

Executive Decision Report

Gresham Business Workspace

Decision to be taken by: City Mayor

Decision to be taken on: 29 November 2019

Lead director: Mike Dalzell



City Mayor

Useful information

- Ward(s) affected: Castle
- Report author: Peter Chandler
- Author contact details: 37 6415
- Report version number: 1

1. Summary

- 1.1 This report seeks approval to establish and fund a coworking business workspace in the Gresham development on Market Street, Leicester, which is key to a private developer delivering a circa £17m investment.

2. Recommendations

- 2.1 To approve delivery of the coworking business workspace at the Gresham building, including investment of £450,000 from resources set aside for the Economic Action Plan for fit out and set up costs.

3. Supporting information including options considered:

- 3.1 The historic and iconic Fenwick building on Market Street, Leicester was acquired by property development company Aimrok Holdings Limited following the Fenwick store closure. The developer proposes a significant refurbishment of the building to convert into an aparthotel, together with a series of ground floor and basement commercial units. The total expected capital investment is circa £17m.
- 3.2 The scheme is expected to deliver a significant regeneration benefit for the Market Street and Belvoir Street areas which have been suffering from underoccupancy for some time. Under this redevelopment proposal, it would be known as 'The Gresham', with reference to its original name of Gresham Buildings.
- 3.3 Given the quality of the aparthotel proposals for the wider development, and the location of the building, there is an opportunity at this site to target business professional services companies and freelancers with a high quality flexible 'coworking' business workspace offer. This will complement the wider aparthotel offer and ancillary café/bar and gym facilities, and enable some joint marketing and cross selling opportunities.
- 3.4 Co-working, serviced business workspace is an up and coming market, particularly attractive to new entrepreneurs, start-ups, sole traders and small businesses. No other comparable workspace exists in Leicester though facilities such as this are commonplace in other cities including Birmingham, Nottingham, Coventry and Derby.
- 3.5 It is proposed that the Council establishes a coworking business workspace on part of the ground floor and lower ground floor/ basement of the development. This will involve the Council taking a 25 year lease on circa 11,500 sq ft of space across parts

of the ground and basement floors of the site at appendix 1.

3.6 The Council is working closely with the developer on the design of the spaces to create a functional, well designed, high quality offer and has agreed heads of terms for the lease of the space. The developer's current delivery programme anticipates that the scheme overall will open in Spring 2021 and it is intended that the co-working space is launched at the same time as the aparthotel operation.

3.7 The developer has agreed to invest up to £350,000 specifically in the refurbishment of the workspace areas in addition to a substantial investment in structural alterations to that part of the building. It is proposed that the Council invests £450,000 to fund the fit-out and set up costs, and to cover any revenue deficit until break even occupancy is achieved. The proposed co-working space will become part of the Council's portfolio of managed workspaces which are managed on a commercial basis.

3.8 Should the coworking space investment be approved, this will help to unlock circa £17m of investment in the wider development. The developer has invested their own funds, secured a commercial development finance loan and is seeking a £4m Growing Places Fund (GPF) loan from the Leicester and Leicestershire Enterprise Partnership. The commercial loan is conditional upon both the GPF loan and the Council taking a lease on the coworking space; all need to come together for the scheme to proceed.

4. Details of Scrutiny

Not applicable

5. Financial, legal and other implications

5.1 Financial implications

The report proposes that £450k should be invested in the development of co-working business workspace, from resources set aside for the Economic Action Plan. This will help to lever a capital investment of circa £17m. – Colin Sharpe, Deputy Director of Finance, ext. 37 4081

5.2 Legal implications

Property

The Council is authorised to acquire land and property in connection with its functions (other than for housing) pursuant to s.120 of the Local Government Act 1972 (as amended). The Council will be responsible for the costs of the landlord in respect of the grant of the lease and any consents required unless Terms state otherwise. Any potential VAT implications of the proposed refurbishments should also be taken into

consideration and advice on these obtained from the Council's VAT Office.

It is proposed that Leicester City Council will be granted a lease of part of the building which will be conditional on an agreement for lease which will require the Landlord to complete works at the building.

John McIvor, Principal Lawyer, ext. 37-1409

5.3 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which apply?)

5.3.1 Equality Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't. Due regard to the Public Sector Equality Duty should be paid before and at the time a decision is taken, in such a way that it can influence the final decision. The PSED cannot be delegated and therefore, the responsibility remains with the authority to put into place mechanisms by which these statutory duties can be stipulated as a requirement and monitored.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The key consideration in relation to the report recommendation to approve delivery of the proposed co-working business workspace is accessibility of the space. The design of the space should adhere to accessible design principles in order to ensure that people with different protected characteristic/s are able to access and utilise the space to its full potential. Particular consideration will be required to ensure that the space meets the needs of those with a range of disabilities including physical and mental health conditions, sensory impairments and people who are neuro-diverse. In order to achieve this, an Equality Impact Assessment on the design proposals has been commenced to inform the design specification with the view to ensure that the space is designed in such a way that is compliant with the Equality Act 2010 and strives for best practise in accessible design.

Hannah Watkins, Equalities Manager ext. 375811

6. Background information and other papers:

None

7. Summary of appendices:

None

8. Is this a private report (if so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

No

10. If a key decision please explain reason

Not applicable

Appendix One: Gresham Business Workspace Site Plan

