



# ENTERPRISING WHITECHAPEL- CALL FOR BIDS

## Guidance Note – Selection of Workspace Providers and Applications for Capital Investment

*\*please note this is meant as a guidance note and that site-by site specifications will take precedent where applicable. For this reason this guidance will remain under review throughout the delivery of the Whitechapel High Street Fund project\**

### **1. Background – Use of Vacant/Underused Buildings in Whitechapel**

- 1.1 Whitechapel is at the historic heart of Tower Hamlets but also has a long history of challenges around acute social and economic deprivation. In order to address these issues, Tower Hamlets Council in 2012 embarked on the development of a 15-year masterplan for the area. Known as the Whitechapel Vision, its aim is to deliver a convergence agenda that combats adverse issues and diverse tangible social impacts through careful management of the expected economic growth and investment in Whitechapel resulting in part from the arrival of Crossrail. The Vision sets a clear and distinctive strategic direction for the area, supporting future regeneration and sharing the fruits of inward investment with the local community.
- 1.2 To help take forward the delivery of the masterplan, the Whitechapel Delivery Team submitted a bid to the GLA's High Street Fund (HSF) initiative and won funding to be applied to the provision of flexible/affordable workspace in the town centre. The Whitechapel HSF programme will see focussed work with partners to identify currently empty or underused buildings and bring them back into productive space for small- or medium-sized enterprises (SMEs). The Council will identify suitable spaces in the town centre and contribute capital funds from this programme to carry out refurbishment work to deliver spaces of a suitable standard for temporary accommodation.
- 1.3 For the purposes of the Whitechapel HSF project, flexible/affordable workspace will be defined as new or repurposed space used for a variety of places of work, including but not limited to: cultural/creative industries, tech start-ups, media activities and community and non-profit uses, maker spaces and workshops as well as more traditional co-working spaces.
- 1.4 We are now seeking bids for workspace provider partners to manage and operate buildings in order to create flexible/affordable workspace in Whitechapel. Applications are invited on a case-by-case basis on individual sites through the Enterprising Whitechapel website.

### **2. Progress to date**

- 2.1 To facilitate the reuse of vacant or underused buildings and to open this opportunity as widely as possible, the Whitechapel Delivery Team has invited expressions of interest from local landowners, in order that their buildings are considered for capital investment and temporary use as workspace.
- 2.2 Expressions of interest (EOIs) were invited through the [Enterprising Whitechapel](#) website, and responses have been received from key strategic landowners. The website also provides information to prospective workspace providers and to local residents and businesses who might eventually find a space in the repurposed buildings.
- 2.3 For the initial invitation to the [Vacant Building Register](#) the following requirements were specified:



- Minimum 200sqm usable space
- Available for a minimum of 2 years
- Existing connections to basic services (or able to be restored without major works)

2.4 EOIs to the Vacant Building Register have been received and assessed by the Whitechapel Delivery Team site-by-site on a best value for money basis. The emphasis is on delivering a 'critical mass' of affordable workspace in town centres and therefore buildings which require major remedial works in order to be made available to workspace providers.

### **3. The Council's contribution to Affordable Workspace**

3.1 The Council, in partnership with the GLA through the Whitechapel High Street Fund, seeks to facilitate the provision of workspace that is as flexible and affordable as possible. The Council will seek best value for money (in terms of return on investment and affordability to end users) at all stages of the Whitechapel HSF Project, and all selection decisions around properties and workspace providers will be made on this basis.

3.2 In some cases the Council may take a head lease and issue a sub-license to a successful provider to facilitate the management and operation of the building, supporting refurbishment through direct capital investment in the building. In others cases the Council may instead broker a lease between the landlord and workspace provider directly and seek to support the refurbishment of spaces through grant funding to the provider and/or landlord. The chosen approach is dependent on assessment by the Council's Asset Management officers.

3.3 The Whitechapel Delivery Team will seek to negotiate leases of a sufficient length to form a viable offer to workspace providers and allow the implementation of business plans which are self-sustaining. This is proposed as a 2-year minimum, but ideally leases of 3 to 5 years will be targeted.

3.4 Refurbishments will be targeted towards helping to bring buildings up to a suitable standard for temporary accommodation. Capital investment will focus on enabling works and necessary upgrades to health & safety, security and access arrangements, rather than a full fit-out. It is anticipated that the full scope of required refurbishments will be determined in partnership with successful workspace providers and landlords.

3.5 Ongoing revenue funding is not available to support workspace providers throughout the length of their activities on sites. Workspace providers will therefore need to provide a robust business plan that demonstrates viable operations over the length of the proposed lease and this will inform the selection process for workspace providers.

3.6 Capital spend will be applied to eligible buildings in order to bring them up to a suitable standard for temporary accommodation. On-going revenue funding is not available to support workspace providers throughout the length of their activities, and successful providers must therefore be able to show a robust business plan to cover on-going operation. Capital investment will be focused primarily on enabling works and necessary upgrades to health & safety, security and access arrangements, rather than full fit-out. However as per above it is anticipated that the full scope of required refurbishments will be decided on in partnership with successful applicants.

3.7 The Whitechapel Vision Delivery Team will assist in marketing workspaces once these are prepared for use by workspace providers via the [Enterprising Whitechapel](#) website.



#### **4. Sites**

- 4.1 Sites being identified through the [Vacant Building Register](#) vary widely in their size, layout and crucially in their condition, with some requiring extensive works to achieve a suitable standard and others ready for occupation. Bids will be invited on spaces as they become available, with workspace providers who have previously registered their interest in the Enterprising Whitechapel project notified and sent bid packs as sites are announced. Available buildings will also appear on the [Sites](#) page of the Enterprising Whitechapel website.
- 4.2 For each site and after registering their interest in the project, prospective applicants will receive bid packs containing:
- A Site Location Plan including floorplans which note available areas
  - a Site Fact Sheet containing information on lease terms, constraints regarding health & safety, access and security, and all payable costs including rent, services charges and rates
  - a Business Questionnaire to confirm eligibility to bid
  - a LBTH Social Cohesion Toolkit
- 4.3 The Whitechapel Delivery Team has commissioned feasibility studies on key sites within the Vacant Building Register, which may be used to evaluate the scope and cost of refurbishments included in bids. Details therein on restoring services and/or basic fit-out may also be shared as part of the bid pack.
- 4.4 Applicants will not only be required to respond to the requirements of specific sites, but will also be asked to submit proposals which address the project-wide criteria as described in the next section.

#### **5. Proposed Use of Sites and Definition of Flexible/Affordable workspace**

- 5.1 The Whitechapel Vision Delivery Team is seeking bids to create and manage high quality places of work. Workspace providers will be chosen through an open, competitive process designed to score their proposed use of vacant/underused buildings, sound business plans, contributions to project goals and ability to meet required costs.
- 5.2 Although high quality places of work are sought, it is not expected that this is achieved through an expensive or high-specification fit-out. Creative bids are sought which propose targeted and efficient investment in order to deliver spaces of a suitable standard for interim use.
- 5.3 Innovative proposals are encouraged and it should be noted that for the purposes of this project there is significant flexibility around the term 'workspace'. This could include: more traditional small office space; coworking space for social enterprises and SMEs; studios for artists or designers; workshops or maker space; low-spec laboratories; training and mentoring space; exhibition galleries; conference/meeting rooms.
- 5.4 Bids which are creative in their approach to project outputs around job creation, business support activities and new startup businesses are also encouraged. It is hoped that beyond these stated goals, proposals will describe how events and other activities will help to open up new spaces and engage with the community. The Whitechapel Vision Delivery Team welcome bids which include holistic approaches to these challenges; however please note that it is not expected that any one provider can tick every box in terms of stated outputs. However, any stated output will need to include details on how they will be achieved and evidenced.



5.5 The aim of the Whitechapel High Street Fund is to create **flexible/affordable workspaces**. For the purpose of the Enterprising Whitechapel project, the affordability of spaces will be based on the following **maximum** costs to end users:

- *Studio rents*: not to exceed £25/square foot/annum
- *Coworking rates*: not to exceed £300/month; £100/week; £25/day
- *Offices and other workspace*: not to exceed £40/square foot/annum

Please note that these are meant as rough benchmarks guidelines only; however bids which propose lower costs to end users will achieve higher scores. It is recognised that there is a wide variety of workspace types and pricing models within these types and that costs for end users will be highly dependent on the service charges and other expenses required on a site-by-site basis. For this reason, end user costs that deviate from these guidelines will be considered on a case by case based on their merit; however proposals that approach market rents based on typology and area will not be considered as the purpose of Enterprising Whitechapel is to deliver *flexible/affordable workspace*.

5.6 Proposals which include innovative approaches to revenue retention for the Enterprising Whitechapel project are encouraged. This could entail a profit-sharing model in order to recycle funds into further workspace initiatives elsewhere in the town centre. The Whitechapel Vision Delivery Team reserves the right to advise on options for revenue retention as part of any grant funding agreement or sublease with a workspace provider if the viability of such an arrangement can be demonstrated.

5.7 The Whitechapel Vision Delivery Team also reserves the right to require additional outputs or community benefits as part of a grant funding agreement or sublease if the viability of the additional costs this would create can be demonstrated and/or where return on investment is seen on insufficient and/or where estimated capital costs are significantly higher than other awarded projects.

5.8 All allocations of capital investment, whether through grant funding or direct investment through a sub-lease, will be conditional on the ultimate approval of the landowner and on the GLA as funding partner, as well as the satisfactory completion of lease/sublease terms and conditions. For this reason the Whitechapel Vision Delivery Team reserves the right to vary an eventual grant funding agreement or sublease from proposals submitted at any stage in order to enable effective delivery and to follow due diligence with regards to public investment.

## **6. Criteria for Workspace Provider selection**

6.1 The project team, composed of LBTH Whitechapel Delivery Team, LBTH Asset Management, LBTH Building and Technical Services and GLA project officers, will score all elements of the proposal.

6.2 The process of workspace provider selection will be flexible and subject to change on a site-by-site basis, and the Council reserves the right to make changes based on the amount and quality of responses received from a call for bids. The Council also reserves the right to reject all bids for a given site and re-issue an invitation for subsequent bids in order to ensure a best value for money approach.

Applications from workspace providers will be determined based on three main elements:

### **A. Guiding Vision and Business Plan - 50%**

6.3 Bids will be required to detail workspace providers' vision for a particular site, including proposed plans for promoting, animating and curating use of the space in keeping with the aims of the project. Your vision for the site will also need to address site-specific concerns and work within the constraints described in the bid pack.



- 6.4 Further, workspace providers must submit a fully costed business plan for the site which demonstrates sustainability for the duration of the license; as most sites will either be guaranteed for 2 years or include a break clause at 2 years, this should form the basis of the business plan, with any positive or negative implications of extending this period also indicated. Please note that business plans should focus on revenue-based programmes to manage space with the assumption that Enterprising Whitechapel capital funds can assist with the initial outlay for refurbishment costs. Please see sections 3.3 and 3.4 for further clarification.
- 6.5 Bids should clearly state how much capital funding is being requested of the Enterprising Whitechapel project and describe how this will be spent along with funds available from workspace providers to match this investment. Match funds can include ongoing revenue costs associated with a building (i.e. covering rents, rates and service charges).
- 6.6 Your business plan should be proportional to the undertaking, reflecting any required rent and service charges stated for each space. You should also outline your approach to business rates (if applicable on a site-by-site basis), including your charitable status if applicable. Please ensure that proposed rates for end-users (daily, monthly, per square foot per annum, etc. as appropriate as well as all other applicable fees) are described, with higher marks awarded to proposals which aim to provide genuinely affordable workspace.
- 6.7 Finally, your application should include an approach to refurbishment and fit-out of the space. The Whitechapel High Street Fund allows for capital investment to carry out enabling works and fit-out if required, though workspace providers are encouraged to submit proposals which include contributions to this and business plans which reduce the capital costs of the larger programme will receive higher scores.
- 6.8 The scoring breakdown for the **Guiding Vision and Business Plan** element will be as follows, with each category receiving a score out of 5:
- **Sustainable model of income**, based on proposed business plan, predicted occupancy rates and end user charges. – 15%
  - **Proven ability to pay business rates, service charges and all other stated costs**, based on evidence of past delivery of workspace and information provided on the Business Questionnaire. -10%
  - **Affordability for end users** – the Council has recorded benchmarks for affordable workspace as per above and will assess whether there is adequate demonstration of affordable costs for end-users. - 25%
  - **Return on Investment** – Points will be awarded for proposals which include profit-sharing or revenue retention models (to offset capital costs) which the Whitechapel Vision Deliver Team may apply to future workspace initiatives on other sites. – 25%
  - **Overall vision for use and activation of the site, including proposed refurbishments** – 25%
- B. Community Benefits Plan – 50%**
- 6.9 Proposals will include a Community Benefits Plan, which details workspace providers' proposals for crucial social outputs to be achieved through the operation of affordable workspaces. Proposals should promote social cohesion, informed by the *Getting along together* LBTH Social Cohesion Toolkit. This could be achieved by:
- Developing 'meaningful interaction' between people of different backgrounds;
  - Helping to tackle local myths, rumours and attitudes that harm cohesion;
  - Addressing concerns about fairness and unfairness;
  - Engaging with hard to reach groups and communities;
  - Encouraging participants into onward progression routes;
  - Developing people's sense of belonging and pride in their neighbourhood or developing community resilience.



6.10 Workspace providers must also demonstrate contributions to overall project goals as part of the Whitechapel High Street Fund project. Among other outputs, the Whitechapel HSF must provide:

- 100 new jobs
- 75 businesses supported
- 10 new startup businesses

\*please note these are **project wide targets** and need not be achieved on each individual site\*

6.11 In particular, workspace providers are required to provide detailed estimates of new jobs and businesses created and demonstrate how they will be achieved – i.e. what sort of business support might be supported, how a new business will be created and how you will demonstrate this result. Successful applicants will also need to adhere to [GLA evidencing requirements](#) by the end of the 2016/17 financial year to ensure that project objectives can be met.

6.12 The scoring breakdown for the **Community Benefits Plan** element will be broken down as follows, with each category receiving a score out of 5:

- **Commitment to equalities and diversity policies supported by the Council** (including those relating to staff representation) – 10%
- **Contribution to fitness / public health and environmental objectives** – 10%
- **Contribution to overall Whitechapel High Street Fund project targets** (as per project-wide outputs described above) – 35%
- **Commitment to running events for the community and encouraging community participation** – 10%
- **Project impact on the site and immediate area**, assessed in potential for crime reduction and reduced risk of dilapidation – 5%
- **Promotion of Social Cohesion** (as informed by the 6 social cohesion goals above, with a 5% score against each) – 30%

### C. Supporting Documentation

6.13 Bids are required to include all required supporting documentation for workspace providers, including confirmation of their articles of association, accounts, certificates of public liability and employer's liability insurance. Although this element will not be scored, applications that fail to demonstrate an organisation which is solvent and viable will be disqualified.

6.14 Supporting Documentation should be provided in tandem with, and according to the instructions within, the appended Business Questionnaire.

## 7. How to Apply

7.1 Workspace providers are asked to register their interest to submit a bid via the [contact form](#) on the Enterprising Whitechapel website or by emailing [Whitechapel.vision@towerhamlets.gov.uk](mailto:Whitechapel.vision@towerhamlets.gov.uk). Registered workspace providers will then be sent a bid pack.

7.2 Prospective providers should not seek to publicise their proposals in any way during the selection process. The Council will need to retain control over the publicity of proposals to ensure transparency.

7.3 Proposals may be submitted by an individual workspace provider or by consortia of workspace providers. Where sites are large and there provide the opportunity to deliver a wide variety of uses within one building combined applications are encouraged.

7.4 Proposals for a given site will be accepted over a 3-week period. The successful bid will be announced within two weeks of the close of the competition period.



7.5 Deadlines for questions of clarification will be stated on a site-by-site basis, with responses sent to all registered workspace providers.

7.6 An Open Day will be organised on a site-by-site basis to inform bids.

7.7 Bids are to be submitted to [David.Lee@towerhamlets.gov.uk](mailto:David.Lee@towerhamlets.gov.uk) or [Whitechapel.Vision@towerhamlets.gov.uk](mailto:Whitechapel.Vision@towerhamlets.gov.uk) **only**.

7.8 The Whitechapel Vision Delivery Team reserves the right to advise on bids throughout the application process, particularly during and post assessment phase, in order to ensure value for money. We may advise on:

- The cost of individual items in a business plan
- Proposed refurbishment costs
- Proposed project outputs
- Perceived viability of models of income
- Possible models of profit sharing or revenue retention

We will not advise on:

- Likely scores on any individual element of the criteria in a given bid
- Any details relating to other competitive bids

## 8. Confidentiality

This guidance note, all appendices and any clarifications are confidential and should not be passed to any person or organisations outside of your bid team.

All site details including floorplans, health & safety information, security & access information, constraints log and any other site-specific information contained in the bid pack are confidential and should not be passed to any person or organisations outside of your bid team

## 9. Unsuccessful Bids

It is the intention of the Whitechapel Vision Delivery Team to release a number of sites in stages to be considered for capital investment as part of the Enterprising Whitechapel programme. Should a workspace provider submit an unsuccessful bid for one site they will be encouraged to resubmit for a subsequent site and they will receive feedback on previous applications to assist with this.

## 10. Appendices

Appendix A – LBTH Business Questionnaire

Appendix B – LBTH Social Cohesion Toolkit