
Workspace Development

Economic Development, Transport and Climate Emergency
Scrutiny Commission

Date of meeting: 28th August 2024

Lead director: Mike Dalzell



Leicester
City Council

Useful information

- Ward(s) affected: All
- Report authors: Peter Chandler, Head of Economic Regeneration
- Author contact details: peter.chandler@leicester.gov.uk
- Report version number: 1

1. Purpose of report

- 1.1 To provide members of the commission with an update on the delivery of new workspaces at Dock 3/4/5, the Ian Marlow Centre and at Pilot House, which have all been part funded by the Levelling Up Fund.
- 1.2 To invite members of the commission to note and comment on the report.

2. Overview

- 2.1 A key barrier to economic growth in the city is a shortage of suitable land and premises to support growing companies, particularly to support priority sectors of the economy – including the creative industries and innovation/ technology – as well as key regeneration areas including Space City, the Cultural Quarter, Waterside and the city centre. Part of the strategy over many years therefore has been to increase the supply of workspaces in these areas/ sectors.
- 2.2 The City Council was successful in securing £27.9 million of external grant from the Levelling Up Fund to part fund the delivery of several new workspace schemes that are opening over the next 12 months:
 - Pioneer Park Workspace scheme; a Levelling Up Fund Grant of £19.4 million secured to part fund the delivery of Dock 3/ 4/ 5 (opening in September 2024) and the Ian Marlow Centre (opening in October 2024)
 - Pilot House; Levelling Up Fund Grant of £8.5 million secured to part fund delivery of Pilot House (opening May/ June 2025)

3. Report:

- 3.1 The Council's Economic Regeneration service directly manages six workspaces: LCB Depot, Makers Yard, Phoenix Square Workspace, Dock, Dock 2 (opened in Spring 2021) and Gresham Works (opened in Spring 2022). These workspaces are primarily focused on supporting the growth of priority economic sectors.
- 3.2 Two further workspaces constructed by the Council - Leicester Food Park and Friars Mill – are managed by the East Midlands Chamber under outsourced

contracts. Other business workspaces and industrial units are held within the Council's corporate estates portfolio, and these centres are managed separately by the Council's Estates and Building Services (EBS) division.

- 3.3 The Economic Regeneration managed workspaces are self-financing commercial services supporting the delivery of economic, environmental, social and cultural outcomes. The workspaces are popular, with high occupancy and levels of customer satisfaction, and currently house over 650 direct jobs in more than 200 tenant businesses, rising to over 1100 jobs with the delivery of the new schemes.

Table: Economic Regeneration Workspace Portfolio

Workspace	Size (sq ft)	No of workspace units	Tenant Companies	Jobs supported on site
LCB Depot	21,200	54	48	150
Phoenix Square	11,000	27	23	90
Makers Yard	7,500	10	19	25
Dock	21,500	54	50	200
Dock 2	18,500	16	16	100
Gresham Works	11,500	104 desks	24	100
Dock 3/4/5 (forecast)	46,000	54	54	300
Pilot House (forecast)	34,200	28	28	200
Total	171,400 sq ft	243 + 104 desks	262 companies	1,165 jobs

- 3.4 A major workspace development programme is underway, with substantial funding from the Levelling Up Fund. This is building five new business workspaces, which will deliver around 110,000 sq ft of additional lettable space over the next year:
- Dock 3, Dock 4 and Dock 5 – construction completed, delivering 46,000 sq ft, opening September 2024
 - Ian Marlow Centre – construction in progress, delivering 30,000 sq. ft, opening October 2024
 - Pilot House – construction in progress, delivering 34,200 sq ft, opening May/ June 2025

Dock 3/4/5

- 3.5 Dock is the existing innovation workspace campus at Pioneer Park, housing a community of innovation and technology businesses. Dock 1 opened in 2013, with 21,500 sq ft of lettable workspace across 54 units, Dock 2 opened in 2021 with 18,500 sq. ft. of lettable space across 16 units. Demand to date has been strong, with average occupancy consistently over 90% across both buildings.

- 3.6 Following on from the success and popularity of Dock 1 and Dock 2, three further workspaces at Dock 3/4/5 have been developed as part of the Pioneer Park

Workspace Levelling up scheme. This is located at Space City, one of the largest and most connected enterprise zones for space-related activities in the UK.

- 3.7 Dock 3/ 4/ 5 offer a further 46,000 ft of workspace in total in a net carbon zero development. This includes 45 offices, as well as 9 industrial units for light manufacturing, with workspaces varying in size between 250 to 2500 sq.ft. To be based at Dock, organisations need to fulfil certain criteria around the downstream space sector, high tech, sustainability and innovation, or support companies working for such organisations. Lease terms are designed to be flexible, from two years upwards, with 3-months' notice to break.
- 3.8 The new units provide grow-on space for current Dock-based business that are ready to expand, as well as for new businesses looking to join Dock's existing entrepreneurial community. The buildings will function as an extension to the existing Dock campus and business community and will be managed by the Dock team. Businesses will benefit from Dock's full range of facilities including reception services, meeting and conference facilities, fast IT and access to networks and events.
- 3.9 As Leicester's first net carbon zero workspace, the environmental impact of the development has been at the forefront, including the following:
- Net carbon zero build
 - Solar panels on Dock 3 and 4
 - 14 Electric Vehicle charging points
 - Air source heat pumps
 - Super insulation for all buildings
 - Cycle park
 - Energy Performance rating EPC A
- 3.10 Construction of Docks 3 to 5 was completed in late May 2024, and following a period of fit-out and setup the first tenants will move in from September 2024. Marketing is well underway, including an updated website at <https://dockleicester.co.uk/> and a PR and social media campaign. 10% of the workspaces have been pre-let, and a public launch event is planned for Wednesday 2nd October 2024.

Ian Marlow Centre

- 3.11 The redevelopment of the former LCC Housing Depot known as the Ian Marlow centre continues. This project is also part of the Pioneer Park Workspace Levelling up scheme and was approved to provide much needed new small industrial unit stock to Leicester. In summary the project was to demolish the old depot and provide 30,000 sq ft of lettable workspace across 21 new industrial units for the corporate estate to be managed by EBS.

- 3.12 The new units will have annual rents of £11k-£30k and will be let on 3 or 6 year leases. The uses will be light industrial, suitable for a residential area and it will preclude car repairs/servicing and food preparation as they are not suitable for this location.
- 3.13 The 21 units vary in size between 750-2500 sq.ft and will have an EPC A rating, the highest environmental performance certificate. This has been achieved by use of insulation, not using any gas, and including PV panels and EV vehicle chargers. These will be the best performing industrial units in the Council's corporate estate portfolio. The leases entered into by tenants will be "green leases" which will obligate them to maintain environmental performance, through how they operate and if they make any permitted alterations. The Council in return will provide a pack on how to be environmentally friendly and will update them on new proposals and improvements to environmental performance as they become known.
- 3.14 The project commenced on site in February 2024 and completion is expected in October 2024. The project including demolition has a total cost of £6.35M. As this is the first new development of small industrial units by the Council for at least 30 years, and the current portfolio is nearly 100% let, it is hoped that they should be fully let within 6 months to a year of completion. Marketing has commenced and it is hoped the first tenants will sign up in September 24. It is expected that the rent roll will be over £400k per annum when fully let.

Pilot House

- 3.15 Pilot House is being developed to support Leicester's creative design sector – by virtue of the city's design heritage, indigenous sector strengths and future potential. Building on the success of the existing creative workspaces at LCB Depot, Phoenix Square Workspace and Makers Yard, Pilot House will be a flagship workspace business community for Leicester providing high quality contemporary workspace sensitively developed with regard for the existing buildings heritage.
- 3.16 The facility will provide a home for creative industries including creative design agencies, textiles/makers, music/ film and those engaged in sustainable design, circular fashion or related environmental disciplines. In addition, it will be a destination and gathering point both for tenant businesses but also for the wider business and creative community through its café/restaurant, exhibition and events spaces, meeting rooms and co-working areas.
- 3.17 Pilot House will provide 29 workspaces of between 150 to 4,800 sq. ft. supported by excellent IT infrastructure, communal facilities and services, and over time a supportive entrepreneurial community. The central business hub will comprise a café/kitchen, an engaging reception service, exhibition space, and an outdoor

working space. These core assets will enable the delivery of a programme of business facing events and networking suitable for tenant businesses, other casual users, and the local business community. The building also will seek to utilise its workspace to further the relationship with Higher Education, in particular De Montfort University, along with other sector agencies to support new ideas, innovation, business incubation and sector growth.

- 3.18 Overall the project is aiming to achieve a BREEAM 'Very Good' rating for sustainability. Due to the historic nature of the buildings, and in line with the recently updated Part L of the Building Regulations, a fabric first approach to sustainability has been taken, and includes the following:
- Roof insulation upgraded to all existing roofs
 - All retained existing windows provided with secondary glazing to improve insulation.
 - All new structures built provided with modern insulation as required by Building Regulations
 - PhotoVoltaic cells will be installed which will help offset the carbon requirement.
- 3.19 Construction of Pilot House is on track, with handover anticipated in February/ March 2025. Pilot House will be managed by the LCB Depot team, and opening is planned for May/ June 2025 following a period of fit-out and setup. There has been strong pre-let interest, with early occupancy of 24% already at this early stage. A brand and website are being commissioned, to support a marketing, PR and social media campaign that will launch from Autumn 2024.

5. Financial, legal and other implications

5.1 Financial implications

As an update report, there are no financial implications associated with this report.

Stuart McAvoy – Head of Finance

5.2 Legal implications

The report is an update and to note on progress.

For completeness legal advice for any subsidy control implications is required and to ensure procurement/legal teams are engaged to ensure compliance with the Council's Contract Procedure rules and the Public Contract Regulations 2015. Likewise, any Levelling Up Funding conditions needs consideration and needs to be met with the delivery of the project(s).

Mannah Begum, Principal Lawyer, Commercial and Contracts Legal Team, Ext 1423

5.3 Climate Change and Carbon Reduction implications

There are limited climate emergency implications directly associated with this report, as all of the projects covered are already underway. However, it should be noted that buildings owned and managed by the council buildings are a significant source of carbon emissions locally. Following the council's declaration of a climate emergency and its ambition to achieve net zero carbon emissions, tackling these emissions is particularly important as this is an area where the council has a high level of control. This report sets out the measures agreed to reduce the energy use and carbon emissions of these developments in the relevant sections, including the fitting of high levels of insulation, installation of solar PV arrays and heat pumps, the use of 'green leases' and various other measures. As these projects approach occupancy by tenants, further consideration should be given to handover procedures, to ensure that the buildings and low carbon technologies installed are used correctly to prevent any loss of efficiency or function.

Aidan Davis, Sustainability Officer, Ext 37 2284

5.4 Equalities 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. In order to demonstrate that the consideration of equalities impacts has been taken into account in the development of the proposals and as an integral part of the decision-making process, Equalities Impact Assessments have been undertaken.

The creation of a mixed-use commercial/office schemes for start-up and growing businesses within the city that are accessible for people from across all protected characteristics should lead to positive impacts. The development of the Ian Marlow Centre will bring a vacant site back into use.

Equalities Officer, Surinder Singh, Ext 37 4148

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

Not applicable

6. Background information and other papers:

Not applicable

7. Summary of appendices:

Appendix One: Dock 3-5 images

Appendix Two: Ian Marlow Centre images

Appendix Three: Pilot House images

8. Is this a private report (If so, please indicated 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: Dock 3 -5 images



Dock 3



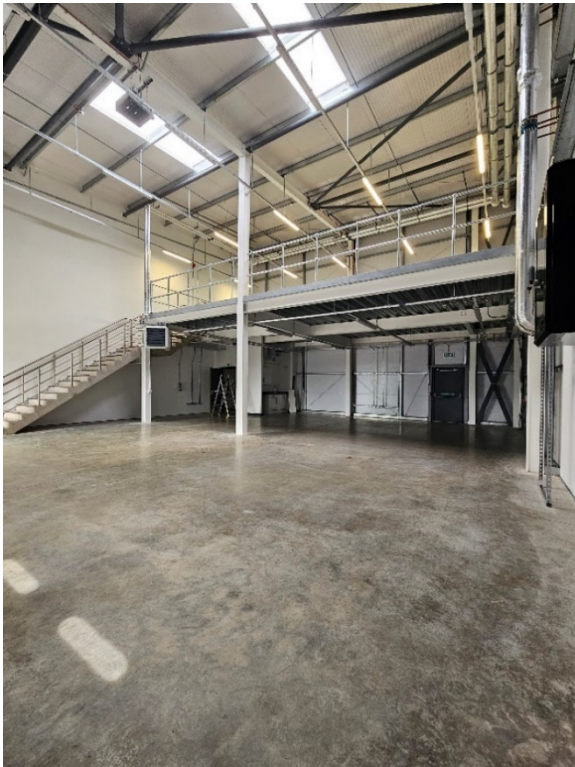
Dock 4



Dock 5



Overall Site



Appendix Two: Ian Marlow Centre images



Appendix Three: Pilot House Images

