and corporate headquarters in the Kings Cross and Euston area. The key growth sectors are Health & Life Sciences, AI and technology, but there is also a significant cluster of cultural institutions. The Knowledge Quarter name has also been, over the last decade, co-opted from the Knowledge Quarter Partnership (KQP), the membership body that was established by the British Library and which Camden are a founding member of and continue to maintain a close working relationship.
- 4.2 Alongside the inward investment and economic growth, Camden and KQP (have stressed the importance of engaging residents in this growth, linking them to the benefits, employment, skills and learning opportunities and more recently the clinical and public health benefits. This thinking was consolidated in the KQ2050 strategy published in 2023 and more recently through the Inclusive Health & Life Sciences Coalition prospectus. We have developed several programmes to achieve this:
- Camden Steam links our schools and colleges to work experience, curriculum enhancement and careers advice, working closely with the private sector.
 - LIFT links residents to jobs, work placements and entrepreneurship opportunities.
 - S.106 commitments deliver jobs, apprenticeships and training for our residents.
- 4.3 We use our planning levers to build benefits to our communities into KQ developments. We secure affordable workspace (as noted above in the report), jobs and apprenticeships, work experience and engagement with STEAM/ schools through planning conditions.

Belgrove House s106 case study

Belgrove House is a property development project opposite King's Cross station that will provide innovative space for companies while supporting the local community.

The development has been designed to meet the needs of Knowledge Quarter tenants. Biopharmaceutical company MSD will occupy Belgrove House as its UK Headquarters and Discovery Centre to undertake research developing new medicines with a focus on diseases of ageing.

The building will comprise nine floors of research laboratory and office space with extensive public access provided to community education, outreach, exhibition and auditorium facilities at ground and lower ground levels and will include the renewal of the surrounding public realm and a new entrance into King's Cross underground station.

Linked to Belgrove House by planning consent, Acorn House is a further development by Precis Advisory on nearby Gray's Inn Road that will provide 33 new affordable homes, 500 sqm of affordable workspace and a retail unit.

Belgrove House will also provide a publicly accessible Learning Centre that promotes collaboration and provides valuable access for the local community and visitors to the King's Cross area.

Belgrove House is committed to securing Camden STEAM Commission pledges amongst end-users and occupiers. The project provides opportunities for employment and training initiatives for young people, including construction apprenticeships, work experience placements, and apprenticeships in the life sciences industry.

Life Sciences as a real estate class

- 4.4 The biggest sectoral success in the Knowledge Quarter is the fast-growing Life Sciences industry, where London is rapidly outstripping European competitor cities, and ready to compete with US hubs on price if not access to investment. In the last few years, London has experienced a historic undersupply of suitable lab space to support industry growth, with just 49% of current demand for space being met in Q2 2024.
- 4.5 The current development pipeline is indicating that London is expected to have 7.2m ft² of lab-space by 2032, although this still puts London behind San Francisco (14m ft²) and Boston (28m ft²). The Knowledge Quarter around Kings Cross and Euston is an important location, perhaps the prime location, for investment and growth due to presence of the Francis Crick institute, UCL and other HE, the Wellcome Trust, the Alan Turing Institute, global pharma and tech corporate presences and a large frontline health and medical research community.

- 4.6 Camden is seeing a mix of bespoke new buildings for lab space as well as conversions of older office stock, but it is important to understand what lab space means both in technical terms and the limitations and opportunities in delivering new and refurbishing old buildings. MedCity and London & Partners, in their [Constructing Science](#) guidance have provided a good overview on the infrastructure required for lab-capable buildings.
- 4.7 Camden increasingly recognises that the life sciences sector, and nature of schemes that come forward present different needs and challenges to meet policy. Increasingly in s106 negotiations we need to understand what affordable workspace in life sciences, which meets user demand and needs, looks like. Where does the usual subsidy of an affordable workspace obligation make the most impact for Camden and in the life sciences sector?
- 4.8 A discreet piece of research was commissioned to help answer that question and provide a clearer understanding of what kind of businesses benefit from affordable, or accessible, lab space in the sector and what their needs are. The research included desk research and interviews with SMEs, lab operators and developers. Findings were discussed at a roundtable with developers, operators and institutions with a significant role in the Life Sciences ecosystem to refine recommendations.

Report Findings

- 4.9 The report, completed in April 2025, found that a range of types and size of businesses are needed within the KQ innovation district to have a healthy growing life sciences ecosystem, as such not all space needs to be 'affordable'. It is also about accessibility, flexibility and quality. This extends to access to equipment, reducing capital expenditure costs and being part of an ecosystem. Connectivity and ease of navigation is important as well as supporting the community. The study highlighted the need for a vision and life sciences strategy as well as open access to information.
- 4.10 The report recommended that Council planning processes should be agile, cohesive and work alongside demand from businesses, as well as needs of the community. Planning interventions should take into consideration the provision of affordable workspace across the borough with an aim to align with the broader vision and to work alongside strategies being put in place around new life science developments.
- 4.13 Funding remains critical and interventions enabling access to funds/loans for capital expenditure including fit-out and development of flexible, modular space are desirable. This is as much if not more important than reducing headline rents to life science SMEs.
- 4.14 The study provides a working definition of what 'good looks like' in terms of providing affordable space for the life sciences. If SMEs are not being incubated at either UCL or the Crick or other research institutions where the founder is a researcher, the following is what 'good looks like':

- 400-550 sq ft of lab space with provision for approximately 80 sq ft office space adjacent to the laboratory.
- The cost of this space would be approximately £4.5-5k per month (£60k per year) on a licence/flexible lease basis.
- The right infrastructure to enable the R&D, transport links, proximity to talent and social/professional networks.
- Access to specialised equipment, funding, and business support.
- Navigation and support to find the right grow-on space quickly, if it is not available within the facility

4.15 The recommendations above will help inform decision making and negotiating succesful outcomes that benefit the local economy and Camden residents and entrepreneurs. The recommendations will also be considered in shaping planning policy and policy guidance.

5. Summary

5.1 Development and policy creates a significant amount of opportunity for Affordable Workspace in Camden, but sites of significant scale are complex and have long delivery times. So many have not yet been delivered and we're only beginning to see data come through on beneficiaries and outcomes.

5.2 Opportunity and scale is not equal across the borough and that is complicated by different sectoral demands and viability challenges. A payment in lieu option – proposed in the draft new local plan – could help redistribute investment across the borough and support different types of workspaces including where unviable.

5.3 Development in the KQ area – especially linked to sectors such as Health & Life Sciences, AI and Tech – present challenges in delivering affordable workspace to rigid policy definitions. Trades off will exist in terms of size, level of discount, accessibility for local entrepreneurs and sustainability. However, the value of social impact, local investment and high-quality employment opportunities generate significant value for Camden residents.

5.4 Life Sciences as a real estate class presents distinct challenges when delivering affordable workspace but there are still sensitivities around cost, affordability and accessibility which mean that it is still important to pursue an obligation that secures social impact albeit thinking more laterally about how it is achieved. The commissioned research provides more clarity in negotiations and decision making.

6. Finance Comments of the Executive Director Corporate Services

6.1 There are no direct financial implications arising from this report.

6.2 Proposed changes to policy in the Draft New Local Plan, introduce a Payment in Lieu formula, set out in section 3 of the report. Where a developer can't deliver the proposed affordable workspaces on site/off site, then under

proposed policy, compensation would be paid by the developer to Camden council for delivering workspace elsewhere.

- 6.3 A mechanism is not yet in place for spending any funds raised through compensation.

7. Legal Comments of the Borough Solicitor

- 7.1 Legal Services have been consulted and have no specific comments.

8. Environmental Implications

- 8.1 There are no environmental implications of this report.

9. Appendices

Appendix 1 – Affordable SME Workspace Secured Through Planning Obligations

REPORT ENDS