



**Brighton & Hove
City Council**

Final Report

Creative Industries Workspace in Brighton & Hove
2007-2017

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BHCC Arts & Creative Industries Unit

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Creative Industries Workspace in Brighton & Hove 2007-2017.

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Creative Industries Workspace in Brighton & Hove 2007-2017.

1. Executive Summary

Brighton & Hove is recognised as the creative hub on the south coast, a city that hosts the biggest cluster of creative industries businesses and organisations in the south east outside London. It is recognised in the Regional Economic Strategy as a 'Diamond for Growth' and seen as a catalyst for regeneration and prosperity on the wider south coast.

It has a thriving creative industries ecology and a critical mass of creative individuals, organisations and businesses. It hosts the largest arts festival in England (which brings £20m into the local economy each year) and thirty other major arts festivals. Several arts and creative industries organisations of regional and national importance are based in the city, including Arts Council England-SE, South East Dance, Photoworks, Brighton Photo Biennial, Lighthouse, Wired Sussex, Fabrica and Same Sky. It also hosts organisations and businesses with international significance such as Blast Theory, Nightingale Theatre and Linden Labs (makers of 'Second Life') and Disney's 'The Penguin Club'. All these organisations, along with many others, make an unparalleled contribution to the vibrancy, reputation for high quality production and the desirability of living in Brighton & Hove.

The creative industries cluster in Brighton & Hove in 2007 provides nearly 16,000 jobs and 10.7% of employment in the economy. Approximately 1500 businesses are in the creative industries sector, a third of which are in the new media and digital sub-sector. It has grown at 4.4% between 2000 and 2005, making it the fastest growing sector in the city. The size, health and most importantly the unique activity of the sector contributes to several public agendas, including the cultural offer, the physical and emotional health of individuals, community cohesion and inclusiveness, the visitor and evening economy, employment and the general economic prosperity of the city.

However, this success also brings with it issues which the city wishes to address. Firstly, the success of the creative industries sector cannot be taken for granted, and questions of how best to support, maintain and grow it for the future need to be addressed.

Additionally, the attractiveness of the city has led to extremely high land prices, both for residential and commercial properties. The compact and dense nature of the city with its two natural borders severely limit development potential. The traditional economy of the past did not leave a large stock of industrial buildings which in other cities of comparable size would now be available for alternative employment uses. Brighton & Hove City Council (BHCC) has recognised for some time that the demand for affordable and appropriate workspace across the range of creative industries sub-sectors is ongoing and unsatisfied. However, until this piece of work, the exact nature of this demand has not been quantified and therefore the city has not been able to position creative workspace within its long-term strategic framework documents.

Via its Arts & Creative Industries Unit, the City Council has therefore commissioned this piece of work – the Creative Workspace Study – to formally quantify the workspace needs of the sector and suggest ways of working that will enable us, and our partners, to make specific interventions to support the cluster.

We required the following outcomes to be produced:

1. To forecast the need or unmet demand by sub-sector and to make recommendations how this should this be best addressed.
2. Provide a set of 'underlying principles' to be included when drawing up Development Briefs and other documents that can be used to make planning policy recommendations to protect and encourage the provision of creative workspace.
3. Identify several case studies and precedents demonstrating different methodologies and financial structures for meeting creative workspace demand.
4. Provide up to date information on changing regional, national and international policy as it affects this area.

The consultants Keith Hackett and Ged Massie were appointed to undertake the research. Both are experts in the development and provision of workspace for the creative industries. Details of the methodology used are in the main body of the report. It is intended that the results of their research will inform planning for creative workspace in the short, medium and long term, and enable future investment to be positioned firmly within a robustly evidenced strategic context.

1.2 Part A: Summary of Quantifiable Data

Baseline Calculations for Planning Purposes

In 2007 there were approximately 1,500 creative businesses located and trading within Brighton & Hove. These businesses operate within industry sub-sectors in the following numbers (expressed as percentages and total business numbers):

Digital media, software, leisure software and games	33%	500
Music and the performing arts	11%	165
Publishing and literature	9%	135
Visual arts and photography	9%	135
Design	8%	120
Art & Antiques	7%	105
Film, TV & radio	5%	75
Architecture	4%	60
Advertising	3%	45
Crafts	3%	45

Heritage & Museums	2%	30
Others (details unspecified)	6%	90
Total	100%	1505

(Sources: *BHCC Creative Industries comparative employment data 2000 and 2005* (quoting David Powell Associates) and *Artery: A Grassroots Arts Guide for Brighton & Hove* (calculation is 2005 sub-sector figures x 1500 creative businesses).

These 1,500 businesses provide direct employment for approximately 10,000 people, *excluding freelancers and sole traders*, and so each business employs 6.7 persons on average.

In addition to direct employment these businesses provide additional employment for a significant number of freelance and contract staff. Whilst the total numbers of staff contracted at any point in time is difficult to estimate the total number of freelance staff and sole traders located in Brighton & Hove and working in the creative industries is estimated to be 5,800 persons.

Total employment in the creative industries in Brighton & Hove is therefore estimated to be 15,800 in 2007. *Brighton & Hove City Employment and Skills Plan 2007* (CESP) provides current employment data, estimating that in 2007 there were 148,000 people in work in the city. **Therefore employment in the creative industries in Brighton & Hove represents 10.7% of the city's working population in 2007.**

For planning purposes it is recommended that the following range of average employment figures are used in respect of the smaller-sized company sectors.

Design and designer fashion	2.6
Film, video and photography	3.7
Music, Visual and Performing Arts	2.6
Publishing	7.2
Radio & TV	5.7

(source: calculated from data contained in *Business Directory 2007*)

The annual enterprise growth rate between 2001 and 2005 was 4.4% for creative enterprises and in excess of 20% for freelancers. While figures show that overall growth rates are slowing across the EU at present, the concentration and clustering of creative industries activities in Brighton & Hove indicates, when linked to the supply of new-start young graduate businesses, and existing business support structures, that there is no reason to believe that current growth rates in the sector will not continue at between 2.5% and 4.4% per annum within the city.

On this basis, it is suggested that a growth rate of between 2.5% and 5% in employment volumes and business numbers be adopted for planning purposes in respect of the city's creative industries.

Using a 5% growth rate, the city could therefore anticipate for 2008:

- An additional 75 creative businesses operating in the city in 2008 making a total of 1,575 creative enterprises.
- An additional 500 direct jobs created within the 1,575 creative businesses established in the city.
- An additional 290 freelancers and sole-traders located in the city and working in the creative industries, making a total of 6,090 individuals.. Estimates suggest combined full-time-equivalent employment amongst freelancer and sole traders will total 99 full-time equivalent jobs.
- Total sector employment reaching 16,590.

At 2.5% growth, these figures will be halved.

Workspace Gap Analysis: Headline Statistics

Research commissioned by Arts Council England, and spatial statistics used by architects and surveyors indicate average square foot requirements per job by sub-sector type. If creative businesses are to be ideally housed, the following additional square footage will be required:

Additional square footage requirement by sub-sector at 5% growth: (figures will be halved at 2.5% growth)

Sub-sector	City percentage	Predicted annual job growth	Square foot per job	Additional total square footage requirement per annum
Digital media, software, leisure software and games	33%	263	150	39,450
Music and the performing arts	11%	86	150	12,900
Publishing and literature	9%	71	150	10,650
Visual arts and photography	9%	71	300	21,300
Design	8%	63	150	9,450
Arts and antiques	7%	55	150	8,250
Film TV and radio	5%	39	150	5,850
Architecture	4%	31	150	4,650
Advertising	3%	23	150	3,450
Crafts	3%	23	200	4,600
Heritage and museums	2%	15	150	2,250
Others	6%	48	150	7,200
TOTALS	100%	790		130,000

(sources: BHCC Creative Industries comparative employment data 2000 and 2005 and Artist-led spaces in Plymouth (calculation is 2005 sub-sector figures x average sub-sector workspaces in square feet).

The differentiation in the types and range of workspaces is marked in the creative industries. Workspace types can be divided into four categories: *dedicated communal-user, dedicated sole-user, temporary, and visitor attractions*.

Sub-sector	Total square footage	Main accommodation types
Digital media, software, leisure software and games	39,450	<i>Dedicated sole-user:</i> production offices, office spaces
Publishing and literature	10,650	
Film TV and radio	5,850	
Architecture	4,650	
Advertising	3,450	
Music and the performing arts	12,900	<i>Dedicated communal user:</i> venues, theatres, rehearsal studios, creation space, storage and recording studios
Visual arts and photography	21,300	<i>Dedicated sole-user:</i> studios and workshop spaces
Crafts	4,600	
Design	9,450	<i>Dedicated sole-user:</i> studios and office spaces
Arts and antiques	8,250	<i>Dedicated sole-user:</i> retail outlets and workshops
Heritage and museums	2,250	Visitor attractions
Others	7,200	Demand not known – flexible provisions
TOTALS	130,000	

Therefore annual demand for workspace for the creative industries is 130,000 square foot in 2008. **An overall demand of 1.3 million square foot over the next decade is required to accommodate the growth associated with the creative industries up until 2017.** If the growth is compounded the total additional workspace required rises to 1.7 million square foot. Therefore additional creative workspace requirements at 5% growth to 2017 are:

- 850,000 square foot of office spaces, including production offices, flexible office spaces, high spec and small office units of various specifications.
- 340,000 square foot of studio spaces for visual artists and crafts practitioners.
- 170,000 square foot of communal facilities associated with the performing arts and music industries.
- 127,500 square foot of studio and office spaces for the design sector.
- 110,500 square foot of retail outlets and workshops for the arts and antique market.

- 102,000 square foot of “contingency space” to act as flexible spaces the exact purposes of which has yet to be identified, or the industry practices for which have yet to be developed.

1.3 Part B: Summary of Supply & Demand Data

A questionnaire to local creative businesses and four sub-sector consultation meetings enabled both quantitative and qualitative data to be gathered. The questionnaire had 218 respondents, of which 202 were valid entries¹. Over sixty industry representatives attended the consultation meetings.

Three common themes emerged across sub-sectors from the stakeholder consultation meetings:

1. The crucial importance of affordability and availability of appropriate workspace to the vitality, sustainability and financial well being of businesses in each sub-sector.
2. The added value to Brighton of high quality creative production and therefore the strategic importance of positioning our creative industries as innovative, risk-taking and engaged at the contemporary leading edge.
3. All sectors would find it beneficial to be structurally enabled to benefit from the temporary use of empty spaces for specific projects. A range of mechanisms was proposed to facilitate this essentially revolving around a brokerage service between business/artist and landlord.

25% of creative enterprises aspire to remain in their current or similar premises, whilst 75% aspire to move into larger premises. 10% of all creative companies have identified workspace needs that require some type of bespoke premises customised to meet their specific business needs.

90% of creative businesses would like to own their workspace through one of two preferred ownership models: almost half wanted to own their own property individually or within the business, whilst almost 40% favoured a mutual or co-operative co-ownership model, either through ownership or lease or rentals.

The average rent paid currently is £11.91 a square foot, usually including service charges.

Almost one-third of all creative businesses in the city currently occupy residential accommodation (usually their own), something that Registered Social Landlords have not yet picked up on. Residential properties are therefore an important supply of workspaces for the creative industries and the development of live/work schemes, particularly in the

¹ The questionnaire is still live and can be accessed at:
http://www.surveymonkey.com/s.aspx?sm=HP0Hi8YXQO7YcN9t2EMgEQ_3d_3d

social rented sector, offer significant potential to secure workspaces long-term for creative businesses in the city.

Calculations made from sizes of property availability and the square footage required by sub-sector job shows that the availability of commercial accommodation most affordable by creative enterprises is in a size of property least suitable for occupation by them.

1.4 Part C: Summary of Policy Framework, Precedents & Contextual Information

Learning from Case Studies

Creative workspace development has frequently taken place as part of public sector regeneration initiatives. There is significant evidence drawn from current international examples that:

- Whilst culture and the creative industries can kick-start property-led regeneration locally these businesses and initiative will be displaced as property values rise, unless specific measures are introduced to secure their position early-on in the regeneration processes.
- Public investment intensifies this displacement effect, and therefore displacement is concentrated where public expenditure is highest. Nor are the displacement effects limited just to creative businesses in poorer neighbourhoods, but includes less-well-off residents and other types of small enterprises as well.
- One-size-fits-all public expenditure solutions in respect of culture-led regeneration also lead to inter-locality displacement, alongside the property market distortions already mentioned above.
- The evidence indicates that culture-led regeneration projects cannot succeed if based on cultural activities alone. Instead cultural activities and the creative industries have to be part of a much more comprehensive plan for urban renewal, where cultural infrastructure and creative businesses play their roles, alongside public and private investment in other civic amenities, transport systems and housing.
- Research also shows that displacement effects can also happen within localities as well as between them, with further evidence that major new cultural facilities can siphon off existing local audiences and philanthropic resources rather than generating new ones.

A number of lessons can be drawn from this as well as from independent evaluations of arts and regeneration initiatives internationally. Conclusions are:

1. Mixed-use developments offer the best opportunities for sustainable development, and are most likely to work effectively long-term.

2. Public subsidy driven regeneration schemes appear less likely to succeed in terms of the creative industries, because they distort the property market place, displace the more excluded, and fail to secure the mixed-use developments identified above as important for success above.
3. Success criteria associated with creative industries developments often requires that the creative enterprises involved be present in regenerated neighbourhoods long-term, surprisingly a factor ignored or overlooked in many public-sector led regeneration initiatives.
4. However displacement of more marginal economic activities also happens in mixed-use developments as well. It is important to create specific mechanisms to secure the future of creative activities, and use public and private financing mechanisms to achieve this.
5. Finally all forms of investment programmes designed to benefit the arts and creative industries need to make investments in the people and not just the buildings. This is because investment in people creates economic capacity that in turn drives growth within the creative enterprise.

A range of UK case studies demonstrate that the ability to embrace and use the new fiscal mechanisms will be crucial in the development of future creative workspace:

- Planning gains through section 106 agreement.
- Community interest companies.
- Business rate relief schemes.
- Easier public, third sector and commercial financing arrangements.
- Pension funds and mutual and co-operative lending arrangements.
- Access to wider forms of lending institutions such as Charities Bank.
- Changes to the Business Rates system designed to encourage premises occupation.

A varied range of 22 creative workspace case studies are included in the main report.

Summary of EU, Regional & Local Policy Positions

The creative industries are now recognised as a policy priority at European, national, regional and city levels. This recognition has led to the incorporation of the creative industries sector in policy documents produced by the leading public sector agencies including the EU, the UK DCMS, SEEDA and BHCC. Without exception, these policy frameworks now prominently identify the creative industries as one of the key economic sectors within Europe's new knowledge economy, and seek to support the ongoing development and growth in the sector.

The two policy precursors to success for the growth of the creative industries at a local level are:

- 1) The availability of a clear policy framework in which to act.
- 2) The existence of a local partnership capable of making individual actions happen.

The evidence gained from this research demonstrates that the policy frameworks required for success are in place within the south east of England and in Brighton & Hove specifically.

The needs, profile and benefits of the arts and creative industries have been increasingly highlighted with each subsequent version and consultation of the BHCC Core Strategy, demonstrating an improving synergy between intention and mechanisms of practical implementation.

However, Brighton & Hove's investment profiles, and those of SEEDA, must align themselves. The caveat may be that SEEDA itself may need to broaden its own investment priorities from simply high growth digital media companies into a broader creative sector approach. This achieved, it is then for the local partners to achieve delivery.

Finally implementation activities need to be informed by the experiences of those projects, places and initiatives that have gone before. The provision of workspaces for the creative industries is neither unique nor new, and has been a significant component of local development policies for the past two decades at least. This allows lessons to be learnt and experience gained through the examination of previous initiatives.

1.5 Recommendations

1. If the imbalance between demand and workspace is not addressed, then rental will rise to a point not affordable by the majority of creative businesses within the city. Additionally, 60% of the creative industries sector requires premises other than traditional office space and the city lacks certain types of buildings (storage, warehousing, light industrial premises). Therefore the current supply of creative workspaces must be increased. And in the absence of industrial properties, the industry will need to create them either from conversions or as new builds. **For this to happen it is important that the planning and local development aspects of the Local Development Framework (LDF) are in place to make this possible.**

2. **Within many of the twenty major development sites planned in the immediate future, the city has considerable scope for additional volumes of creative workspaces. The opportunity to review these sites to investigate potential to provide a range of creative industries workspace should be taken.** An overview suggests there is a disjuncture between the policy aspirations of the Council

in terms of creative workspaces and the implementation plans and schemes outlined to date. Similarly premises where creative businesses are established currently may also be threatened within certain of the schemes ie New England House. Where existing creative industries workspace is provided, these should be protected or replaced like-for-like in any redevelopment schemes.

3. **International case studies, national initiatives, regional policy, and local experiences all suggests that mixed-use developments have great potential to provide appropriate workspaces for creative businesses.** This should be reflected when developing Briefs, site allocations and supplementary planning guidance. LDF policies encouraging mixed use developments should include reference to creative workspace.

4. Research indicates that public investors and policy makers should adopt three linked strategies to counter the exclusion effects of 'culture-led regeneration'. These are **(i) invest in mixed-use developments, (ii) ensure there are stakeholder opportunities for ownership and control long-term for the original change-catalyst businesses, and (iii) accept that investment for the development of small enterprises can be as successful and sustainable where it takes place in more prosperous neighbourhoods.** It is recommended that policy makers consider carefully the issues and lessons associated with culture-led regeneration and adopt measures designed to create sustainable growth within the local creative industries.

5. Only one-fifth of businesses currently own the properties they occupy whilst three-fifths lease or rent. However 90% of creative businesses in the city viewed workspace ownership as the solution to the combined issues facing them in regard to uncertain premises' tenure and individual company growth. **This aspiration for long-term control over their premises is clearly favoured and it is recommended that future workspace solutions for the city must seek to meet this aspiration. Workspace solutions that enable property ownership should be promoted and developed. Examples include access to loan financing for property purchase, advice for structuring property-related developments as pensions and shared investment schemes, promotion of shared-ownership schemes, and very long-lease arrangements whereby properties are transferred in exchange for development commitments.** A comprehensive range of such financial arrangements needs to be established and public monies made available to pump-prime them.

6. **It is important both to encourage current initiatives designed to promote workspace ownership – collective or individualised – and to provide examples of successful collective solutions to act as demonstration projects and best-practice examples.** Almost 40% of creative businesses in Brighton & Hove favoured a mutual or co-operative co-ownership model, either through ownership or lease or rentals. There are a considerable number of successful mutual, collective, co-operative and charitable workspace solutions operating both across the UK and in Brighton & Hove specifically. **It is important to brief business development agencies and finance providers on the benefits of these collective models. It may be necessary for**

the public sector to promote these forms of scheme by assisting with the costs of access to specialist legal advice.

7. It is likely that meeting demand for basic office space over ten years lies with public, private or public/private development initiatives and that a range of developers will be required. It does not follow that all developers will be third parties simply building workspace accommodation for rent. **Rather, a variety of artist-led initiatives operate quite successfully in the UK, and the mechanisms used by these should be explored.** This Study provides a range of UK case studies, chosen because of their entrepreneurial approaches and access to mixed funds. **The functionality of these various case studies should be explored and a series of master-classes whereby the driving individuals behind these various projects are asked to explain their operations, both to local creative practitioners and to public officials. These artist-led developers should be considered as having an equal status and capacity with more traditional development models and mechanisms.** Traditional developers should also be encouraged to incorporate artist-led developers within their overall development teams.

8. **It is suggested that a working group be established to explore the specific issue of live-work accommodation. This could provide one mechanism for defending and maintaining creative employment within changing neighbourhoods (such as BN1). It would also provide access to affordable accommodation and contribute to enterprise development.** Whilst business spaces within non-residential properties accounts for 70% of the supply of creative business space research indicates that (i) considerable amounts of informal live-work arrangements exist in the city already, (ii) the volumes of live-work activities will only increase in the future (iii) that registered social landlords would consider the development of bespoke live-work units for rent for creative practitioners if encouraged so to do. **A key worker status for creative individuals has also been advocated elsewhere in the UK and such status might be attainable through this mechanism in Brighton & Hove.**

9. The BN1 creative industries cluster is subject to increasing commercial pressures and subject to other policy plans and regeneration initiatives. **It is critical that these various initiatives are made aware of the importance of current creative industries activities within their areas, and that they adopt policies and implement programs which re-enforce and don't displace these clustering effects.** Precisely because this is a small enterprise sector, it is a fragile ecology and can easily be destroyed however unintentionally. **It is therefore suggested that existing policies in regard to parts of the BN1 postcode be reviewed with the needs of creative clusters in mind and reinforced to protect this clustering.**

10. **The definition of "employment land" needs examining and actioning, with the specific objective of broadening the definition to include the reality of workspaces used by creative organisations and businesses.** Additional types of premises currently used by creative businesses need protecting. This list includes

community buildings, social centres, former halls and public buildings, licensed premises, garages, out-houses, barns, sheds, retail outlets and places of entertainment. **There needs to be formal recognition within the LDF that these types of properties are important as a source of creative industries workspaces.** The Council should include the addition of creative workspace as one specific type of community asset that should be considered and supported when the future new uses for redundant community facilities are considered and acted upon.

11. Continuing cross-departmental working will be required to embed the result of this study into the emerging priorities of the LDF. This could include briefings, and **the designation of an expert officer within City Planning as a sector champion, charged with communicating and embedding the sectoral aspects into the LDF and associated Planning documents.**

12. **The creative industries provide a vital and important contribution to the tourism offer for the city.** It is important to recognise the synergies between tourism and the creative enterprises located in various tourist destinations in the city, and **to seek to develop, embed and grow these inter-dependencies in the future.** Workspace for these creative enterprises in such locations is an important aspect of this success. **It is therefore suggested that provision of suitable numbers and types of workspaces for the creative industries should be considered specifically within the tourism strategies for the city.**

13. Recent proposals to increase the volumes of workspaces available regionally have been published by SEEDA and now requires local implementation. Interagency working is a key implementation mechanism. It is therefore important that **(i) the full range of agencies with an interest in the provision of workspaces for the creative industries are allowed to participate in the development of future workspaces and (ii) that a local implementation group be established to oversee the future development of creative industries workspace within the city.**

14. The Higher Education sector has a potentially significant role to play in the supply of business-ready creative professionals, and through offering sites and premises where workspaces for creative businesses can be established and maintained. This offer is considerably wider than simply offering graduate incubation facilities. **It is suggested strongly that higher education institutions should develop workspaces for creative enterprises within existing and new premises located on or adjacent to university campuses.** These workspaces could be negotiated as part of section 106 planning agreements in respect of other university-led activities and the premises might be managed and controlled by organisations independent of the universities themselves.

15. The UK Treasury has recently initiated various new fiscal arrangements designed to encourage property development activities with a social focus. These initiatives include Community Land Trusts, Community Interest Companies, and changes to the Small Business Rate exemptions designed specifically to encourage vacant properties to be

passed into social ownership, particularly for future use as sports facilities or cultural resources. **These various arrangements offer real potential to underpin the development of creative industries workspaces at scale in the city. These should be examined in detail alongside the case study models.** Changes to the Business Rates system no longer exempts empty business properties from payment. As a result property owners would rather let properties than be penalised and pay business rates themselves. The issue for owners becomes one of finding tenants. Evidence suggests that a brokerage that identifies creative businesses on a short-term basis would be welcomed by the sector. The lease arrangements should be underpinned by simple and informed legal advice. **It is therefore recommended that the city take advantage of these changes in the Business Rate system and establish a function whereby it either acts or funds another body as the brokerage.**

16. New collective pension arrangements underpinned by the ownership of commercial workspaces, termed REITS and SIPPS, offer real opportunities to own commercial property long-term and underpin retirement incomes. These also provide a mechanism to secure long-term ownership and control over property providing workspaces. **Knowledge of these opportunities is extremely limited amongst small enterprises generally and in the creative industries specifically. It is therefore recommended that an “education campaign” outlining these opportunities should be mounted for the sector and that appropriate legal advice be made available for groups of creatives wanting to pursue this option.**

17. Developer contributions (or section 106 agreements) are crucial for securing the necessary benefits through the planning process of a development. The council’s revised Core Strategy will highlight where developer contributions may be required for meeting strategic needs across key development areas where growth is expected. **It is important (i) that the scope for developer contributions to support the cultural sector be well demonstrated and (ii) reflected in the emerging Developer Contributions SPD.**

2. Introduction

Brighton & Hove is recognised as the creative hub on the south coast, a city that hosts the biggest cluster of creative industries businesses and organisations in the south east outside London. It is recognised in the Regional Economic Strategy as a 'Diamond for Growth' and seen as a catalyst for regeneration and prosperity on the wider south coast.

The city benefits from some natural advantages that make it an attractive place to live, notably its location by the sea and its northern boundary of the South Downs, shortly to be designated a national park. Simultaneously, it is far enough away from London to be a distinct and unique location but within easy proximity and traveling to the capital which enables significant economic advantages for the city.

From the 1990s onwards, forward planning and investment in its seafront and cultural assets have revitalised the public face of the city and the infrastructure of its cultural offer, using public sector interventions to pump-prime significant private sector investment. While always a city attractive to creatives, the University of Brighton has a longstanding national reputation for excellent arts courses and graduate retention in Brighton & Hove is high. The last decade has also seen a big influx of individuals and businesses relocating to the city as its reputation for being business friendly, and enabling a high quality of life has spread.

While there remains pockets of severe deprivation in the city and evidence of a growing 'dual economy', the combination of the above factors combine to prepare Brighton to face the challenges of the 21st century from a position of strength. It has a thriving creative industries ecology and a critical mass of creative individuals, organisations and businesses. Brighton & Hove hosts the largest arts festival in England (which brings £20m into the local economy each year) plus thirty other major arts festivals. It was winner of the National Outdoor Event Association Best Practice award 2006. Several arts and creative industries organisations of regional and national importance are based in the city, including Arts Council England SE, South East Dance, Photoworks, Brighton Photo Biennial, Wired Sussex, Fabrica and Same Sky. It also hosts organisations and businesses with international significance such as Blast Theory, Nightingale Theatre and Linden Labs (makers of 'Second Life') and Disney's 'The Penguin Club'. All these organisations and the work that they do, along with many others, make an unparalleled contribution to the vibrancy, reputation for high quality production and the desirability of living in Brighton & Hove.

The creative industries cluster in Brighton & Hove in 2007 provides over 15,000 jobs, or 10.7% of employment in the economy. Approximately 1500 businesses are in the creative industries sector, a third of which are in the new media and digital sub-sector. The creative industries sector has grown at 4.4% over the last five years, making it the fastest growing sector in the city. The size, health and most importantly the unique activity of the sector contributes to several public agendas, including the cultural offer, the physical and emotional health of individuals, community cohesion and inclusiveness, the visitor and evening economy, employment and the general economic prosperity of the city. However,

this success also brings with it issues which the city wishes to address. Firstly, the success of its creative industries sector cannot be taken for granted, and questions of how best to support, maintain and grow the sector for the future need to be addressed.

Additionally, the attractiveness of the city has led to extremely high land prices, both for residential and commercial properties, with a large buy-to-let market. The compact and dense nature of the city with its two natural borders, severely limit development potential. The traditional economy of the past did not leave a large stock of industrial buildings which in other cities of comparable size would now be available for alternative employment uses. Brighton & Hove City Council (BHCC) has recognised for some time that the demand for affordable and appropriate workspace across the range of creative industries sub-sectors is ongoing and unsatisfied. However, until this piece of work, the exact nature of this demand has not been quantified and therefore the city has not been able to position creative workspace within its long-term strategic framework documents.

Via its Arts & Creative Industries Unit, the City Council has therefore commissioned this piece of work – the Creative Workspace Study – to formally quantify the needs of the sector, flag up appropriate issues and suggest ways of working that will enable us, and our partners, to make specific interventions to support the cluster.

2.2 Purpose of research

It has long been recognised that the provision of appropriate, affordable and available workspace is one of the pre-conditions of success for the creative industries (others are around training, professional and personal development, business incubation and access to appropriate finance).

In commissioning this research, the city council required six outcomes to be produced. These are:

1. To identify the nature and type of current supply of premises within the creative industries, and forecast the need or unmet demand. To make recommendations how this should be best addressed.
2. Prioritise the need for quantity and type of floor space and specialised equipment needs by sub-sector and according to transparent criteria.
3. Provide a set of 'underlying principles' to be included when drawing up tender documents, and that can be used to make planning policy recommendations to protect/encourage the provision of creative workspace.
4. Identify case studies and precedents demonstrating different methodologies and financial structures for meeting creative workspace demand.

5. Provide up to date information on changing regional, national and international policy as it affects this area, for example, European policy relating to workspace development in rural areas.
6. As appropriate, identify and scope sites for further exploration and/or intervention.

NB. After discussion, it was agreed to vary outcomes number two and six.

Two consultants were appointed jointly to undertake the research, Keith Hackett and Ged Massie. Both are experts in the development and provision of workspace for the creative industries. It is intended that the results of their research will inform planning for creative workspace in the short, medium and long term, and enable future investment to be positioned firmly within a robustly evidenced strategic context.

2.3 Methodology

In October 2007, the Arts & Creative Industries Unit of the City Council formed a Steering Group consisting of:

- Dany Louise, Creative Industries Manager, BHCC (project manager).
- Andy Glover, Economic Development Officer, BHCC.
- Helen Gregory, Senior Planning Officer with responsibility for the LDF, BHCC.
- Karen Cass, Vice Chair, Creative Brighton.
- Stella Bellum, Head of Cultural Policy, SEEDA.
- Alison Marsh, Area Manager Brighton & Hove, SEEDA.
- Louise Etheridge, Cultural Observatory Manager, Culture South East.
- Miranda Robinson, Development Manager, Screen South.
- James McVeigh, Resource Development Manager, Arts Council England, SE (invited to join for the dissemination period).

The methodology adopted comprised of primary and secondary research as follows:

Primary research

- Interviews with key policy makers.
- Four sub-sector consultation meetings.
- A web-based workspace questionnaire, widely distributed.
- Survey of Registered Social Landlords.
- Interviews with commercial estate agents.

Secondary research consisted of:

- Literature reviews of relevant documents.
- Wide ranging desk research.
- Review of commercial property database.

Various sub-reports have been produced. These record, analyse and consider research information in significant detail on a range of creative workspace themes. The intention is for these sub-reports to be used for future reference and as part of the robust evidence base for this work. These documents are published in full as web-based pdfs and are available on the websites listed below², or by request directly to the Arts & Creative Industries Unit. Where appropriate they are referred to in this document for supporting information.

This final, public facing report considers, synthesises and makes connections between the bodies of information in the sub-reports, summarises the quantifiable data in statistical tables, and makes the recommendations to be found in section 7.

The full list of published documents, including appendices to each document, is as follows:

1. Literature Review 1: Economic Development – General Data. *
2. Literature Review 2: Creative Industries – General Data. *
3. Literature Review 3: Creative Industries – Workspace documents. *
4. Selected Creative Workspace Case Studies in UK (*reproduced in full as part of this report*).
5. International Creative Workspace initiatives in a regeneration context.*
6. The Challenge of the New: Policy positions for Creative Industry Workspace development in the south east of England. *
7. Analysis of creative workspace survey & current supply in Brighton & Hove. *³
8. Employment baselines 2007 & workspace gap analysis model (*reproduced minus appendices as part of this report*).
9. Underlying principles.
10. Final Report.

2.4 Structure

The structure of this report is designed as follows:

Background to Research

Part A: Creative Industries quantifiable data, beginning on page ?

Part B: Supply & demand, qualitative data, beginning on page ?

Part C: Policy framework, precedents & contextual information, beginning on page ?

Part D: Recommendations, beginning on page ?

www.creativebrighton.co.uk www.brighton-hove.gov.uk²

³ * Published as web-based pdfs only

Part A: Creative Industries Quantifiable Data

3. Employment Baselines 2007 & Workspace Gap-analysis Model

3.1 Methodology

Data about the city's employment volumes associated with the creative industries is available from a number of published data sources, cited in the text that follows. Data is used here only where reviews of the literature suggest that the figures are robust and reliable. Otherwise various issues in respect of specific figures have been considered and commented upon in the individual literature reviews undertaken as the source detail for this report.

Data sources include:

- Several Annual Business Surveys.
- BHCC Employment Land Study.
- Brighton & Hove Business Directory.
- BHCC creative industries comparative employment data 2000 and 2005.
- BHCC City Employment & Skills Plan (draft dated 22 October 2007).
- Strategic Framework & Action Plan for development of the creative industries in south east England (Ancer Spa for SEEDA March 2007).

The methodology identifies and summarises data from a range of sources in Appendices 1 and 2 published as a web-based pdf as part of (8) above *but not reproduced here*. Information has been summarised under four headings for each year examined:

1. Number of creative companies located within Brighton & Hove.
2. Number of individuals working in the creative industries in Brighton & Hove, including employed and self-employed.
3. Creative industries employment as percentage of total employment in Brighton & Hove.
4. Average number of employees employed in creative businesses in Brighton & Hove.

Projections are then made based on sector growth projections at levels reported by various researchers, including in local studies and by the UK Government and the European Union.

3.2 Comparative Headline Statistics 2000 – 2005/06

Number of creative companies reported as located within Brighton & Hove:

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
------	------	------	------	------	------	------	------	------	------

787			1014			1231	1500+	1452	
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Number of individuals reported as working in the creative industries in Brighton & Hove, including employed and self-employed:

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
2760			3732			6667	9000	10224	

Creative industries employment reported as percentage of total employment in Brighton & Hove:

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
2.4			2.8				8.5	9.0	

Average number of employees reported as employed in creative businesses in Brighton & Hove:

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
3.5			3.7			5.4	6.0	7.8 *	

* this is a limited sample of larger companies

Additional details from the data-sources quoted are contained in Appendices 1 and 2 and published on websites already mentioned⁴.

The following compares numbers of enterprises and employment levels in the creative industries in Brighton & Hove across years. The base data concerns the change in the numbers of creative businesses in Brighton & Hove between 2000 and 2005 (excluding self-employed freelancers which are in brackets where known):

Sub-sector	Total business count by sub-sector as % of total in B&H in 2000	Total business count by sub-sector as % of total in B&H in 2004	Total business count by sub-sector as % of total in B&H in 2005
Digital media	16%	33.6%	35.5%
Software/Leisure software	3.5%	Now counted within digital media	
Publishing/literature	11.5%	6.6%	9.3%

⁴ www.creativebrighton.co.uk/
www.brighton-hove.gov.uk/

Visual arts + photography	10.5% (+800)	13.1% (data not disaggregated)	8.5% (+1800)
Film, TV & radio	6%		4.9%
Art & antiques	8%	Not included	6.5%
Music	8%	33.1% (data not disaggregated)	6.6% (+700)
Performing arts	6%		4.9%
Architecture	5%	4.8%	4.2%
Advertising	4.5%	5.7%	3.6%
Crafts	3%	Not included	2.7%
Designer fashion	1%	Not included	0.8%
Design	9%	Not included	7.2%
Heritage, museums & galleries	1%	Not included	0.7%
Visitor attractions	0.5%	Not included	0.5%
Others + agencies	0.5%	Not included	0.5%
Unallocated	5.5%	Not included	4.2%
Totals	100% (+800)	100%	100% (+2500)

(sources: *BHCC Creative Industries comparative employment data 2000 and 2005* and *Strategic Framework and Action Plan for Development of the Creative Industries in South East England*)

3.3 Estimates of self-employment in the Creative Industries

The numbers of people in self-employment in the creative industries is difficult to estimate for a number of reasons, including:

- Seasonal employment. Self-employed people move in and out of work, particularly in respect of seasonal employment in holiday resorts related to tourism.
- Mobility. Work takes place over a considerable number of locations, many not within the city at all. Additionally, the self-employed may move between PAYE and self-employment on a regular basis.
- “Dual jobbing”. The self-employed are often supplement their income from their creative occupations with other work, so many have a number of parallel jobs.
- Informal work arrangements. This is a cash-in-hand sector in parts. Consequently not all income is reported to the Inland Revenue with the consequent apparent reduction in employment numbers and volumes that results.
- Not being VAT registered. VAT registrations are one mechanism chosen for counting new start and existing business numbers, and many creative practitioners’ turnover well below the VAT thresholds each year.

Consequently employment predictions and estimates for the creative industries tend to concentrate on the larger creative companies working in the sector, rather than the sole-traders. However, in some sub-sectors, such as crafts, popular music, and the performing and visual arts, sole-traders are the dominant form of employment. Therefore it is necessary to consider the numbers of self-employed people when considering the total employment impact of the sector.

A number of the information sources make specific references to the numbers of self-employed people working in the creative industries in Brighton & Hove. These include:

- In 2000 it was estimated that a total of 800 sole-traders and freelance staff were working in the creative industries in Brighton & Hove. These individuals worked mainly in the visual arts.

(source: BHCC Creative Industries comparative employment data 2000 and 2005).

- In 2004, 41,850 people worked in the creative industries in the south east of England in a self-employed capacity, which meant that total employment in the creative industries in the south east of England stood at 114,300 in 2004. Self-employed people therefore accounted for 37% of all employment in the creative industries in the south east in 2004. Self-employed people are best represented in crafts, design, music, and the visual and performing arts.

(source: Strategic Framework and Action Plan for Development of the Creative Industries in South East England).

- In 2005 it was estimated that a total of 2,500 sole-traders and freelance staff were working in the creative industries in Brighton & Hove. These individuals worked mainly in the visual arts, the performing arts and music.

(source: BHCC Creative Industries comparative employment data 2000 and 2005)

- The number of people working as employed in the Brighton & Hove creative industries in 2005 was approximately 9,000. Assuming the creative employment in the city is typical of the south east of England as a whole then this figure represents 63% of total employment in the creative industries in the city, which means that in 2005 there were approximately 5,000 sole-traders and freelancers located in the city and working in the creative industries.

(source: calculation from figures above).

3.4 Baseline Calculations for Planning Purposes

From the data and information outlined above it is recommended that the following quantities are accepted as baseline figures:

1. In 2007 there are approximately 1,500 creative businesses located and trading within Brighton & Hove.

2. In 2007, these businesses operate within industry sub-sectors in the following numbers (expressed as percentages and total business numbers):

Digital media, software, leisure software and games	33%	500
Music and the performing arts	11%	165
Publishing and literature	9%	135
Visual arts and photography	9%	135
Design	8%	120
Art & Antiques	7%	105
Film, TV & radio	5%	75
Architecture	4%	60
Advertising	3%	45
Crafts	3%	45
Heritage & Museums	2%	30
Others (details unspecified)	6%	90

(sources: *BHCC Creative Industries comparative employment data 2000 and 2005* (quoting David Powell Associates) and *Artery: A Grassroots Arts Guide for Brighton & Hove* (calculation is 2005 sub-sector figures x 1500 creative businesses).

3. That these **1,500 businesses provide direct employment for approximately 10,000 people, excluding freelancers and sole traders**, and so each business employs 6.7 persons on average. However it must be noted that in reality the numbers of persons in direct employment varies between sub-sectors of the creative industries because the differences in sizes of the various companies.

4. Significant numbers of additional people gain employment in the city's creative industries as freelance and contract staff and sole traders, particularly in music, the performing arts, media, TV and radio production, visual arts, and crafts. Therefore in addition to direct employment these 1,500 creative businesses provide additional employment for a significant number of freelance and contract staff. Whilst the total numbers at any point in time is difficult to estimate the **total number of freelance staff and sole traders located in Brighton & Hove and working in the creative industries is estimated to be 5,800 persons**.

5. **Total employment in the creative industries in Brighton & Hove is therefore estimated to be 15,800 in 2007**. This represents a combined workforce for 1,500 creative businesses and 5,800 sole-traders within the city. The average number of direct employees in each creative business in the city is 6.7 currently. However the average sizes of creative companies in the city ranges depending upon sub-sector activities. The current average sizes of creative business locally has been extrapolated from a sample of various creative businesses contained in the *Business Directory 2007*. These figures are summarised below.

For planning purposes it is recommended that the following range of average employment figures are used in respect of the smaller-sized company sectors:

Design and designer fashion	2.6
Film, video and photography	3.7
Music, Visual and Performing Arts	2.6
Publishing	7.2
Radio & TV	5.7

(source: calculated from data contained in *Business Directory 2007*)

3.5 Growth in the Creative Industries in Brighton & Hove

Having established baselines for creative industries activities in 2007, it is possible to predict the rate at which the sector and industry might grow in the future, based on past performance. Data available about sector growth includes the following statistics:

- Annual growth in the numbers of creative business in Brighton & Hove was 9% between 1998 and 2001. This figure was twice that for business growth as a whole in the city's economy over the same period. This also compared to an annual growth rate of 2.5% amongst creative businesses in the south east of England as a whole in the same period.
- Direct employment in creative businesses in Brighton & Hove rose by 5% per annum between 1998 and 2001.
- Annual enterprise growth rate between 2001 and 2005 of about 4.4% for creative enterprises and in excess of 20% for freelancers.

(source: literature review of *BHCC Creative Industries comparative employment data 2000 and 2005*):⁵

The rate of growth amongst new start companies, and in employment volumes within existing companies in the creative industries has been significant over the past decade. Indeed the sector is one of the best performing across the European Union. Growth is robust too, in the south east of England generally and specifically within Brighton & Hove.

The figures above show that whilst overall growth rates are slowing (as they are right across the EU at present) the concentration and clustering of creative industries activities indicate, when linked to the supply of new-start young graduate businesses, and existing business support structures, that **there is no reason to believe that current growth rates in the sector will not continue at between 2.5% and 4.4% per annum within the city.** Indeed it could be argued that the very existence of this workspace research and the initiatives that may flow from it will reinforce, contribute to and possibly accelerate this growth rate in the future.

3.6 Creative Industries and Employment

Overall, general employment in Brighton & Hove shows a similar pattern. *Brighton & Hove City Employment and Skills Plan 2007* (CESP) provides current employment data, which

⁵ Literature review 2 p15

estimates that in 2007 there were 148,000 people in work in the city. This included 77,500 full-time workers, 47,300 part-time workers and 23,300 self-employed. It provides details of sectoral employment in the city in 2007.

<i>Sector employment in Brighton & Hove - 2007</i>	<i>Brighton & Hove</i>	
	<i>count</i>	<i>%</i>
Agriculture, forestry and fishing	220	0
Energy and water	940	1
Manufacturing	4,620	3
Construction	6,100	4
Retail and wholesale	19,840	13
Hotels and catering	11,710	8
Transport and communications	8,360	6
Financial and business services	44,890	30
Public administration and defence	4,330	3
Education	14,940	10
Health	18,910	13
Other	13,180	9
TOTAL	148,050	100

The CESP notes that creative industries employment is estimated to comprise some 24,000 of this total of 148,050. However, the definition of the creative industries that the CESP uses is not the current accepted DCMS definition that is used throughout this Creative Workspace Study (further detail around this point is in the literature reviews⁶). Because of this, **the overall creative industries employment figure cited in this report - 15,800 - is considered more reliable and robust.**

On the basis of these figures employment in the creative industries in Brighton & Hove represents 10.7% of the city's working population in 2007.

3.7 Growth potentials for the Creative Industries

The growth potential of the creative industries has to be accepted as something of an unknown. Its growth, as indicated above, is linked to issues such as digital convergence and intermittent labour, but also to other macro-economic strategies and intentions, such as global trade, the growth of the knowledge economy, labour mobility, and the EU's Lisbon ambitions, to cite but four.

One message therefore in predicting growth in the creative industries is that this is a difficult and imprecise science. This is because we are in new economic and industrial territory. This new territory may explain the high growth rates experienced in the industry over the past ten years, which may simply represent the blooming of a new growth at the beginnings of the knowledge economy age. On the other hand cities generally, and early adopters in particular, appear to have significant first-mover advantages in the emergent

⁶ Literature review 1 page 23
Creative Industries Workspace in Brighton & Hove 2007-2017: Final Report
Keith Hackett & Ged Massey, March 2008

competition for the employment and enterprise growth associated with the new information age.

These advantages exemplify themselves as “creative hubs”: locations where creative businesses cluster often linked to centres of young populations, universities and cosmopolitan areas. Brighton & Hove is accepted as a primary example of this concentration in the south east of England. On that basis it is reasonable to assume that the city will avoid the worst effects of any up-coming recession (at least in this sector) and maintain growth rates in respect of its creative industries. For the purposes of this report, a worst-case scenario of 2.5% growth is predicted, and a best-case scenario of 5% growth.

This report suggests that a growth rate of between 2.5% and 5% in employment volumes and business numbers be adopted for planning purposes in respect of the city’s creative industries.

Using a 5% growth rate, the city could therefore anticipate for 2008:

- An additional 75 creative businesses operating in the city in 2008 making a total of 1,575 creative enterprises.
- An additional 500 direct jobs created within the 1,575 creative businesses established in the city.
- An additional 290 freelancers and sole-traders located in the city and working in the creative industries, making a total of 6,090 individuals. (This figure will include a significant number of intermittent and hidden workers and volunteers. Best estimates suggest that 25% of these freelance posts will be full-time and the remainder part-time through to intermittent). Estimates suggest combined full-time-equivalent employment amongst freelancer and sole traders will total 99 full-time equivalent jobs.
- Total sector employment reaching 16,590.

At 2.5% growth, these figures will be halved.

3.8 Sub-Sector Distribution of New Employment and Enterprise Growth

The numbers of self-employed people are counted outside of the numbers in direct employment. In 2005 the numbers of self-employed people working in the creative industries in the city are estimated to total in excess of 2,500 people. 70% are concentrated in the visual arts, photography and design, and 30% are in the performing arts and music.

(source: BHCC Creative Industries comparative employment data 2000 and 2005).

The 2004 survey of creative occupations across the south east of England as a whole concludes that self-employed people accounted for 37% of all employment in the creative industries.

Total employment within sub-sectors in 2004 in the south east of England:

Sub-sector	Employees	Self-employed	Total
Advertising	21,100	4,000/9.6%	24,100
Architecture	13,010	280/0.7 %	13,290
Art and antiques	3,090	0	3,090
Crafts	0	14,700/ 35.1%	14,700
Design and designer fashion	1,390	13,480/32.2%	14,870
Film video & photography	5,950	1,540/3.7%	7,490
Music, visual and performing arts	13,280	5,400/12.0%	18,680
Publishing	11,570	1,200/2.9%	12,770
Television and radio	4,060	1,250/3.0%	5,310
Total	72,450	41,850/100%	114,300

(source: *Strategic Framework and Action Plan for Development of the Creative Industries in South East England*)

These figures are notable because they highlight the significant absence of the crafts sector from the figures available for Brighton & Hove. They also confirm the difficulties associated with tracking and predicting activities amongst the self-employed in the sector, and highlight the individuals' abilities to work between and across sub-sectors and gain from the benefits of convergence identified in the *Banking On Culture* modelling undertaken in 2000.

This convergence also offers one solution to the potentially difficult issue of intermittent working and volunteering. Informal and part-time working have been typical of some parts of the creative industries in the recent past, particularly when the industry was heavily demarcated. Evidence now suggests that convergence makes earning a freelance living across a range of industry sub-sectors significantly easier to achieve. Consequently it is more reasonable to believe that a significant percentage of self-employed posts established in the industry will be full-time rather than intermittent or occasional. However, there is still evidence that many freelancers supplement their income with part-time jobs outside of the creative industries, or choose to work on a part-time basis only. Therefore it is reasonable to assume that as many as 75% of the freelance posts will be part-time or intermittent.

3.8 Workspace Requirements by sub-sector type

Research in 2005 has identified the typical demand for creative economy workspaces in UK (source: *Artist-led Spaces in Plymouth*). This research drew on sources of primary research measuring a range of creative workspaces across a range of sub-sector activities, published primary research commissioned by the Arts Council of England in regard to the workspace needs of visual artists specifically, and the indicative spatial statistics used by architects and surveyors to plan office and commercial workspace developments. Findings include that:

- Demand for spaces varies by sub-sector and the nature of the creative processes employed. Visual artists require an average of 300 square foot each (27.9 square meters), crafts people 200 square foot each (18.6 square meters), and office/information technology focused businesses 150 square foot each (13.9 square meters). The research also noted that whilst the storage and warehousing of cultural products requires significant volumes of physical space these storage and distribution spaces tend to create relatively low volumes of employment particularly for those in creative occupations. Consequently these large 'storage-type facilities' have been omitted from consideration here.
- These different figures translate to an average current demand of approximately 225 square foot per job in the creative industries (20.9 square meters).

3.10 Workspace Gap-Analysis Model

Growth predictions indicate that from 2007 the creative industries will grow by between 2.5 and 5% per annum, *subject to the correct conditions for growth being in place locally, including the availability of suitable workspaces*. This 5% growth rate is equivalent to an additional 75 creative businesses operating in the city in 2008 making a total of 1,575 creative enterprises; an additional 500 direct jobs created within the 1,575 creative businesses established in the city in 2008; and an additional 290 freelancers and sole-traders located in the city and working in the creative industries. This is a **total of new employment in the city of 790 people within the creative industries in 2008**.

Discounting displacement, and working on the assumption that all the creative enterprises currently in the city are housed adequately, then the growth related employment in 2008 would require **an additional total of 177,750 square foot of workspace** (16,513 square metres) to accommodate this new employment growth adequately (calculated as 225 square foot x 790).

Using a simple unit space approach the additional workspace requirements for 2008 can be calculated: 177,750 square foot, with demand for similar volumes of additional workspace required in subsequent years if the creative industries are to achieve steady growth of 5% based on a baseline established in 2007 over the ten-year period of this Study. Therefore

demands over the next decade can be predicted to be in the region of 1.7 million square foot of creative workspaces (158,000 square metres). This figure rises to approximately 2.2 million square foot (204,385 square metres) if the growth is compounded over the ten-year period.

However we know that workspace demand within the creative industries is not homogeneous. Consequently, this total workspace figure can be recalibrated based on an estimate of the types of creative activities in which the creative enterprises are involved specific to Brighton & Hove. So by using the sub-sector divisions and current activity percentages, a revised estimate can be made, as follows:

Sub-sector	City percentage	Predicted annual job growth	Square foot per job	Additional total square footage requirement per annum
Digital media, software, leisure software and games	33%	263	150	39,450
Music and the performing arts	11%	86	150	12,900
Publishing and literature	9%	71	150	10,650
Visual arts and photography	9%	71	300	21,300
Design	8%	63	150	9,450
Arts and antiques	7%	55	150	8,250
Film TV and radio	5%	39	150	5,850
Architecture	4%	31	150	4,650
Advertising	3%	23	150	3,450
Crafts	3%	23	200	4,600
Heritage and museums	2%	15	150	2,250
Others	6%	48	150	7,200
TOTALS	100%	790		130,000

(sources: BHCC Creative Industries comparative employment data 2000 and 2005 and Artist-led spaces in Plymouth (calculation is 2005 sub-sector figures x average sub-sector workspaces in square feet).

At 2.5% growth these figures will be halved.

3.13 Creative Workspace requirements 2008 – 2017 at 5% growth.

This recalibration of the workspace needs based on the nature of the activities undertaken by sub-sectors *indicates that the annual demand for workspace for the creative industries is 130,000 square foot in 2008. An overall demand of 1.3 million square foot over the next decade is required to accommodate the growth*

associated with the creative industries up until 2017. If the growth is compounded the total additional workspace required rises to 1.7 million square foot.

At 2.5% growth, these figures will be halved.

The differentiation in the types and range of workspaces is marked in the creative industries. Workspace types can be categorised as follows:

Dedicated communal-user. This category includes music venues, theatres, TV studios, radio stations, music facilities, rehearsal spaces for hire, music studios, creation centres, large-scale making and rehearsal spaces, theatre venues, specialist business networks, shared technical facilities and communal storage facilities. These are workspaces which are customised to the requirements of the creative company but which are only used on an occasional basis.

Dedicated sole-user. This category includes company office spaces, production offices, artists studios, crafts workshops, music teaching rooms, circus tents, rehearsal rooms, home-office spaces, publishing houses, shops, retail units, antique showrooms, theatre workshops, large scale set design and construction workshops, print rooms, photographic studios, museum office and workshops, conservation centres, antiques restoration workshops, fine-arts restoration centres. These are workspaces which are customised to the requirements of the creative company and which are used on an exclusive and permanent basis.

Temporary. This category includes street performance spaces, street markets, auction rooms, open house, rehearsal spaces, temporary production offices, location film sets and film shooting, community facilities, events. These are workspaces the prime function of which is not the creation or exhibition of arts and cultural products, however these can be used for this purpose and often are. It is usual for creative industry businesses to have an operational facility outside of these temporary spaces.

Visitor attractions. This category includes museums, heritage centres, palaces, heritage trails, sculpture parks. These spaces provide some contemporary activities but in the main operate under a rational different to the creative industries.

An analysis of the creative industries sub-sectors incorporating the main types of workspaces utilised in each of these sub-sectors gives the following table for 2008 at 5% growth:

Sub-sector	Total square footage	Main accommodation types
Digital media, software, leisure software and games	39,450	Dedicated sole-user: production offices, office spaces
Publishing and literature	10,650	
Film TV and radio	5,850	

Architecture	4,650	
Advertising	3,450	
Music and the performing arts	12,900	Dedicated communal user: venues, theatres, rehearsal studios, creation space, storage and recording studios
Visual arts and photography	21,300	Dedicated sole-user: studios and workshop spaces
Crafts	4,600	
Design	9,450	Dedicated sole-user: studios and office spaces
Arts and antiques	8,250	Dedicated sole-user: retail outlets and workshops
Heritage and museums	2,250	Visitor attractions
Others	7,200	Demand not known – flexible provisions
TOTALS	130,000	

The minimum amounts of workspace required to accommodate the current growth predicted for the creative industries in the city over the next ten years, at 5% growth, is therefore:

- **640,000 square foot of office spaces, including production offices, flexible office spaces, high spec and small office units of various specifications.**
- **260,000 square foot of studio spaces for visual artists and crafts practitioners.**
- **130,000 square foot of communal facilities associated with the performing arts and music industries.**
- **95,000 square foot of studio and office spaces for the design sector.**
- **82,500 square foot of retail outlets and workshops for the arts and antique market.**
- **75,000 square foot of “contingency space” to act as flexible spaces the exact purposes of which has yet to be identified, or the industry practices for which have yet to be developed.**

These figures are based on a total of 1.3 million square foot using 2007 + 5% growth for ten years. Compounded growth 2008-2017 at 5% requires an additional 400,000 square foot of workspaces in similar proportions to that above. Therefore:

- **850,000 square foot of office spaces, including production offices, flexible office spaces, high spec and small office units of various specifications.**
- **340,000 square foot of studio spaces for visual artists and crafts practitioners.**

- 170,000 square foot of communal facilities associated with the performing arts and music industries.
- 127,500 square foot of studio and office spaces for the design sector.
- 110,500 square foot of retail outlets and workshops for the arts and antique market.
- 102,000 square foot of “contingency space” to act as flexible spaces the exact purposes of which has yet to be identified, or the industry practices for which have yet to be developed.

3.12 Growth Scenarios for the Creative Industries 2007-2017

Discussions have outlined two preferred growth scenarios for the creative industries in the city between 2007 and 2017. These focus on annual growth at 2.5% and at 5%. The additional workspace requirements associated with these two scenarios is summarised in the table which follows:

Main accommodation types	Compounded growth 2008-2017 at 2.5%	Compounded growth 2008-2017 at 5%
Office spaces - including production offices, flexible office spaces, high spec and small office units of various specifications	425,000 square foot (39,483 square meters)	850,000 square foot (78,967 square meters)
Studio spaces for visual artists and crafts practitioners	170,000 square foot (15,793 square meters)	340,000 square foot (31,587 square meters)
Communal facilities associated with the performing arts and music industries	85,000 square foot (7,897 square meters)	170,000 square foot (15,793 square meters)
Studio and office spaces for the design sector	63,750 square foot (5,923 square meters)	127,500 square foot (11,845 square meters)
Retail outlets and workshops for the arts and antique market	55,250 square foot (5,133 square meters)	110,500 square foot (10,266 square meters)
“Contingency space” - flexible spaces the exact purposes of which has yet to be identified, or the industry practices for which have yet to be developed	51,000 square foot (4,738 square meters)	102,000 square foot (9,476 square meters)
TOTAL WORKSPACE REQUIREMENT	850,000 square foot (78,967 square meters)	1,700,000 square foot (157,934 square meters)

NB: 1 square metre is calculated equivalent to 10.764 square foot.

Part B: Supply & Demand Qualitative Data

4. Supply and Demand for Creative Workspaces in the City

Primary research undertaken focused on two areas.

- Research amongst creative businesses in the city in respect of current and future workspace needs and requirements. This took two forms: a questionnaire to local creative businesses and four sector consultation meetings. The questionnaire had 218 respondents, of which 202 were valid entries⁷. Over sixty industry representatives attended the consultation meetings.

The questionnaire was distributed widely across the city via a broad range of organisations, networks, word of mouth and at sub-sector consultation meetings. It is estimated that it reached around 1000 people. Completion was encouraged via a prize draw.

The sample is considered large enough to allow representative generalisations about creative businesses across the city. However, there was an exceptionally poor questionnaire response from the digital and new media sector and it should be noted that these findings do not well represent this sub-sector.

- Research in respect of the current supplies of workspaces in the city. This took the form of research amongst commercial estate agents in the city together with an examination of the Council's commercial properties database and a telephone survey of Registered Social Landlords in respect of home-work arrangements currently.

4.1 Overview of sub-sector stakeholder meetings.

Four sub-sector stakeholder meetings were held in December 2007. Demand as a principle is readily apparent and currently unsatisfied within current provision and infrastructure.

Three common themes emerged across sub-sectors from the stakeholder consultation meetings:

- 1. The crucial importance of affordability and availability of appropriate workspace to the vitality, sustainability and financial well-being of each sub-sector.**

⁷ The questionnaire is still live and can be accessed at:
http://www.surveymonkey.com/s.aspx?sm=HP0Hi8YXQO7YcN9t2EMgEQ_3d_3d

2. **The added value to Brighton of high quality creative production and therefore the strategic importance of positioning our creative industries as innovative, risk-taking and engaged at the contemporary leading edge.**
3. **All sectors would find it beneficial to be structurally enabled to benefit from the temporary use of empty spaces for specific projects. A range of mechanisms was proposed to facilitate this essentially revolving around a brokerage service between business/artist and landlord.**

4.2 Analysis of Creative Workspace Survey.

With hardly an exception, each creative enterprise currently operates from a single primary workspace. These primary workspaces divide in approximately equal numbers amongst creative businesses operating from commercial properties (about one-third of the total), creative businesses operating from within residential accommodation (another one-third of the total) and the remaining one-third dividing their operations between “cultural buildings” and “community premises”.

The types of workspaces occupied currently divide between office space and non-office spaces at approximately 40/60%. Office space then sub-divides between “basic office spaces” required by 30% of all creative businesses in the city, and “high quality office spaces” required by a further 10%. Demand for workspace amongst the remaining 60% of creative enterprises divides amongst a whole range of property types and facilities, including rural buildings, barns, community spaces, warehouses, showing, creating and workshops spaces and so forth.

Typically a creative business occupies 1,350 square feet of workspace (125 square metres) within accommodation shared with other companies, in premises considered by the occupiers to be safe and secure, well served by public transport, and generally in a good physical condition. On average each creative business has approximately 90 square feet of workspace (8.4 square meters) per employee currently.

The main reasons given why creative businesses have chosen to occupy their current premises are “clustering”, where creative businesses choose to work in close proximity together; affordability; and home-working. Currently, creative businesses cluster primarily within the city’s BN1 post-code.

Creative businesses currently pay an average rental of £11.91 a square foot. However this rental figure includes charges for service charges and business rates. Excluding these, the typical rent per square foot paid by creative businesses currently, is about £7.50 a square foot. Service charges can include contributions towards maintenance, insurance, heating, lighting and cleaning of the common areas of premises.

Only one-fifth of creative businesses currently own their own premises whilst three-fifths lease or rent. The remainder have some other arrangement, often associated with community or cultural uses.

Creative businesses are experiencing a shortage of workspace and premises currently. This shortage includes a lack of affordable accommodation, a lack of suitable accommodation, and a lack of accommodation generally.

Currently 40% of creative businesses have the intent to relocate into other premises, and 25% are actively seeking new premises at present. Amongst these businesses, 90% currently report finding new properties as either “difficult” or “very difficult”. As a result those looking for new premises are now considering locating outside of the BN1 cluster, but very few are currently considering leaving the city.

Affordability, appropriateness and availability are the three key issues that concern creative enterprises in their choice of business premises.

Generally respondents concluded that future shortages of accommodation for creative businesses would be caused because:

- Property-related costs are rising.
- The popularity of the city for business relocations is driving up costs.
- There is a general lack of available properties.
- Conversions of existing property to residential and for redevelopment are threatening supply.
- Second home developments are threatening supply.
- The very success of the city as a centre for creative industries is driving demand in excess of current supplies.

There are two findings about future workspace demand in ten-years time:

1. 25% of creative enterprises aspire to remain in their current or similar premises, whilst 75% aspire to move into larger premises. No respondent aspired to move into smaller premises; and 10% of all creative companies have identified workspace needs that require some type of bespoke premises customised to meet their specific business needs.

2. 90% of creative businesses viewed the ownership of their workspace as the solution to the combined issues facing them in regard to uncertain premises' tenure and individual company growth. Within this number, companies clearly favoured one of two preferred ownership models: almost half **wanted to own their own property individually or within the business**, whilst almost 40% favoured a **mutual or co-operative co-ownership model, either through ownership or lease or rentals**. Renting from

private landlords was one of the least favoured options. As alternatives significant numbers of responses focused on mutually owned and controlled property models as alternatives to freeholds, leasehold and single company ownerships.

4.3 Current Commercial Realities: Rents.

a. Affordability is an inexact science, determined again in significant part by tenure. Renting workspaces in commercial and residential properties is the most usual current arrangement in Brighton & Hove currently. Amongst the respondents providing details of rents paid in the commercial sector, the average rent paid **currently is £11.91 a square foot**. This figure is surrounded by various caveats- as follows:

This figure is taken from a limited sample of only one hundred and ten companies on the database, half the total. Only thirty of these one hundred and ten provided adequate information to be included here. Other reasons for not including the companies were because they owned or long-leased their premises and so didn't pay rent. Ground lease payments however have been omitted from these calculations. In total the thirty companies providing data occupied 38,322 square foot of workspace (3,560 square meters) for which they pay a total of £456,424 per annum.

b. The figure of £11.91 also includes other things as well as rent, in the main elements for business rates and/or service charges. However disaggregating these figures is not possible from the data available. Similarly "all-in" rental arrangements are typical of small businesses generally and the creative industries specifically. Therefore the headline figure of £11.91 includes elements of both. Typically in good quality premises the rent element exceeds the service charges in excess of about two to one and business rates is relatively minor (in part because these are often paid separately). In view of this, a best estimate would be that rental element is in the region of £7.00 - £8.00 a square foot, **say £7.50**. Balance of **£4.41** is therefore a mix of service charges and business rates.

c. Because the amounts of rent paid can include other items, respondents were asked to identify if they were paid inclusive of the rent. The details of the inclusive charges are that over half of all enterprises pay rents inclusive of service charges (52.2%), of business rates (44.6%), including access to meeting spaces (20.7%), and equipment and exhibition spaces (both 2.2%). Thirty-three respondents (35.9%) identified "other" services and benefits as inclusive in the rent paid. These others included internet access/printing, residential accommodation, and reception services and serviced accommodation.

Respondents were asked to prioritise the relative importance of twelve issues to the future development of their individual creative enterprises. Five issues were identified as the overriding priorities, two of which concerned **accommodation needs**; two concerned **investment, income and cash flow**; and the fifth access to **talented and able staff**. Concerns in respect of accommodation sought to distinguish between that which was affordable and that suitable. Affordable accommodation had the greatest percentage of

first preference choices, indicating that it was of primary importance at 30.4%. However, suitable accommodation had the most second preferences (32.0%) and almost half of all first and second preferences combined (49.5% compared to 35.1%). These figures **suggest respondent companies differentiate and choose between affordability and appropriateness when considering their accommodation needs and requirements.** Cash-flow and adequate income through trading rather than investment funds or grants is then the next priority. Talented people came fifth.

4.4 Affordability.

Affordability can be summarised as a supply of premises, either for rent in the region of £11.91 a square foot, or capable of being purchased or leased long-term at a price where loan borrowings and interest payments can be supported and serviced from rental income at a similar level. This rental income is as discussed inclusive of service charges and business rates, but quoted as an inclusive price because that is the norm for small commercial business lets in the main.

Comparisons with current commercial properties suggest that these range – depending on condition and location – from about £6.50 a square foot for industrial and warehouse spaces, through £9.00 for mixed use commercial to between £11.00 and £20.00 a square foot for office accommodation. However these costs are all exclusive of service charges and business rates, and so a real comparator is between these figures and the £7.50 a square foot rent actually paid by the creative industries currently. These figures demonstrate that creative industries cannot easily afford certain types of accommodations, notably high specification office spaces. Rather demand for workspaces for the creative industries is concentrated by the following factors:

- Larger properties are generally cheaper per square foot to rent and so are more attractive, but require multiple and shared occupation by creative businesses.
- Rents sought are also conditional on the quality of the premises and the location, a factor particularly acute in retail, and one that is becoming steadily more critical for creative businesses as the nature of the neighbourhoods change.
- Cheaper properties for rent are concentrated in the mixed industrial, warehousing, motor-trade and mixed commercial uses, with cheaper office property also available as larger office complexes.
- The cheaper types of property for rent comprise less than 20% of the commercial space available for rent or lease in Brighton & Hove at present, and only 10% of all of the commercial premises.

Therefore the availability of commercial accommodation most affordable by creative enterprises is in a size of property least suitable for occupation by creative enterprises.

4.5 Appropriateness and suitability.

This can be summarised as a supply of different types and sizes of properties all appropriate to the various usages and needs of creative businesses. In respect of the creative industries this supply of types of business premises must be varied and include both basic and high specification office accommodation as well as warehouses, performance spaces, creation spaces, workshops, display and much more besides. This supply has been categorised in section 5, the *“Gap Analysis”*.

Appropriateness and suitability is also about workspace size. Creative enterprises are smaller on average than enterprises in more traditional ‘old industries’, and so require smaller units in which to operate. On average currently each creative enterprise requires an average of 1,349 square feet (125 square metres).

Data from the BHCC commercial property database identifies that a typical business unit currently available in the city is 2,953 square foot (274 square metres), over twice the optimum size of that required by the creative industries. Supply side data also shows considerable variation in the size of space available currently in different types of properties. Office accommodation averages 4,688 square foot (436 square metres). industrial and warehousing 4,161 square feet (387 square meters) and mixed commercial 6,875 square feet (639 square meters). Only retail shop units are smaller than the average size of premises sought by creative enterprises, at 587 square foot, (55 square meters) however this does not solve many problems because retail units are sought by less than 1% of the city’s creative businesses currently.

4.6 Availability and proximity.

This can be summarised as ‘location’ or ‘destination’, and is intrinsically associated with the networking and clustering favoured by creative businesses. The primary location to date sought by creative industries is the BN1 postcode area of the city, an area which until relatively recently has been considered as both affordable and suitable by the creative businesses located there.

The BN1 area is typified by a mix of properties including residential, retail, offices, and other uses, including schools, meeting rooms, and older industrial premises. It is an area under transition, through public sector investment programmes on one hand, and because of ‘gentrification’ on the other. Now perceptions at least have changed, with creative businesses believing that this area may change beyond their capabilities to remain.

Creative enterprises would like to stem and counter these changes by controlling the supply of premises by owning their own properties, rather than renting or leasing. The preference for property ownership is favoured by 90% of the city’s creative businesses, and arises in part from a desire to control costs but also reflects the ‘clustering’ and collaborative approach taken by many enterprises. Consequently whilst 90% of the city’s creative enterprises seek to own the premises they occupy, almost half of these

enterprises would like to do so through a co-operative, mutual or shared-ownership structure.

Sharing premises and facilities is the norm in the creative industries, and over half of all creative enterprises already share their premises with other business activities. Sharing is particularly concentrated in commercial premises, and in great part is due to the large size of the business units available currently. Consequently shared ownership is an attractive and obvious option for the sector – although affordability remains a significant issue for many.

Shared occupation is much less common within residential properties and live/work situations. Almost one-third of all creative businesses in the city currently occupy residential accommodation (usually their own), something that Registered Social Landlords in the city have not yet picked up on. Residential properties are therefore an important supply of workspaces for the creative industries and **the development of live/work schemes, particularly in the social rented sector, offer significant potential to secure workspaces long-term for creative businesses in the city.**

Part C: Policy Framework, Precedents & Contextual Information

5. National & International Case Studies: What do they tell us?

Much of the international writing on creative industries and cultural quarters acknowledges the role of artists and other creative people in early stages of an area's redevelopment and the fact that 'successful' regeneration can lead to their displacement, unless there is a policy or financial mechanism to enable them to stay. There is considerable evidence available in the literature that artists and small creative businesses are recognised as agents of change but may have to move out when rents and property prices rise beyond their reach. Therefore whilst the role of creative industries in regeneration is generally recognised and emphasised, this is only within limits. While there is no doubt that the importance of the creative industries is accepted as a kick-start to property-led regeneration, it is accepted now that without effective planning creative businesses are shown to then be driven out by high land values and incompatible new uses.

Sustainability is therefore a key issue for cultural and creative industries quarters, and it appears that this and is best achieved through mixed-use developments.

This is an important finding as it emphasises the continued displacement and exclusion effects created by an unregulated market environment, particularly where capital values in a specific location are being increased primarily because of public-sector driven investment and regeneration programmes. As such public-led investments almost inevitably focus on poor property-value neighbourhoods it follows that grant assistance has the effect short-term of distorting the functioning of the property market in such neighbourhoods, and often to the long-term disadvantage of local less-well-off residents and businesses as well.

Furthermore, the recognition of the arts and creative industries as both a Lisbon Agenda priority and regenerative solution has made these sectors the recipients of significant volumes of state funds and Structural Fund aid. The subsequent expenditure of these funds has involved the adoption of local arts-focused regeneration projects, and competition between neighbouring regional and local locations. A second key conclusion in respect of this multitude of schemes and initiatives has to be that one-size solutions associated with arts, creative industries and regeneration do not exist, and poorly planned activities simply create displacement effects, alongside the property market distortions already mentioned above.

International research evidence therefore suggests that this 'copycat' tendency is likely to fail, unless it is part of a much more comprehensive plan for urban renewal. Another strong message from the international research is that culture should not revitalise downtown areas alone. Where cultural infrastructure plays a role, it should play it alongside public and private investment in other civic amenities, transport systems and housing. Research also shows that displacement effects can also happen within localities

as well as between them, with further evidence that major new cultural facilities can 'preempt and siphon off existing audiences and philanthropic resources rather than generating new ones'.

The key messages in terms of arts, creative industries and regeneration drawn from current international examples are that:

1. Whilst culture and the creative industries can kick-start property-led regeneration locally these businesses and initiative will be displaced as property values rise, unless specific measures are introduced to secure their position early-on in the regeneration processes.
2. Public investment intensifies this displacement effect, and therefore displacement is concentrated where public expenditure is highest. Nor are the displacement effects limited just to creative businesses in poorer neighbourhoods, but includes less-well-off residents and other types of small enterprises as well.
3. One-size-fits-all public expenditure solutions in respect of culture-led regeneration also lead to inter-locality displacement, alongside the property market distortions already mentioned above.
4. The evidence indicates that culture-led regeneration projects cannot succeed if based on cultural activities alone. Instead cultural activities and the creative industries have to be part of a much more comprehensive plan for urban renewal, where cultural infrastructure and creative businesses play their roles, alongside public and private investment in other civic amenities, transport systems and housing.
5. Research also shows that displacement effects can also happen within localities as well as between them, with further evidence that major new cultural facilities can siphon off existing local audiences and philanthropic resources rather than generating new ones.

A number of lessons can be drawn from this as well as from independent evaluations of arts and regeneration initiatives internationally. Key issues raised amongst the academic and independent evaluators include the following:

1. *Mixed-use developments offer the best opportunities for sustainable development, and are most likely to work effectively long-term.*
3. *Public subsidy driven regeneration schemes appear less likely to succeed in respect of the development of the creative industries, because they distort the property market place, displace the more excluded, and fail to secure the mixed-use developments identified above as important for success above.*
4. *Success criteria associated with creative industries developments often requires that the creative enterprises involved be present in regenerated neighbourhoods long-term,*

surprisingly a factor ignored or overlooked in many public-sector led regeneration initiatives.

- 5. However displacement of more marginal economic activities also happens in mixed-use developments as well (if to a lesser extent). It is important to create specific mechanisms to secure the future of creative activities, and use public and private financing mechanisms to achieve this.*
- 5. Finally all forms of investment programmes designed to benefit the arts and creative industries need to make investments in the people and not just the buildings. This is because investment in people creates economic capacity that in turn drives growth within the creative enterprise.*

5.1 Lessons from UK Creative Industries Case Studies

The characteristics of twenty three selected creative industries workspaces from across the UK and from within Brighton & Hove have been examined and considered. The case studies follow in section 6. They provide a number of messages in respect of the development processes associated with individual creative workspaces.

- **No two workspaces are the same**, and nothing is like anything else. This is because the creative industries, like other small business dominated sectors, bring their contacts and attitudes to their workspaces.
- The **tenacity, values and self-belief** of individuals and collectives that has enabled these various initiatives to happen. Positioned outside mainstream capital, many creative workspaces are underpinned by values based around their contribution to society, rather than just those that prioritise purely commercial interests.
- **Innovation in the planning, and distinctiveness in the implementation** of these initiatives are notable. This is a mix of belief and innovation that provides creative businesses with the drive and resources to be the 'place-changers' and 'place-makers' held so vital in the regeneration process. This enables these various buildings and workspaces, however large or insignificant in their size or profile, to provide a network of physical and intellectual reference points across the cultural and creative life of the nation.

A collective examination demonstrates that many models are far from the obvious, particularly in respect to funding and financing. Overall the initiatives chosen divide into three distinct types as follows:

1. A significant number have had no public funds of any sort yet succeed despite this. These enterprises are exclusively privately financed, by loans and sweat equity in the main, but also in significant part they rely on partnerships of individuals and companies.

2. A second group of examples have gained very considerable sums of public monies, usually as grant-aid, but adapted the usual practices associated with the receipt of grants to ensure the long-term sustainability of the projects in question. They have used capital investment to produce both income long-term and important social gains for the neighbourhoods where they are based, or specific cost-savings for their key beneficiaries; the artists themselves.

3. The third group of projects has used other mechanisms to underpin their creative activities. These mechanisms can be fiscal and nationally available, such as the support offered to home workers by the Inland Revenue, or have a much more local focus on exchange schemes and social networking mechanisms, such as co-operatives, social networks, LETS and timeshares. One quite specific mechanism operates as a decentralized national mechanism; the statutory planning process and the associated planning gains.

Whilst these three types of projects can operate in isolation, in practice things are more complex. Amongst those case studies examined the most successful have combined private sector investment and a new fiscal mechanism, and so plays to the UK Treasury Department's particular interest in the development of new types of fiscal mechanisms to benefit the arts specifically and small business more widely. As such, these initiatives are indicative of a number of new mechanisms that are emerging and that deserve mention here. These include the Small Business Rate Relief scheme, Community Interest Companies, and changes to the Business Rates System, also other initiatives that encompass a range of community cohesion, local decision-making and collective learning policies being developed outside of the UK Treasury in various other UK Government Departments as well.

This mix of public and/or private funds with these new fiscal and social mechanisms is the Government's preferred policy direction. For areas of the UK with intensive grant-aid regimes or for the few projects in receipt of significant Lottery Capital Funds, there remains the potential for large-scale public funded capital workspace initiatives in the future. However the numbers of such projects will be small nationally, and fewer still in the more prosperous areas of Britain. Rather, workspace projects of the future will need to be implemented using a mix of pump-priming public monies, plus the creative use (in the best sense) of these various new fiscal mechanisms.

Therefore the key opportunities in respect of future workspace developments for the creative industries lies in their ability to embrace and use the new fiscal mechanisms:

- Planning gains through section 106 agreement.
- Community-interest-companies.
- Business rate relief schemes.
- Easier public, third sector and commercial financing arrangements.
- Pension funds and mutual and co-operative lending arrangements.

- Access to wider forms of lending institutions such as Charities Bank.
- Changes to the Business Rates system designed to encourage premises occupation.

5.2 Selected Creative Workspace Case Studies in the UK.

The structures of twelve different creative workspace initiatives from across the UK, not including Brighton & Hove, are considered. These are:

1. The Rochelle School, A Foundation conversion.
2. Hatcham Park Mews, London.
3. Herbie Treehead's Dinosaur Show, a peripatetic workspace.
4. Persistence Works, Sheffield.
5. Creative Space Management, Leeds.
6. Annex Inc Limited, Liverpool.
7. The Galleria, Peckham London.
8. ICDC/DigitalInc, Liverpool.
9. Toxteth TV and Splendid Things, Liverpool.
10. Cedar Park Farm, West Lancashire.
11. Eden Artisans, Yorkshire.
12. Yew Tree Barn, Cumbria.

Ten different creative workspace initiatives from Brighton & Hove are considered. These are:

1. New England House
2. Lighthouse
3. Phoenix Brighton
4. Nightingale Theatre / Prodigal Theatre
5. Basement Arts Production South East
6. Artists Open Houses Brighton
7. Sussex Circus Arts Consortium (SCAC)
8. Fabrica Gallery
9. Red Herring Studios
10. I O Gallery/Brighton Designers & Makers Ltd

5.3 National Case Studies outside Brighton & Hove

1. The Rochelle School, converted by The a Foundation

The a Foundation is a charitable trust, established to support the contemporary visual arts. It runs a creative arts centre in a former school located in Shoreditch, London, as well as buildings near the south docks in Liverpool.

Established as a Charitable Trust, the a Foundation uses its income to support visual arts activities, including exhibitions, studio bursaries, creating educational resources, increasing public access to art, the provision of workspaces and other support for artists.

It uses its own and other income and to run The Rochelle School, a complex of three large buildings that now houses organisations such as the Live Art Development Agency. It acquired this property in 2002, and has recently converted the buildings into a complex of workspaces, an exhibitions space and a cafe meeting area.

Its objectives in doing this are to generate "a creative community" that "can cross-over between artistic practice and exhibitions". It aims to do this on an enterprise model, and as a result, readily accepts that it has to generate necessary income from the workspaces it provides.

The buildings were launched in 2006 and as a consequence of the high associated running costs, finds that the studio spaces it can offer are out of the reach of most visual artists, but affordable by more commercial creative businesses such as fashion and graphic design companies, arts administration etc.

It freely acknowledges the problems this can cause less well-off artists but states its aim as "using its resources to create a sustainable model capable of supporting visual artists in other ways" – through the exhibitions, studio bursaries and other support mentioned earlier.

In total, the workspaces cover 7,000 square foot and the exhibition area another 3,000. So income from one sector in the creative industries is re-used to support activities amongst another – an interesting cross-over subsidy model, with clear sustainable objectives.

Further developments are planned within the building complex including shared three-month long affordable workspaces designed to provide working space for emerging creative practitioners and encourage collaborative working across art forms and between practices.

www.afoundation.org.uk/rochelle/

2. Hatcham Park Mews

This is a “live/workspace” residential scheme in London’s New Cross Gate developed by Greater London Enterprise Properties (GLE). It was a ten-property development for sale, completed in 2004.

Each unit is three stories high town house with floor areas ranging between 1,055 and 1,184 square feet. The scheme comprises ten units totaling 11,132 square feet (1,034.5 square meters) and averaging 1,113 square foot per unit. Sale price per unit averaged £238,500 when first marketed, equivalent to £214.29p a square foot capital purchase, plus duty.

50% of the units were sold based on the plans alone and all were sold on scheme completion. Built to be low cost and affordable – in London terms at least - the scheme is of interest in three respects as regards creative workspace.

First, the workspaces within each unit were customised and built to the purchaser’s specifications within a part of the property chosen by the buyer. This means that the workspace does not simply occupy the garage space on the ground floor, which is a more typical model.

Second, each unit is registered both for Council Tax and Business Rates, which formalises the work aspects of the scheme and hopefully protects each unit to an extent from re-conversion back to simple residential.

Third, GLE’s records show that 40% of the purchasers were working in the creative industries as performers, photographers and musicians.

Live/workspace is a particular solution where property prices are high, or where land is scarce. It also appeals to professions and types of enterprises, which are under capitalised and so find difficulties purchasing or renting separate residential and work-related spaces.

The GLE model goes a considerable way to protecting the work elements within the scheme and so is to some extent a model of best practice. Some other live/work schemes, particularly in rural and former employment locations, have been seen as mechanisms to avoid planning restraints on house building.

Live/work schemes provide a customised solution for the current working arrangements of many creatives: home working with a genuine workspace attached.

Issues with live/work schemes

Despite the fact that live/work spaces are suitable for single practitioners who need workspace and are unable to afford a studio in addition to a separate place to live, a number of specific problems and issues have arisen with such spaces, particularly in

London. Here, a number of live/work schemes have been developed throughout London in recent years, but many have failed. This is largely because:

- They do not provide adequate workspace
- Are too often designed as living spaces with one room set aside for work
- Their use is unregulated.

Such developments often drift into residential use, against the expressed planning policies of local authorities who wish to maintain employment use. Consequently several local authorities (in London) are now refusing to grant consent for live/work schemes because they cannot guarantee the continuation of employment use.

In London at present, charitable workspace providers are now actively requesting that exceptions should be made for workspace providers where genuine live/work provision and the creation of employment form part of their charitable objectives (of the developers). It should be noted this is the case with many studio organisations.

3. Herbie Treehead's Dinosaur Show

This is based in Bridport, Dorset where it is housed in part of a barn alongside an architectural salvage company. But as a touring company based on the circus tradition, it is also housed in a tent. From origins as a street performer in London's Covent Garden, Herbie Treehead has developed a troupe of performers – many with origins in contemporary circus – who now tour festivals and events with their Dinosaur Show.

The show tours in a custom-made tent that is used to perform the show and house the audience. But the purpose of the tent is more than simply housing the show. Herbie Treehead also works with the festivals in order to promote other events and acts in the tents, and with other groups of performers seeking a venue in which to perform.

So the tent itself acts as a temporary workspace for performers (and authors, poets and other artists) and as the focus for "temporary festivals". In this context the group provides both events- programming expertise, and run the back and front of house facilities. The group has been working in this way for the past two years. They purchased the tent and built the dinosaurs, following a joint personal investment by the individuals involved of £75,000.

This investment took the form of a commercial loan borrowed from a bank based on a business case presented by the group themselves. The group is now in the process of working to pay off the loan and anticipate that they will do so within seven years. They then plan to secure some woodland and buildings on the Dorset Heritage Coast and open their version of Jurassic Park as a permanent home-base for the Show.

Their aim is to own this facility and to use it as an asset to develop similar cultural activities amongst a wider group of creatives. Herbie stresses however, that they are not a tent hire company; rather, the tent is a key component within a cultural product. The tent itself is owned separately with the remainder of the company operated through Treehead Ltd. This two-company-model protects both aspects of the operations.

www.dinosaurshow.co.uk/

4. Persistence Works, Sheffield

This is the first building developed and owned by Yorkshire Artspace Society. Opened in 2001, this building in central Sheffield has 51 studios providing accommodation for 67 artists and craftspeople. It cost £5.3m to construct and was financed by the national Lottery (£3.5m) and ERDF (£1.8m).

The building has a reception and exhibition area, organises an Open Studios Programme twice annually, and houses a public arts space with artists in residence. It receives £40,000 subsidy from the Arts Council to support this artistic programme, and covers the costs of the studios from the rental income.

The origins of the building lie in the Yorkshire Artspace Society, who previously occupied a poor quality rented building elsewhere in Sheffield. The Society, which combines the interests of crafts people and visual artists, recognised a need for a modern building, in part on the grounds of security of tenure but also for safety and financial benefits as well.

As a result they raised finance for a purpose built property, designed to provide a flexible range of workspaces and to minimise the running costs associated with these. Rent is £2.50 a square foot regardless of the size of the studio and services charges extra.

The Society attracts Business Rate Relief because of its charitable status and chooses to subsidise the 20% it does pay from its rental income. The Society aims to make this the first of a number of workspace developments seeking to build a range of facilities in the future including smaller units.

The building offers an example of a purpose built property and demonstrates the significant saving that can be made for the tenant occupying such a type of bespoke property development that are of course of direct benefit to the artist and craftspeople themselves. A comparison between this property and other visual arts studios in older buildings suggests that service charges paid by the occupying artists have been reduced by over half – savings which have a direct, quantifiable and immediate benefit to the artists occupying these studios in Persistence Works

www.artspace.org.uk/

5. Creative Space Management

This is a private limited company that manages workspace at the Round Foundry Media Centre) in Leeds.

The company was set up in 2005, with the objective to create and manage quality creative workspace operated in partnership with Regional Development Agencies, similar public bodies as well as the private sector. The company seeks to achieve this via strategic partnerships designed to provide the operators with economic and cultural benefits, and the tenants with quality workspace and added value services designed to reinforce and grow their businesses.

These services include support for home-based creatives through initiatives such as virtual office services and drop-ins for sole traders, as well as managed workspaces and business incubators. The company's director-shareholders are the same management team who developed the Huddersfield Media Centre and were then commissioned to establish the Round Foundry by Yorkshire Forward.

They left the Huddersfield Centre when their proposal for a Management Buy-Out (MBO) was turned down in favour of a more traditional public-subsidy solution, and forged a partnership with a leading commercial regeneration business that manages socially responsible investments for pension funds. The company currently manages facilities within the Round Foundry, and is in discussions in regard to a number of other projects with its various strategic partners and investors.

Toby Hyam, the managing director is clear about the difference between their company and more mainstream large-scale commercial property operations, stating "we aim to achieve results through a value-driven but also commercial approach. Investing in culture and creativity is as much a part of our jobs as ensuring that our buildings are based around vibrant communities."

www.roundfoundry.net

www.creativespaceman.com

6. Annex Inc Limited

This is a property and business incubation company, which emerged from a "buy-out" of the property assets of the former Liverpool Everyman Theatre. Annex Inc Ltd now owns and lets six properties along Liverpool's Hope Street Corridor, which house mainly small performing arts, media, TV production and design companies. Its activities focus on offering flexible short and medium term lettings for growing small creative businesses. The business specifically seeks to sustain and grow the creative business cluster in the Hope Street area of Liverpool.

The origins of the business lie in the financial collapse of the Everyman Theatre back in mid-1990s. A tenant of the then theatre, the Everyman Bistro, was housed in the basement of the theatre where it provided a successful cafe-restaurant-bar. When the Everyman went into liquidation the Bistro management approached the receiver to buy the freehold of the theatre in order to preserve their own business and exert some controls over the future use of the theatre's main auditorium.

The receiver was positive but insisted the Bistro company bought everything the theatre owned, which included two other properties on Hope Street used as rehearsal rooms and administrative offices.

These properties themselves had tenants who paid rent to the theatre and provided the theatre with a considerable source of earned income. The Bistro set up two companies; one to purchase the Theatre Freehold on behalf of the Bistro, and the second to purchase and manage the wider assets. . This second company was Annex Inc Ltd.

Since 1995, Annex Inc has bought several more buildings as they have come up for sale along Hope Street and now provides flexible workspaces, mainly but not exclusively, for creative businesses. This now totals over 26,000 square feet of property.

Located at the heart of one of Liverpool's cultural districts, the company has played a very significant role in protecting the cultural ambience in the area generally, choosing to maintain a focus on office accommodation. As a result the company has become one of the main providers of creative workspace in the city. It remains completely reliant on private funds and bank borrowings, and at no stage has it received grant aid, although a number of its tenants are themselves grant-subsidised, such as the Hope Street Project, and the Playhouse and Everyman Theatre Trust.

More recently the company has been in discussions with this Trust concerning a possible redevelopment on part of the site, as part of remodelling Liverpool Theatre. For Annex Inc the biggest problems it faces are in the nature of the properties it own and the challenges it faces making these DDA compliant. This is due to the very high costs for converting old properties of this type and is an issue it shares with many other creative workspace providers and cultural organizations, publicly financed or otherwise.

7. The Galleria Peckham & Acme Studios

The Galleria in Peckham, London provides an example of planning gain, in partnership with Barratt homes and ACME Studios, London.

Acme describes this initiative as "a ground-breaking project developed by Acme Studios in partnership with Barratt Homes, where affordable artists studio space has been created by the private sector through the planning gain mechanism".

Developed with the same model used by some affordable housing developments, fifty accessible and affordable artists studios have been created within 16,000 square foot of workspace. The fifty studios are within a wider development in Sumner Road, Peckham, which also contains 98 apartments and four live/work units both for rent and shared ownership.

The building was owned and occupied previously by a print company employing around thirty people. The site was sold due to the company's relocation and bought by Barratt who were originally refused planning permission for a development comprising all residential and no employment space. By including artists' studios on the site, it became possible to replace most of the employment floor-space in the new development plus the housing. Most importantly, it demonstrated that a significantly high volume of employment had been created on the site now, comparable to that which had existed previously in the old buildings. *The inclusion of the studio space was therefore the key factor in the London Borough of Southwark's decision to grant planning consent.*

Southwark granted planning permission in January 2003 on the basis that the proposal met fully the Council's regeneration objectives. Also that it provided a mixed use scheme, as well as making a significant contribution to the local economy and the immediate environment. In this instance it *did not use a section 106 agreement*, but was an explicit element of the proposal put forward by Barratt to the Council. The absence of the 106 Agreement was enabled through Acme's own charitable objectives and track-record, which mean that the covenant in place ensures that affordable workspace will be maintained within the building in perpetuity.

The parts of the building housing the studios was sold to Acme by Barratt at a price well below the construction costs on the building. This allows Acme to rent out spaces to artists on a ten-year lease at an inclusive rent of £8.50 per foot per annum. This development has been used by Acme to relocate artists from other studios threatened by closure, and through capital grants, has also enabled Acme to release funds to support another capital project elsewhere.

Barratt also cited benefits through the arrangement outside of the planning gain. These centred upon Acme as an identified end-user in a mixed use scheme – which assisted Barratt to finance the project – but also made the residential elements more attractive to potential residents who found real added-value in the local neighbourhood through the inclusion of the artists and their workspaces.

www.acme.org.uk

8. The International Centre for Digital Content

This is part of Liverpool John Moores University. It has four divisions:

- undergraduate level courses and post-graduate research
- community and professional services and consultancy
- blue-skies and applied research
- business incubator to develop spin-out digital enterprises.

From origins over a decade ago as the University's Learning Methods Unit, the Centre has grown very significantly, attracting substantial public funds from both the Higher Education funding mechanisms and from European Structural Fund Programmes. Support from the Structural Funds has taken two forms; ESF to support training courses and ERDF for capital projects and business development schemes.

These capital projects have included the development of premises, whilst the business support schemes have focused particularly on support for digital enterprise growth. This business growth is provided through a digital business incubation centre called DigitalInc.

Originally based in rented property elsewhere in Liverpool, this facility moved to accommodation owned by the Regional development Agency and in receipt of significant amounts of European Structural Funds. The Centre now offers rented desk spaces, broad band and digital technologies, shared meeting facilities and business advisors; all available in one place. It also links to training programmes and academic support offered through other divisions within ICDC.

DigitalInc originally occupied 5,000 square foot of office space containing some dozen companies and thirty hot desks, when first established in Blundell Street in 2001. It has since expanded on relocation to the former Marconi factory site in Edge Lane in Liverpool. ICDC now occupy a small part of this site (which overall contains in excess of 200,000 square foot of business space), most of which remains empty at present.

The arrangements with the incubator businesses include an arrangement for *sharing intellectual property rights in the products created in exchange for low rent terms*. This arrangement is structured by ICDC to provide a success share and source of earned revenue long-term. Whilst popular as a principle this is proving hard to enforce in reality, with the *companies themselves resisting the loss of their IPR*.

Time spent in the incubator is limited, but this arrangement is also proving flexible as well. Certainly successful companies have emerged from the Incubator and one, JAB Design, now occupies the former offices of DigitalInc on the top two floors of Blundell Streets Works Ltd. The NWDA has recently opened a move-on space adjacent to the incubator, although the rental income from this space goes back to the NWDA rather than ICDC.

www.digitalinc.org.uk/
www.icdc.org.uk

9. Toxteth TV Ltd /Splendid Things

Toxteth TV is a commercial company limited by guarantee. Its origins were as a Government Minister's initiative via the Department for Education and Skills. Its memoranda and articles state that its function is to run a TV studio and encourage its use by disadvantaged young people from across Merseyside. It should have been part of a six location network – and Brighton was proposed as one possible location in the course of the Minister-led discussions. However, only one facility was built – in Liverpool.

The project currently has eight directors, representing various local and national interests associated with the Toxteth TV project. It also has a legal charge between it, the property it holds and the Secretary of State for Education. Toxteth TV currently occupies three large buildings and runs these as a mix of workspace, teaching space and a TV studio and editing rooms. Together these buildings contain 30,000 square foot, located within a former 1950s pub, a Victorian school and a church mission hall. They contain some thirty different workspaces for small companies. It also houses some community facilities.

Toxteth TV owns two buildings and leases another. It sets rent levels, agrees tenancies, maintains and lets properties and liaises with tenants. It employs staff, currently a Chief Executive, a buildings manager, her assistant and cleaners. It also contracts for maintenance, and for technical services, runs the assets registers, does insurance cover etc. It trades, and receives all the rents and other charges such as studio hires. From this it pays all its costs. If there is anything left over, it passes this through to a charity (Splendid Things) to undertake charitable works as defined by the objectives of the charity.

Splendid Things is a registered charity. Its objectives are to support and encourage educational activities in the field of media and to alleviate poverty through such activities. Its trustees are the same as those of Toxteth TV Ltd, and it derives its income from surpluses created by Toxteth TV Ltd and through making applications for grants and funds from public and charitable sources. It employs a member of staff whose responsibility is for development and additional fundraising. The activities it funds are either run in-house or out-sourced, often to organisations and companies located in the Toxteth TV business cluster, but all activities are project focused.

It can make application for grant and has benefited from £2.8m grant in the past, from the then Capital Modernisation Fund (£2m), and ERDF Objective One (0.8m). It coordinated the capital works programme for Toxteth TV, and as a result reclaimed considerable sums of VAT on the capital programme. Its activities are supported by Splendid Things.

Together Toxteth TV and Splendid Things represent “an upside-down charitable” model where profits and surpluses are passed down from the commercial company to the charity. The model works because of the capital investments available for project development – notably from Lottery Funds – towards business development and training. European monies supported additional community facilities in the main.

10. Cedar Farm Gallery

This is located on the site of a former pig farm, close to the village of Maudsley, near Ormskirk in Lancashire. Begun as an effort to diversify when pig-farming got into financial difficulties in the 1990s, the gallery complex has grown from a single converted building. Farming ceased completely on the site in 2001, and it now operates entirely as a *commercial enterprise*, converting and running a complex of former agricultural buildings that now house cafes, shops, a gallery, artists' studios and a teaching space.

The whole complex remains in the ownership of the farming family that started the enterprise and has been funded completely by the owners themselves. They run the enterprise as a wholly commercial operation, renting spaces to the various enterprises involved. This includes twenty individual artists, craftspeople and creative businesses. The galleries as a whole are a considerable visitor attraction with 60,000 visits last year.

They are also a significant source of local employment in a largely rural community with in excess of 50 full-time equivalent jobs on the site. Significantly the teaching space is also a local community resource, offering complementary activities to that of the local village hall. As a teaching space it concentrates on arts and crafts focused classes although it has also become a significant venue for yoga and movement classes because it has under-floor heating.

The organisation does not qualify for grant-aid particularly to support capital works, unlike public organisations providing facilities for artists. However, public assistance has been given in two areas. The development was a partner in the ACE-NW Setting Up Scheme and provided a free studio for a potter, and has received a 20% contribution to marketing costs from Lancashire and Blackpool Tourism. The complex as a whole is a popular visitor destination. Additionally the footfall of visitors leads to steady sales of tenants' work.

The development of the Gallery has not been without problems, notably obtaining planning permissions and financing the capital works. The location is in the Lancashire Green Belt and planning restrictions are stringent. Gaining permission was difficult and was achieved because it was for the conversion of existing property rather than new buildings. At its heart the Gallery is a rural diversification scheme but as it began some fifteen years ago it was amongst the first and so very much had to act as its own demonstration project. Similarly, because it was financed by private loans it also had to convince commercial bankers that the development model and business plans were viable and achievable.

www.cedarfarm.net/

11. Eden Artisans

This is a group of Artists and Craftspeople who have joined together to form a co-operative, with the objective of displaying and selling their work. Together they have been

involved in a number of exhibitions and fairs throughout the years including the Appleby Fair each August.

The group all live close by Kirby Stephen in the Upper Eden Valley in Cumbria, and have a collective commitment both to keeping craft skill alive, and to producing arts and craft works of the highest quality using locally sources materials wherever possible. To further these aims Eden Artisans rent a studio space at the Farfield Mill in Sedburgh. This provides a focus for the group's activities and an important outlet for sales.

The studio is occupied by one of the group throughout the time that Farfield Mills is open to the public. Here individual members of the group produce work, interact with the public visiting the Mill complex and sell the works made by members within the group, all at the same time. The geographic proximity and the personal networks amongst the individuals involved are a key component in the success of this co-operative venture, as were the *easy rental arrangements* offered by Farfield Mill, which requires one month's rent and one months notice either way.

This means that the risks in taking a collective workspace were perceived by all members of the co-operative to be minimal and the potential benefits large. Similarly, the Mill offered considerable other attractions; the arrangements around the gallery spaces, the on-site sales arrangements, and the variable commissions charged for in-studio and in-gallery sales.

Other benefits felt by the group from this co-operative working are also tangible. They see collective strength through co-operation, and a whole enterprise far greater than the sum of its parts. Most critically they each value their own ability to do more than one thing at one time. Sales are rising, which appears to be in part because of their efforts and confidence as a group, and also because of the growing reputation of the Farfield Mills as a destination for the purchase of quality arts and crafts.

In terms of Eden Artisan's own aspirations and future, two issues appear important. The first is an aspiration to grow the group as a "Upper Eden Valley cluster", to expand it to include other artists and craftspeople from the specific place where the current membership is based. The second, dependent of the first, would be to consider establishing a second selling outlet. This second option would be highly dependent on location, footfall, rent and commission arrangements etc. and it would need a tea-room on-site.

Overall the establishment of a collective provides a highly cost-effective vehicle for the group, which in this instance is also structured in a way that shares the costs of the core studio through shared sales commission arrangements and a collective arrangement for the stewardship of the studio space and its contents.

The model has the potential to be expanded should there be the demand to do so, and offers an innovative arrangement both to bring individual's products into the market place

but also to promote the artists and crafts people of a particular place or locality. The initiative was, and remains, privately financed. Each member of the co-operative originally contributed £20, alongside their voluntary participation in a number of meetings over a three month period.

12. Yew Tree Barn

This is a commercial operation undertaken by Wilson Reclamation Services Ltd, an architectural salvage and restoration company operating from former agricultural premises located on the main A590 Kendal-to-Barrow road at Low Newton, near Cartmel in the South Lakeland.

Wilson Reclamation Services Ltd have leased the properties for a number of years, and run a successful architectural reclamation business from this site that includes retail and wholesale operations and store-rooms and yards open to the public.

Off-road parking is available and the nature of the business is specialist but also attractive to drop-in visitors as well. The operation has therefore developed a steady footfall of visitors, and in consequence, over the past years the operation has diversified, first with the addition of a cafe, and then with “allied activities” such as furniture restorers.

Encouraged by a suggestion from “Made In Cumbria” plus a small grant to cover part of the capital works involved through its “Distinctly Cumbrian” Fund, the under-used areas of the buildings which total is in excess of 12,000 square foot have recently been converted for use as artists studios and an arts and crafts gallery.

The artist’s studio is prominently positioned near the entrance to the building and on the way to the cafe. It is now occupied by a potter, who both produces and sells work from there. The Potter, who was previously in a studio at Farfield Mill in Sedburgh, gave his reasons for moving to Yew Tree Barn as a more prominent position, better exposure for him individually, and it being nearer his home. The upper floor of the main building also houses a gallery that sells local work, so reinforcing the Made In Cumbria mission.

Each of the operations within the building is a stand-alone legal entity renting the space they occupy – with the lease held by the operating company. The building is held on an agricultural tenancy that is long-term and so enables the capital conversion costs to be repaid over a long time.

5.3 Brighton & Hove Creative Workspace Case Studies

Ten workspaces from the city have been examined. These have been selected based on the following criteria:

- Examples providing workspace accommodation across the span of art forms and creative industry sub-sectors should be covered.
- Those examined should include at least some examples identified by the sector consultation meetings as local examples of good practice.
- Case studies should reflect the differing professional practices within various sub-sectors.
- Premises should reflect differing tenures and ownership models in practice.
- Those examined should include examples where consultations have suggested that this specific art-form will be important in a regional context.
- Those examined should highlight the importance of temporary workspaces as well as those made more permanent.
- The importance of “home working arrangements” within the creative industries should be highlighted.

This report outlines workspace arrangements of nine initiatives. Each of the ten case studies concentrates on the specific workspace arrangements of each organisation in order to provide an overview of the range, complexity, and diversity present in Brighton as a whole. The examples together provide a number of messages:

Beautifully designed, engineered to perfection, or falling apart (as at least two are) these workspaces are critical to the people who work within them, and beyond them, to the inhabitants of the city and their positive contribution to the character of Brighton as a desirable place to live and work.

This curious fusion of production and consumption makes workspaces for the creative industries something of a hybrid, and so these ten case studies have been chosen to reflect this range of activities as well. In the old industrial age people went to factories to work and then to the theatre and the music hall to forget they had to. Thankfully, in this new knowledge age the line between the two now blurs, and workspaces in the creative industries reflect this. These workspaces are places of creation, production and consumption – a microcosm of human endeavor, spirit and drive.

1. New England House

New England House in Brighton provides a major workspace resource for creative and cultural businesses in the city. A former factory and office complex built in the 1960s, this building ceased to be used for its original use in the 1980s. At that point, it was decided the property - which was owned by the then Brighton Borough Council and managed by their Estates Department - should be used as one of several business centres in Brighton and so developed as small business units.

Sub-divided into a number of larger units at that point the property has been continually sub-divided since, and now houses ninety-four businesses and enterprises within the 74,940 square foot of occupied space within the property. A further 25,502 square foot of property remains vacant (at the time of writing).

This is not because of lack of demand (there are 104 businesses on the waiting list currently) but because of the poor building condition in these parts of the property. The property has been intensively managed, first by BHCC's Estates Department and subsequently by their commercial agents, Cluttons. This intensive management has differed from the usual arrangements in a number of respects. It has involved rental arrangements that are "easy-in easy-out"; it has used short leases, rent re-investment and rent free periods to secure tenants in various parts of the unoccupied property; and it has included the charges for business rates within the rentals providing "an all-in rent". These specific property management features are typical of business centre-type operations for small and micro-enterprises, but much less typical for local authority estates departments and commercial agents. The adoption of this style of management has been one of the key reasons for the major success of the property as a creative industries cluster.

Built in the 1960s the building now has major construction-related issues, including asbestos in some areas, and is in a general need of refurbishment and upgrading. It requires an allocation of capital resources to undertake the work required and is therefore in competition for these resources with other major public works planned for the city. Equally significant, the property has been identified in the Brighton & Hove Employment Land Study as standing in the centre of one of the most viable redevelopment areas left within the city-centre. Consequently the property is now under considerable pressure, for demolition and redevelopment as high specification office spaces and residential development.

Conversely however, within the city's creative economy the property represents the highest concentration of creative businesses and a property where demand for space from existing and new tenants far outstrips supply. It has a number of significant supporters and advocates within the creative industries and is regularly identified by the industry and its network agencies (such as Wired Sussex) as a very important workspace resource with some unique features, such as the internal IT networks operating amongst a number of the current tenants.

The property is also attractive to creative industry businesses because of its location behind the station and near the Laines, its affordability and general ambience. Specific parts of the creative industries, notably new start, young and niche businesses, require and prefer cheaper accommodation of a more basic type to costly high end specifications. Other types of businesses, notably media companies, seek flexibility and short-term growth spaces. New England House provides both these features. Therefore within the creative industries sector there is considerable pressure to keep, invest in and develop the property based on its current footplate and arrangements. Similarly there is a considerable fear amongst the creative businesses that demolition of the property will lead simply to their

displacement, rather than to any relocation as a cluster of businesses at a similar price point.

This clustered working is an important feature for success within any local creative industries development strategy and it is the goal sought by many new creative industries developments across the UK and Europe. It is therefore something of an irony that having grown what is probably the largest cluster of creative businesses in the south east of England, this cluster and the businesses within it should now be facing an uncertain future.

However for the issue to move is complex. Not only does the property require a significant injection of capital monies, but from April 2008 changes in the Business Rates system will mean that the property's landlord (BHCC) will become liable for the payment of business rates in full on all the unoccupied parts of the property. Exactly as the new business rate changes were designed to achieve, it is this issue above all others which is likely to precipitate action by the Council in respect of New England House and the creative cluster it houses.

2. Lighthouse

Lighthouse offers a range of initiatives including commissions, production schemes, training courses, bursaries, master-classes and networking events, as well as running innovative education and outreach projects.

Its origins were as one of the UK's "independent video production centers" established over twenty years ago, and since that time it has developed a range of facilities to provide creative and professional development opportunities for filmmakers, screenwriters, animators and artists working with the moving image and digital technology. In the 1990s the organisation received grant-aid to purchase its then premises, which were not ideal, but subsequently ran into financial difficulties with the revenue expenditure. It relocated its operations to new premises, which it has now occupied for a year. These are at ground floor and basement levels, and comprise 12,183 square feet of offices, meeting rooms, and display and exhibition spaces. The premises, which are in the former print-rooms of the local Brighton newspaper, are on a 125-year long-lease, and sub-leased to five tenants as well as occupied by Lighthouse themselves.

The premises were leased as a shell, and then refurbished to a high specification, using the proceeds of the sale of the former property. Technical facilities are incorporated throughout the premises, and the property provides an up-market and contemporary environment for the six arts and media organisations in occupation. Rents are charged at market levels, as specified in the head-lease from the landlords. Upper parts of the building are in separate ownership and house apartments, restaurants. The Basement project leases the adjacent units.

Lighthouse oversaw the construction and refurbishment works to the new premises with Lighthouse's Chief Executive taking day-to-day control of the works undertaken alongside a fixed-price construction contract and contracted project management services. This mechanism for ensuring quality and stopping cost over-runs is cited as a key reason for the project's successful completion.

Lighthouse has now created the permanent facilities for a high quality media and digital arts cluster of activities in central Brighton in a key and attractive location, within a quality office development. It can also rely on the rent roll from its tenants as one source of income to underpin its revenue activities although it still has a significant reliance on grant assistance in excess of its rental income.

3. Phoenix Arts Association, Brighton

Phoenix runs a studios complex based in a former office building in central Brighton. The property was originally rented by this artist-led group, and purchased subsequently by them with the assistance of significant funds from the UK Government's Single Regeneration Budget. The building was built in the 1960s and is of concrete panel construction with a flat roof and internal corridors. It divides well as individual studios, and now houses a total of one hundred studios plus a number of meeting rooms, workspaces for hire on a temporary basis, and exhibitions space.

The Studios are a registered charity that employs staff and reports operational matters to a management committee of Trustees. Studios are let to artists through a selection process, recently reviewed and planned to operate as follows:

A shortlist of interested individuals is compiled and these artists are invited to come before a selection panel. The panel is made up of Phoenix artists, staff, Trustees and invited selectors, and artists selected at this stage are then held on a waiting list until a suitable space becomes available. Successful artists are offered studio space at Phoenix for an initial period of one year, extendable on completion of a review meeting. Membership of the Phoenix Studios is based on criteria as follows:

- Artist's commitment to their practice.
- Willingness to be part of an artists' community.
- Requirement to be a practicing professional artist.
- Engagement with current contemporary practice.
- Willingness to participate in public events, including the annual open studio event, and occasional studio visits.
- Willingness to promote the organisation's activities and to acknowledge their part in the organisation where appropriate.

- Contribute to the professional development of artists at Phoenix by taking part in discussion, mentoring and critical debate.
- To engage with the organisation's education and artistic programmes.
- Committed to spend the majority of their working time actively using the studio space (minimum average of 3 days a week).
- Contribute to the day to day running of the studios.
- The development of the artists' practice will benefit by the provision of affordable studio space at Phoenix.
- Ability to meet required commitments.
- Ambition to progress and develop their practice within a critical framework.

Studio members will be expected to fulfill the criteria on an ongoing basis and will be subject to regular review meetings.

The criteria demonstrate that Studio membership is not simply a space for rent but an agreement to act in partnership with all the other artists involved in the Studios. This general commitment to others is typical of many visual artists studio groups, but in the case of Phoenix this commitment is clearly outlined and the expectation of the group as a whole made plain. A key expectation is about time spent at work. One criticism leveled at some artist's studios is that the affordability of space means that artists can occupy studios irrespective of whether they really need them, or that they are used for cheap storage. Following a comprehensive organizational review, Phoenix is addressing this issue by making being a working artist a mandatory requirement for occupation of a space.

Despite owning the freehold of the property, the future has some insecurity. This is because the structural design of the property means that major capital repairs are required (each of the concrete panels requires replacement, and the entire building needs reglazing). The need to undertake this work is now urgent. Phoenix is now examining options in regard to the premises, which include raising the capital funds required (a loan and/or grant of approximately £1m), building residential above the current floors (to finance the other improvements), or the sale of the property and the re-location of the studios to another location with the proceeds. The Association is also in the process of reviewing rent levels and is trying to balance affordability of the premises with a need for a capital sinking fund, both for now and the future.

4. Nightingale Theatre/Prodigal Theatre

The Nightingale Theatre is based above a public house adjacent to Brighton Railway Station. The theatre dates back to the construction of the pub and is housed on the first floor of the property. The property houses two large public bars on its ground floor, the theatre itself, plus dressing rooms, storage and offices on the first floor and residential

accommodation and storage on the second. The Nightingale Theatre is managed and run by the Prodigal Theatre Company who summarise the theatre's specific role as a "centre for the professional development of actors and theatre professionals". In this context the Nightingale is noteworthy and distinct from a typical receiving venue in several respects, and consequently the specific nature of the theatre's spaces are used quite differently:

- This is a developmental theatre space and not simply a receiving venue. It sees itself and its relationship with the development of its actors and professionals as of equal significance to its relationship with its audience. It also uses the proximity and smallness of the space to test and hone the performers craft and skills.
- This space is clearly extremely significant in the development and promotion of new work of high quality. To this end it makes two specific impacts; it develops individuals and it develops new productions that showcase in Brighton in the main.
- The Nightingale clearly has huge respect amongst established industry professionals and as such provides a venue and place of work for many international performers. This out-of-region profile is great for Brighton. The Theatre punches well above its size and its funding, but not its reputation which is very significant indeed.
- The Theatre has an important record attracting performers of international stature to perform. It does this by ensuring professional development, hands-on hosting, and free residential accommodation, as well as the ITC minimum daily wage (£65 a day!) People come for the professional collaborations involved, giving Brighton an important international theatre reputation. Therefore the workspace includes the 24-hour elements of hosting, and residential accommodation.
- The Theatre has a strong record of supporting early works by local performers and many have shown very significant progression. This support is in mentoring, rehearsal spaces, and performance. The Theatre is choosy who benefits from this support and that does reinforce the success in this area. However the actor-managers also teach on local university courses as well and describe performing at the Nightingale as one of a number of professional development steps needed by a young performer.

The volumes of work and new development activities available via the Nightingale are limited by a number of specific factors, but one in particular: this is the availability of rehearsal spaces. At present rehearsals take place in the theatre itself which means i) they cut into the time that could host performances and ii) they have to work around performances/move in and out of the space. Therefore currently there is a workspace shortage that is slowing new product development. Consequently Prodigal Theatre is seeking additional flexible rehearsal spaces to provide a solution to this specific workspace related problem.

The Nightingale Theatre space is leased and managed by Prodigal Theatre, whilst the public house is managed by a separate company. Both of these companies rent their spaces from a pub management company who are their landlords; Zelgrain Ltd. In turn Zelgrain leases the whole property from its owners. The relationships between all three of

these companies are important to the success of the Nightingale. The relationship between Prodigal Theatre Company and the publican is critical, and based around the theatre's ability to attract audiences and retain these as pre-and after-show drinkers, whilst that with Zelgrain is similarly important and goes back a number of years.

Zelgrain are an unusual company with a long and significant record for supporting arts and cultural activities in Brighton, including theatre productions and visual arts exhibitions. Zelgrain's belief in Prodigal Theatre's management ability was the key to them agreeing to lease the Nightingale Theatre space to Prodigal, and this relationship has developed and sustained over a number of years. The relationships are based on a clear and transparent understanding of each parties requirements and commercial expectations.

5. Basement Arts Production South East

Basement Arts Production South East – the Basement - is part of the live arts infrastructure, situated in premises in Central Brighton. Housed in parts of a former print-works and newspaper office, the Basement provides three arts spaces for devising, rehearsal and professional development for live artists and performers, together with a number of other facilities. The organisation, which grew from origins as part of the Brighton Fringe Festival, describes its mission as "Promoting new work, experimental live art and professional development of artists in the South East of England."

Its premises comprise three distinct workspaces: The Pit, The Study and The Space, as well as a supported artist scheme, and administrative support. Supported artists are chosen to work within the spaces as one priority group. Here support is offered as a mechanism for professional development through the creation of new work. Other artists can also access the workspaces when they are available. The workspace itself was secured at a peppercorn rent, so ensuring that the facility's future is secured in the heart of Brighton City Centre. The arrangement was brokered by Brighton & Hove City Council as part of section 106 planning gain arrangements. The remainder of the former print-works has now been converted to offices and residential use. The neighbouring ground floor and office spaces are leased by The Lighthouse.

The Basement describes the three main workspaces within its premises as follows:

- **The Pit.** An intimate excavated amphitheatre with a sprung floor and performance area of 7.5m x 7m. With a capacity of thirty to forty people on tiered seating the Pit's sunken stage is ideally suited to smaller performances, showcases and feedback sessions.
- **The Space.** The body of The Basement is an expansive space, 25m x 8m with brick walls and polished concrete floor creating a unique atmosphere. The raw finishes of this space present artists with unbound potential for experimentation and

can be used for performances, rehearsals, production and exhibitions. Dance matting can be added to the floor for added flexibility to this space.

- **The Study.** This is a space for reading, reflection and research away from the Basement's production office. It can be used as a meeting room or for training and feedback sessions and is equipped with information resources and wireless Internet.

The above spaces can be hired and accessed exclusively or together. The Basement has a capacity limit for up to 230 people and is available for hire seven days per week for a day, evening or a set duration of days.

6. Artists Open Houses

The Artists Open Houses (AOH) festival takes place during the annual Brighton International Festival, with a smaller event in December ('Xmas Open Houses'). AOH does as its name suggests: around around 200 artist's houses are turned into galleries, displaying the work of several artists and crafts people, and opening to the public every weekend in May, and two weekends in December. Entry to all the houses is free and visitors are able to view the studios, homes and gardens of the artists of Brighton, Hove and the surrounding areas, and buy the work on display. As well as painting, printmaking and sculpture, the houses displayed a wealth of ceramics, furniture, jewellery, stained glass, furnishings and textiles.

The houses are organised into district trails in which the houses are grouped within easy walking distance of each other. A number of houses also served tea and cake to make visitors feel more at home and to sustain them on their travels. In 2007 around 1,000 artists exhibited work in 198 houses, divided into 14 trails, plus also in some additional independent houses.

The May event is often of key financial significance to the participating artists, since sales can bring in a significant income. The Council funded an economic impact study of AOH in 2006, which suggested that sales totaled £850,000 that year.

AOH is co-ordinated by an overall AOH organising committee, which also undertakes 'umbrella publicity' and the publishing of an annual brochure. 2007 saw an increased number of trails as well as a number of independent venues and is an extremely popular event with the public and artists. For the concept to succeed there needs to be a critical mass of artists making work of decent quality participating – a condition that makes it a perfect fit with Brighton & Hove. Unfortunately, AOH has difficulty attracting Arts Council funding but is not yet in the position to run commercially, a situation that needs to be resolved.

7. Sussex Circus Arts Consortium (SCAC)

The Sussex Circus Arts Consortium is a loose and newly formed grouping of the circus arts professionals working in and around Brighton. It seeks to represent the needs and aims of professional circus artists in Sussex; to advocate for a dedicated circus school and training centre for Sussex; to create partnerships with other circus arts organisations and practitioners in a local, regional and national level; and to raise the profile of circus locally and regionally. It represents the interests of seven individuals and four organizations.

SCAC estimates that currently over fifty young people aged 10 - 16 years practice circus classes and workshops weekly; a further fifty adults also attend circus classes and workshops on a weekly basis; that there are over twenty professional circus artists/companies in Brighton & Hove. Two circus arts organisations are offering circus arts awards to young people, ten schools have employed circus artists or companies to run workshops in the past eighteen months, two circus organisations work with disadvantaged young people regularly, including with refugees and asylum seekers, and one circus organisation works with disabled young people.

To deliver this programme of activities the organizations and individuals concerned utilize a number of workspaces on a temporary basis. In terms of training spaces, currently there are two premises suitable for aerial training spaces in Brighton & Hove; Hangleton Community Centre and Sussex University Dance Studio. Informal circus activity is also held at the Manor Road Gym but these premises are considered less than suitable. Middle Street School is also used for some practice sessions. The Pavilion Theatre is used for aerial classes some forty hours each year as is Stanley Deacon sports centre, neither of which on an ideal basis.

In terms of costs for the hire of spaces and facilities, local spaces cost between £7 and £15 an hour. Two local facilities are used regularly; Hangleton Community Centre for approx 14 hours per week whilst Sussex University is currently used for seven hours per week. This is an overall use of the two facilities totaling 21 hours a week and costing approximately £210, equivalent to £10,000 per annum for the hire of workspaces.

In terms of performance venues available in Brighton & Hove aerial circus performances have been performed at the Sallis Benney Theatre, Pavilion Theatre and the Corn Exchange, Komedia, The Old Market, The Speigeltent and the UdderBelly during the Brighton Festival, and the Theatre Royal.

Notwithstanding the venues and training spaces identified above, SCAC perceives there to be a shortage of workspace suitable for circus currently in Brighton & Hove. This shortage is due to the demand for training, workshops and classes. The amount currently paid in rent could be utilized to rent a space approx 1600 square feet in total at £6 a square foot, should such a space be available.

8. Fabrica Gallery

Fabrica is a visual arts organisation based in a former church in the heart of Brighton. Due to a historic arrangement, the Council's Museums Service pays the rent on the building.

Fabrica commissions contemporary visual art installations specific to the building. Opened in March 1996 in the deconsecrated Holy Trinity Church, Fabrica was established by a group of artists from Red Herring Studios in Brighton, as a focus for contemporary visual art practice, with the support of South East Arts (as it was then), the then Brighton Borough Council, The Foundation for Sport and the Arts, and Chichester Diocese. Fabrica sees itself as at the leading edge of contemporary art installation. It describes the work it does as follows:

"Fabrica supports and encourages the artists with whom it works to be adventurous and to test the boundaries of their practice. This encourages an open dialogue between artists and visitors within the gallery space and produces an integrated programme of education and audience development activity that strives to remove barriers to access, engagement and understanding."

The Fabrica Programme comprises four interlinked strands of activity:

- An exhibition programme of four main shows each year, interspersed with smaller experimental exhibitions and events promoted in partnership with others. Organised on a seasonal basis, Fabrica's programme reflects new developments across four areas of practice; site-specific crafts, large-scale sculpture, lens-based installations and interactive digital media.
- An integrated education and audience development programme, serving schools, families, groups and individuals with particular needs and interests.
- The Artist Resource: a reference library, one to one sessions, talks, workshops, seminars, information resource and networking events.
- A volunteer and work placement scheme providing people of different ages and backgrounds with opportunities front of house, in the office and with the exhibition and education project teams.

The building Fabrica occupies is clearly central to the organisation's cultural activities and programme but this is not without problems as a result. As a former church the building has high ceilings and consequently is extremely costly and difficult to heat. As a result, cultural activities in the property are curtailed at the coldest times of each year, and building running costs are significant for the organisation.

9. Red Herring Studios

Red Herring Studios exists to provide both studio spaces and a community of shared interests in order to enable artists/makers to produce, show and otherwise promote their work within a framework defined by practitioners.

Red Herring is managed, maintained and funded by its studio members. The Studios currently operate from two sites with different characteristics. One is in central Brighton, the other is in Hove. The Brighton site is in Wellesley House (owned by Phoenix Arts Association), at the top of a former office building with lots of natural light. The Hove site, off Portland Road, is an industrial unit that provides larger spaces and has a solid ground floor with good access, some parking and limited natural light.

Sixteen artists have studios in the Hove property and another fourteen artists occupy spaces in the Brighton operation. Both properties are rented; one from a charitable organisation and the other from a private landlord. Discussions in the past have discussed purchasing a property or properties but this option has been discounted for various reasons, including cost, affordability, a lack of desire, and a view that renting spaces allows the group to focus their concerns primarily on arts and creativity rather than on managing the issues associated with the collective ownership of property. The Studios have moved premises on a number of occasions in the past as the development boom has taken hold, and anticipate that they will move again when their current lease expires on the Hove property.

The organisation makes every effort to keep some balance and variety of different kinds of art and craft practice at both sites.

10. I O Gallery/Brighton Designers & Makers Ltd

The I O Gallery is located in Brighton's North Laines area in the city centre. The gallery occupies the ground floor and basement of a corner shop which is leased by Brighton Designers & Makers Ltd. This organisation, which is a limited commercial company with seven directors, has leased these shop premises since 1997.

The company was originally established by two of the current directors to provide them with an alternative point-of-sale for their artworks, and to save them the time and expense of weekly trips to London to sell their work. The two individuals invited six more artists and makers to join them in setting up a company, and the shop premises were originally leased by this company, which then comprised eight directors. All eight directors contributed £250 each capital to make the project happen. Their intent was to establish the gallery as an outlet for the work of local artists and makers. Now the Gallery describes its mission as representing "*artists across a wide spectrum of practice and this is reflected in the eclectic range of arts and crafts shown, the majority of which are produced by local Brighton artists*".

The gallery opens seven days a week and is run by paid staff on a rota basis, all of whom are artists selling through the Gallery. Consequently the Gallery provides income for the artists who act as staff, together with monies for those who sell their works. Artists, designers and makers supply products on a sale or return basis. The products on sale through the gallery represent the work of a core group of fifty artists and makers but in all the Gallery sells works from some 150 individuals over the course of the year. Works include a range of media; ceramics, contemporary clocks, enamels, glass, jewellery, metalworks, mirrors, mosaics, paintings, paper products, prints and wall-hangings. The prices of items range from one pound through to £1200. Commission is variable, from 50% to lesser amounts on more highly priced objects. Sales accounts are settled monthly despite the work involved in this arrangement because this offers regular income for the artists and makers who sell.

The gallery also sells on-line through a website. This website identifies the range of products available and provides details and examples of individual's details and work. Sales via the website are rising however the website is not considered a major point of sale. Rather it acts as a catalogue and showcase for the works on display within the Gallery.

The shop is leased from a private individual and the company believes that the positive relationship between the company directors and the landlord has been crucial to the success of the enterprise. One of the directors described the main concern for the future as "rent rises", which the company accepts must to an extent, reflect the local market rate. However this could become higher than the gallery could realistically afford to pay as the North Laines area changes and becomes more expensive and up-market.

6. Summary of EU, Regional & Local Policy Positions

The creative industries are now recognised as a policy priority at European, national, regional and city levels. This recognition has led to the incorporation of the creative industries sector in policy documents produced by the lead public-policy organisations operating at each and all of these levels. These lead agencies include The European Commission, the UK Government Department of Culture Media and Sport (UK DCMS), SEEDA (South East of England Development Agency) and Brighton & Hove City Council (BHCC). Without exception, these policy documents – policy frameworks – now prominently identify the creative industries as one of the key economic sectors within Europe’s new knowledge economy, and in consequence seek to provide support for the ongoing development and growth in the sector.

The public-interest rationales used to justify this support for the creative industries include the following:

- The recent development and growth within the sector as a whole, which at between 2.5% and 5% make it a significant employment and wealth creation sector.
- The specific nature of the business support required to enable growth to occur in the sector, and the make-up, characteristic and drivers for the development and growth of local clusters of creative businesses.
- The linkages to higher education and consequent graduate retention, and the importance of this to both the knowledge economy and local economic development.
- The distinctive role of product development and the potential for exports and earned foreign incomes.
- The potential for the creative industries to deliver regeneration benefits, in particular linked to the creation of new forms and additional volumes of jobs and employment, as well as local ‘place making’.
- The specific links to the delivery of outcomes required in an individual region’s economic strategies for growth.
- The linkages between the creative industries and those of culture, cultural activities, formal and informal education and heritage.

Different policy institutions draw their policy priorities from within this overall framework of objectives, but place specific emphases on particular actions. The European Union seeks a multiple of objectives, but in particular is concerned with developing the overall knowledge economy (Lisbon in short-hand) and local regional economic development across all the regions of Europe.

The UK DCMS has priorities that include developing the national conditions for sector competitiveness linked to synergies between the creative industries and cultural activities, education and heritage.

SEEDA has as its priority the development of the regional economy and, in this context, the creation of the conditions for success to grow the creative economy as a whole, and high-growth sub-sectors in particular.

BHCC prioritises its service delivery across the multiple of objectives identified above but specifically including health, quality of life, prosperity and opportunities for all. In the case of BHCC, regeneration has been the primary delivery rationale in terms of the creative industries policies to date, framed around sustainable cultural organisations, a thriving economy which in Brighton's case includes the creative economy, quality of life and tourism.

Together these policy frameworks lead to a multi-agency multi-level policy approach, where for policy implementation to succeed, these multi-layered approaches must integrate. This policy integration is a key feature and test for the successful development of public policy in respect of the creative industries.

6.1 European Union Policy

European policy in respect of the creative industries is driven currently by two issues which each re-enforce the other. The first operates at a cross-Union level and is one of the key economic and social policies of the Union. This is the "Lisbon Agenda" which identified in 2000 a common objective "to make the EU the most competitive knowledge based economy in the world... by 2010." Lisbon focuses the Union's economy on potential employment creation aimed at:

- Creating new employment and work with high knowledge value; that is better paid and more intellectual forms of employment.
- Promoting new forms of businesses with employment intensity; that is a concentration on growing new small enterprises and sustaining those already established and trading.
- Investing resources in a manner that does not encourage and re-enforce inter-regional competitiveness within the Union by simply displacing current economic activities and move these around within the regions of Europe.

This third focus for the Lisbon Agenda concerned with promoting regionalism emphasises and is strengthened by one further over-arching principle of the Union, that of "subsidiarity", that EU decisions should always be taken at administrative levels that are as local as is acceptable within each Member State.

Consequently the growth of the knowledge economy, where the creative industries sits, is dependent upon and must now be driven by a partnership of regional and local interests – at least as far as EU policy and funding is concerned. It follows therefore that those regions, sub-regions and cities where this partnership is in best order are those most likely to succeed in growing the creative industries sector as a result. This growth may be stimulated in part through the availability of financial resources – both European such as

Leader+, and national – as well as through an aptitude for sound project management and the reputation for successful project implementation.

Consequently the two policy precursors to success for the growth of the creative industries at a local level are:

- 1) the availability of a clear policy framework in which to act.
- 2) the existence of a local partnership capable of making individual actions happen.

In turn this partnership requires the resources to make things happen. These resources could include access to finances but also to reliable industry data and intelligence, effective project delivery, and the opportunity to work with a broad range of willing and able private-sector companies.

6.2 UK Department for Culture Media and Sport

Amongst the first EU Governments to recognise the important economic and social potential of the creative industries was the UK, with the production of the UK DCMS's *Creative Industries Mapping Document* in 1998.

This comprehensive report identified the component sub-sectors of the creative industries in the UK and estimated their employment volumes, exports and gross added value impact on the national economy. The report as a whole aimed at creating an understanding as to how the UK Government and its partners could better intervene within the priority industry sectors at national level.

This key study has been supplemented by others, including the studies into the financing and public funding of the sector, the work patterns and social conditions of practitioners, vocational training comparisons within the sector, gender issues in respect of income and employment, and comparative employment impacts of this sector within the European economy. The UK DCMS has led on these various initiatives, often in partnership with the Arts Councils across the UK and with the (then) UK Department for Trade and Industry (Dti).

One specific European study led from the UK emphasized these linkages to the Dti. "*The enterprise and employment characteristics of the Cultural Sector in Europe*" undertook a review of the published literature in respect of the cultural employment across the European Union's Member States. This study concluded in 2000 that a common 'growth profile' was emerging for creative and cultural enterprises within all sub-sectors across Europe. This was described as a few very large institutions and enterprises, and a huge volume of small enterprises and sole-traders in all sectors except museums and heritage. In addition the same report noted that there are relatively far fewer medium-sized companies across the sub-sectors, and that micro-businesses are the key growth area within the cultural economy of Europe as a whole. Consequently the report concluded that

these have a key role to play in delivering the growth and employment sought by European policy-makers.

The report described the distribution of employment within Europe's creative enterprises as an "hourglass effect", with concentrations of people working in either the small number of large companies, or the growing multitude of small and micro-businesses. In addition, the report noted that the hourglass neck is also narrowing, suggesting that employment within medium-sized enterprises is declining further across the creative industries of Europe. It noted that these concentrations in employment have particular consequences for policy interventions designed to promote employment creation and business growth within the sector.

A more traditional industrial sector would have fewer large organisations and more middle sized ones, creating a pyramid in place of the hourglass. The report noted that this difference between the creative sector and other industries appears to be in part a result of public financial support inflating the number of larger organisations. It also noted that this was linked to the difficulties and the lack of prosperity of small-scale enterprises and their inability to grow into medium sized ones. This analysis typifies some issues affecting the creative industries, and policy frameworks at national level in the UK have acknowledged this and are attempting to place these at the heart of current policies.

With these issues in mind, on 22 February 2008 the UK DCMS published their new Creative Economy Strategy. This is a joint governmental initiative with the Department for Business, Enterprise and Regulatory Reform (formerly the Dti). The Strategy acknowledges greater knowledge about conditions of success within the sector since 1998, and presents a vision of 'joined up initiatives' from individuals identifying creative interests while still at school to a more streamlined and formalised entry routes to the sector via skills development, training and business support. Unfortunately, the timing of the strategy publication makes it too late for inclusion or analysis in this body of work.

6.3 The Regional Perspective: SEEDA

SEEDA has a central role planning the economic development and prosperity of the south east region. In this context SEEDA, alongside all other Regional Development Agencies across England, has identified the creative industries as a key sector for driving future growth and development within the regional economy.

A recent study - *"Strategic Framework and Action Plan for development of the Creative Industries in South East England. March 2007"* - was commissioned by eleven of the thirteen Economic Partnerships of the South east, plus SEEDA, Arts Council England South East, UCCA and Business Link Kent, to provide the strategic framework and action plan for the development of the creative industries in southeast England.

The report provides a number of reasons for the provision of workspaces for creative industries. In summary these reasons are:

- A lack of affordable workspace is one of the most common barriers to the start-up and growth of creative enterprises, particularly as this issue is linked with another, which is the general lack of finances amongst start-up businesses in this sector.
- The private sector does not adequately provide suitable workspaces for creative industry companies currently. The key reason given is the prohibitively high costs of the premises because they comprise small lockable units.
- Normal lease arrangements do not apply readily in the creative industries sector and many creative businesses cannot meet the usual lease term arrangements required of them by landlords. Similarly and as a result of this, creative businesses do not easily obtain commercial property through commercial agents but use other "sector channels".
- Either as a result, or because of the inter-working involved in the sector, creative businesses cluster and gravitate to where like-minded businesses are located already. This means both, that creative workspaces can grow to scale and provide important anchor points to growth, and that creative workspaces are highly vulnerable when their premises change hands or come under the threat of development or demolition.

The report outlines three "alternative affordable workspace models". These and the report as a whole are explored and analysed in detail in Literature Reviews 2 and 3, available as pdfs on www.creativebrighton.co.uk and www.brighton-hove.gov.uk

The report notes that "*Forward strategies are required to preserve and enhance the supply of workspace in the long-term*". In this context it notes specific issues affecting the future. Because creative clusters stimulate complementary activities over time, as a result urban areas take on a new fashionability. This in turn drives demand for residential accommodation in such areas, with the consequence that industrial development is pushed out by the residential and that rental levels for the remaining commercial spaces rise to a level prohibitively high for most creative small businesses (and others). The report indicates that measures need to be put in place that counter these effects and proposes:

- Vesting creative workspace developments in not-for-profit legal entities so that it is available in perpetuity.
- Identifying vacant buildings and expansion options.
- Tight policies to preserve employment use on sites close to creative quarters.
- Specifying a requirement for mixed-use developments on former employment sites so that an element of suitably configured B1 space is preserved.
- Adopting a requirement for Section 106 contributions to develop alternative space nearby, where an employment site has been given over to residential.

- Ensuring the correct space and types of new industrial spaces are created, in order that occupation by businesses does take place long-term and the subsequent of re-conversion to residential does not occur.

The report notes that workspaces for the creative industries include a great deal more than office and studio spaces. It notes a need for rehearsal, creation and performance spaces, retail spaces for speciality arts and crafts, combined workshop and retail spaces for crafts people and designers, and a need for space to showcase activities and new products.

The report examines cost and opportunity and notes: *“With the decline of manufacturing, many areas of the country are now focusing on the creative industries as a catalyst for regeneration. However, costly workspace initiatives and support mechanisms of the type referred to cannot be justified everywhere. They need to be focused on where they can build on existing strengths by consolidating existing or emerging clusters or where a major impact can be made on regeneration and economic diversification.”*

As evidenced in the Regional Economic Strategy, SEEDA has recently adopted this policy as the basis for its future investment. This means it will prioritise the availability of its own financial resources based on its local areas meeting at least two of three key outcomes as far as the creative industries are concerned. In summary these three outcomes are:

1. Investment in clusters (of which Brighton is a key location).
2. Investment in key inward investment opportunities (where Brighton has potential).
3. Investment in places and locations where arts and cultural activities can reinforce enterprise growth and social cohesion. Examples in Brighton would be London and Lewes Roads.

In summary, SEEDA can be thought of as a significant – and essential - supporter of creative industries development. However, there is evidence that this support focuses only within certain creative industry sub-sectors. Examples provided are mainly in the digital media and TV broadcast sector, with the exception of a local designers network, which it notes lacks significant funding and subsidy. SEEDA policy suggests that support must focus on the creative industries whose growth can and will have the highest impact on local and regional economic performance, through wealth creation, job growth, and improvements in local prosperity levels.⁸

6.4 Brighton & Hove City Council (BHCC)

There are several key policy documents currently affecting growth in the creative industries in Brighton & Hove, and include:

- Team plan

⁸ Literature review 2 p7

- *Arts & Creative Industries Strategy*
- *Express: The Children and Young People's Art Strategy for Brighton & Hove*
- *The Brighton, Hove and Adur Area Investment Framework 2003*
- *The Brighton & Hove Local Plan*
- *The Brighton & Hove Economic Strategy 2005 – 2008*
- *The Brighton & Hove City Council Employment Land Study 2006*
- *The Brighton & Hove City Council Employment and Skills Plan* October 2007
- *The SEEDA Regional Economic Strategy*
- *LR2*
- *The emerging Local Area Agreement*
- *The emerging Local Development Framework*
- *The Creative Economy Programme.*
- *Revised Core Strategy Preferred Options (LDF) document*

These documents clearly highlight and prioritise the role that the Council believes the creative industries can and should play in across a range of agendas in the city, including the development and growth of enterprise and employment in the local economy.

However a close examination of the documents indicates that there is some work to do to match aspiration and achievement. This is because the creative industries require different and sophisticated strategies and resources to enable their potential, when compared to capturing inward investment opportunities. It is possible for public policies to plan for and meet the needs of both forms of business growth, and the public agencies in Brighton & Hove are trying to do this, as is demonstrated by the synergies between the various Council departments, policy documents and implementation initiatives.

However, both the *Employment Land Study* and the *Employment and Skills Plan* policy documents suggest specific issues, omissions or inaccuracies that could impact adversely and significantly on the potential of the creative industries generally and on workspace provisions in particular.

First is the current definition of "employment land". This is defined currently as land with planning permission for use in classes B1 to B8 of the Town and Country Planning Use Classes Order 1987.

The current B-uses are summarised as:

B1a – offices

B1b – research and development, laboratories and high tech

B1c – light industry

B2 – general industry

B8 – wholesale warehousing, distribution centres, repositories, and general storage.

This is a narrow definition as far as the creative industries is concerned, which excludes from consideration many of the types of properties used as workspaces by this sector. These omissions create considerable challenges for the future when the development of workspaces for the creative industries is a prime objective.

This issue is discussed in greater detail in Literature Review 1, p18.

Second is the way the narrow definitions of employment land reflect within current policy documents. The most current Council policy document of immediate concern to workspace supply for the creative industries is the *Core Strategy Development Plan 2008* and certain of its appendices, such as *Site Allocations*, which is currently being consulted on.

These documents and others contain proposals for a number of key infrastructural development sites across the city, many of which have a focus on providing workspaces for the future. The *Development Plan* and proposals it contains explains the city's need to maximize developments within the current physical and planning boundaries associated with the sea and Downland, with the consequence that development therefore must intensify. This is described as a need to maximize available space by building on previously developed land, referred to as brown-field sites.

Increasing demand for affordable housing, modern office space, public amenities, leisure and community facilities and an efficient transport system is driving forward a great number of redevelopments which aim to maximize the available space and provide much needed facilities at a minimum cost to the environment.

The needs, profile and benefits of the arts and creative industries have been increasingly highlighted with each subsequent version and consultation of the Core Strategy, demonstrating an improving synergy between intention and mechanisms of practical implementation.

Various Council policy documents list some twenty sites for development. Workspaces for the creative industries feature, or are referenced, in a considerable number of the development proposals listed above. These creative workspaces take a variety of forms including community facilities, office spaces, retail, conference centers, venues, market halls and potential live/work units as well. The intention to provide workspaces for the creative industries is now contained in a number of Development Briefs and Supplementary Planning Documents produced recently by the Council. These plans are works in progress and will inevitably develop as the projects reach implementation and completion. It is hoped that the developing knowledge in various Council departments around the creative industries will lead to the maximization of the creative industries potential of these developments.

6.5 The Challenge of the New

Policy documents from SEEDA clearly outlines that since the sector is now one of the key growth foci of the regional economy (at 2.5% per annum), then it follows that the region requires the range, types and quality of workspaces that reflect this importance and allow for its future growth. As examples, the Employment Land Study and LR2 both note the need for high growth, high specification workspace and move-on space for the digital sector, and this is allied to the SEEDA position of supporting high growth economic development.

However, it must be acknowledged that workspace must cater for more than just the high growth digital sector, and include a greater range than simple high specification office space.

Further examination of a range of policy documents shows that whilst all do contain references to the importance of providing support to enable growth in the creative industries, it also shows that the delivery of these policy objectives are not without their own challenges. These challenges particularly include property management and workspace security issues long-term, and support for the self-employed and for micro-enterprises.

There is also a clear requirement to broaden definitions of employment land at least as far as workspace for the creative industries is concerned: and to recognize that there are other forms of properties and premises favoured as workspaces by the creative industries that will also need to be protected through appropriate policies in the Local Development Framework with a more explicit recognition of their importance for the creative industries.

There can be little doubt that these challenges and uncertainties can be solved in Brighton & Hove; in part because there is evidence that a strong and effective local delivery partnership is in place. Therefore the Creative Industries Manager post and the wider work of the Arts & Creative Industries Unit in the Council must maintain and strengthen their interagency workings so providing an ongoing platform for partnership working at a local level.

This workspace research also contributes towards this platform. When linked to the emerging LDF and to the *“Strategic Framework and Action Plan for development of the Creative Industries in South East England. March 2007”* the research can evidence in considerable detail the workspace needs in the creative industries, and their distinctiveness from those of some more generic sector developments. *The challenge facing the local partners is that of the new: the creative industries require workspaces that are different from the traditional.*

In short, the evidence gained from this research demonstrates that the policy frameworks required for success are in place within the south east of England and in Brighton & Hove specifically.

However, Brighton & Hove's investment profiles, and those of SEEDA, must align themselves as a consequence. The caveat may be that SEEDA itself may need to broaden its own investment priorities from simply high growth digital media companies into a broader creative sector approach. This achieved, it is then for the local partners to achieve delivery.

Finally implementation activities need to be informed by the experiences of those projects, places and initiatives that have gone before. The provision of workspaces for the creative industries is neither unique nor new, and has been a significant component of local development policies for the past two decades at least. This allows lessons to be learnt and experience gained through the examination of previous initiatives.

7. Recommendations.

This report focuses upon and quotes extensively from the recent *Strategic Framework and Action Plan for development of the Creative Industries in south east England: March 2007*. This report, to SEEDA, is concerned with the future strategic direction of public resources into the creative industries in the south east of England. In terms of SEEDA's future support for the development of workspaces for the creative industries its proposals are focused and specific, proposing:

- Vesting creative workspace developments in not-for-profit legal entities so that it is available in perpetuity.
- Identifying vacant buildings and expansion options.
- Tight policies to preserve employment use on sites close to creative quarters.
- Specifying a requirement for mixed-use developments on former employment sites so that an element of suitably configured B1 space is preserved.
- Adopting a requirement for Section 106 contributions to develop alternative space nearby, where an employment site has been given over to residential.
- Ensuring the correct space and types of new industrial spaces are created, in order that occupation by businesses does take place long-term and the subsequent re-conversion to residential does not occur. The nature of this new business space is explored, noting that workspaces for the creative industries include a great deal more than office and studio spaces. It notes a need for rehearsal, creation, performance spaces, retail spaces, combined workshop and retail spaces for crafts people and designers, and a need for space to showcase activities and new products.

Regional subsidiarity is described as the key to successful policy implementation. These recommendations focus on the development of practical realities firmly rooted in the current policy framework for the region.

The evidence supports the following recommendations to develop capacity for creative industries workspace in Brighton & Hove over the next ten years.

7.1 **The current supply of creative workspaces must be increased.**

Affordable rents in the creative industries are generally at the lower end of the market range and in Brighton & Hove are in the region of £7.50 a square foot. These values reflect the condition of the properties in occupation, and rise to £11.00 a square foot or thereabouts for high specification properties such as quality office spaces. Therefore the creative industries appear capable of paying market rents. However these figures cloud two allied issues. First property prices are rising due to an excess of demand over supply, particularly for higher specification accommodation types, and offices in particular. Second, there is a general lack of supply in the kinds and types of premises favoured by creative businesses, in part because these are precisely the types of property excluded from the current definitions of employment land. In consequence the supply of appropriate

properties is reducing whilst demand from creative businesses both to rent and purchase is increasing. This imbalance between demand and workspace supply cannot go un-addressed, or if it does, then rental will rise to a point not affordable by the majority of creative businesses within the city.

7.2 Current and future definitions of “employment land” are a key issue for the success of the creative economy in Brighton & Hove. This issue needs examining and actioning, with the specific objective of broadening the definition in order that the realities of the workspaces used by creative organisations and businesses can be included within future definitions of employment land, and as a result that these can also be protected in the future as a workspace resource. With hardly an exception, each creative enterprise currently operates from a single “primary workspace”. These divide in approximately equal numbers amongst creative businesses operating from commercial properties, creative businesses operating from within residential accommodation, and the remaining one-third dividing their operations between “cultural buildings” and “community premises”. Put simply each creative business only requires one main workplace and not multiples, and this workspace is as likely to be located in a community/cultural facility or a residential property as it is to be in commercial premises. This plurality of workspace types and forms challenges the traditional notions and definitions of “employment land” which still reflect the “factory-status” of premises associated with the past industrial age.

7.3 Any detailed development policy relating to safeguarding community facilities should make explicit reference to the dual role these facilities often have in relation to creative industries workspace. Where appropriate the Council should include the addition of creative workspace as one specific type of community asset that should be considered and supported when the future new uses for redundant community facilities are considered and acted upon. It is the current policy in the city that there should be no net loss in employment land city-wide, albeit that the present definition of employment land is limited currently to uses B1a, B1b, B1c and B8.

It follows that if the definition of employment land requires broadening then the use-types and activities of the additional types of premises used by creative businesses as workspaces currently, also need protecting. This list includes community buildings, social centres, former halls and public buildings, licensed premises, garages, out-houses, barns, sheds, retail outlets, places of entertainment and so forth. If the future supply of creative industries workspace is to be sustained, and the characteristics of the industry protected, then premises of all these types need protection through the Local Development Framework (LDF). Whilst many of these uses are protected in the current adopted Brighton & Hove Local Plan for their community function, their sometimes dual use for employment uses needs to be recognised in an updated policy in the LDF.

7.4 There is an ongoing advocacy job to be done in respect of the city’s creative industries. Continuing cross-departmental working will be required to embed the result of this study into the emerging priorities of the LDF. This could

include briefings, and the designation of an expert officer within City Planning as a sector champion, charged with communicating and embedding the sectoral aspects into the wider LDF. The LDF is still a new system of preparing planning documents and provides the opportunity for the future provision of creative industry workspace needs to be better reflected in these documents. The Core Strategy of the LDF is to set out the strategic needs of the city for the next twenty years.

The data and information in this report establishes without doubt that the creative industries comprise a major employment sector for the future economy of the city. This information needs to be disseminated widely within BHCC and other public agencies, in order that the needs and benefits of the creative industries sector are properly profiled within key policy documents including those associated with the LDF, such as the Development Policies and Site Allocations and/or Supplementary Planning Documents.

7.5 It is of prime importance that the capacity of these major development proposals to accommodate a range of creative industry workspaces is reviewed once more. Additionally the details contained in the various reports associated with this research should be made available as part of these reviews. Some developments have included schemes and facilities under section 106 agreements or other voluntary arrangements which have benefited the creative industries in the city through the provision of affordable workspaces. With this in mind the city has considerable scope for the development of additional volumes of creative workspaces within many of the twenty major development sites planned in the immediate future. However a review of these sites suggests there is a disjuncture between the policy aspirations of the Council in terms of creative workspaces and the implementation plans and schemes outlined to date. Similarly premises where creative businesses are established currently may also be threatened within certain of the schemes as outlined currently ie New England House.

7.6 International case studies, national initiatives, regional policy, and local experiences, all suggests that mixed-use developments have great potential to provide appropriate workspaces for creative businesses in the city. The challenge facing public agencies in the city is to promote the benefits and positive aspects associated with housing the creative enterprises, to the developers seeking to bring forward development schemes. Therefore it is also vital that those officials, who negotiate with developers, are provided with the information and arguments that enable them to become advocates for this growth industrial sector. The Underlying Principles produced as part of this Study should be adopted as policy for mixed use developments, with a requirement for developers to integrate relevant and appropriate aspects into their plans. One mechanism identified as a key to sustainable development is investments in mixed-use developments. These include situations where developments are proposed as part of section 106 agreements to replace employment land developed for non-employment purposes, and where new developments have the potential to mix current employment land uses and non-current employment land uses. The attractiveness of the mixed-use developments that result to the creative industries is obvious – it is

because creative businesses readily occupy workspaces within both employment and non-employment land uses.

7.7 Public investors and policy makers should consider adopting three linked strategies to counter the exclusion effects of culture led regeneration. These are (i) invest in mixed-use developments, (ii) ensure there are stakeholder opportunities for ownership and control long-term for the original change-catalyst businesses, and (iii) accept that investment for the development of small enterprises can be as successful and sustainable where it takes place in more prosperous neighbourhoods. Policy makers should consider the issues and lessons associated with culture-led regeneration outlined here and adopt measures designed specifically to create sustainable growth within the local creative industries. Creative businesses are “place-changers” capable of establishing themselves in less well-off neighbourhoods and within poor quality accommodation, and providing a transformational effect where they are located. These transformational efforts often have the medium-term effect of driving up property values and so displacing the indigenous creative businesses as well as others. There is a growing recognition amongst public agencies, private developers and others – including cultural advocates - of these transformational benefits, and this recognition has in consequence, attracted significant public funds with the objective of promoting “culture-led regeneration”. Independent research and international case studies show that intensive publicly funded regeneration schemes often reinforce this exclusion effect within the poorer neighbourhoods where such investments are made.

7.8 It is important both to encourage current initiatives designed to promote workspace ownership – collective or individualised – and to provide examples of successful collective solutions to act as demonstration projects and best-practice examples. It is similarly important to brief business development agencies and finance providers on the benefits of these collective models. Finally for small creative businesses seeking collective solutions it may be necessary for the public sector to promote these forms of scheme by assisting with the costs of access to specialist legal advice. Clustering is also about the sharing, of staff, ideas, creative resources, the production process, and premises too. The creative industries are entirely at ease adopting shared workspace solutions. Amongst the 90% of creative companies aspiring to own their workspaces, these companies clearly favoured one of two preferred ownership models. Almost half wanted to own their own property individually or within the business whilst almost 40% favoured a mutual or co-operative co-ownership model, either through ownership or lease or rentals. Renting from private landlords was one of the least-favoured options. As alternatives significant numbers of responses focused on mutually owned and controlled property models as alternatives to freeholds, leasehold and single company ownerships. There are a considerable number of successful mutual, collective, co-operative and charitable workspace solutions operating both across the UK and in Brighton & Hove specifically. Within these collective workspace solutions commercial arrangements offer considerable resources, including access to skilled people, and considerable numbers of small-scale investors.

7.9 It does not follow that all developers will be third parties simply building workspace accommodation for rent. Rather, a variety of artist-led initiatives operate quite successfully in the UK, and the mechanisms used by these should be explored. This Study provides a range of UK case studies, chosen because of their entrepreneurial approaches and access to mixed funds. The functionality of these various case studies should be explored and a series of master-classes organised whereby the driving individuals behind these various projects are asked to explain their operations, both to local creative practitioners and to public officials. These artist-led developers should be considered as having an equal status and capacity with more traditional development models and mechanisms. Traditional developers should also be encouraged to incorporate artist-led developers within their overall development teams. The types of workspaces occupied currently by creative enterprises divide between office space and non-office spaces approximately 40/60 %. Office space then sub-divides between “basic office spaces” required by 30% of all creative businesses in the city, and “high quality office spaces” required by a further 10%. Demand for workspace amongst the remaining 60% of creative enterprises divides amongst a whole range of property types and facilities, including rural buildings, barns, community spaces, warehouses, exhibition and workshops spaces, empty churches, listed buildings, temporary spaces, artists studio complexes and so forth. Currently there is a predicted demand in the creative industries for an estimated additional 85,000-170,000 square foot (between 7,900 and 15,800 square metres) of high specification office space over the next ten years. This demand compares with a current plan to build 200,000 square foot (18,560 square metres) of additional high specification office space in the city in the next decade. Therefore it can be concluded that at least part of the high quality demand from the creative enterprise sector will be satisfied from these developments, or others. The greater challenge concerns the provision of more basic office spaces. Projections estimate a need by the creative industries for in excess of 250,000-500,000 additional square foot (23,225 - 46,450 square metres) of basis office space over the next decade. If even 10% of this requirement was to be developed as live-work spaces a further 225,000-450,000 square foot (20,900 - 41,800 square metres) of basic office space is needed to satisfy demand predictions. Collective and individual solutions have been advocated above, and otherwise the solution lies with public, private or public/private development initiatives. With accommodation requirements at this scale it is likely that a range of developers will be required and the issue then becomes one of matching opportunities with available sites and finances.

7.10 A working group should be established to explore the specific issue of live-work accommodation for rent within the city. The benefits of such an arrangement could be that this would provide one mechanism for defending and maintaining creative employment within changing neighbourhoods such as the BN1 postcode. Such a mechanism would also provide access to affordable accommodation and contribute to enterprise development within the city. A key worker status for creative individuals has also been advocated elsewhere in the UK and such status might be attainable through this mechanism in Brighton & Hove. The current supply of creative business space is spread between residential and

non-residential premises. Whilst business spaces within non-residential properties accounts for some 70% of the supply of creative business space currently, indications are that creative workspaces within residential properties provides an important workspace resource for creative businesses in the city, particularly for sole-traders and lone practitioners. It is not suggested that residential properties should be considered within the suggested new designation of employment land, but research does indicate that (i) considerable amounts of informal live-work arrangements exist in the city already, (ii) the volumes of live-work activities will only increase in the future (iii) and that registered social landlords would consider the development of bespoke live-work units for rent for creative practitioners if encouraged so to do.

7.11 Precisely because this is a small enterprise sector, it is a fragile ecology and can easily be destroyed however unintentionally. It is suggested that existing policies in regard to parts of the BN1 postcode be reviewed with the needs of creative clusters in mind and reinforced to protect this clustering where appropriate to do so. Whatever the status of these various proposals and schemes it is critical that these initiatives are made aware of the importance of current creative industries activities within their areas and that they adopt policies and implement programs which re-enforce and don't displace these clustering effects. Clustering together is a feature of creative workspaces and a key business growth strategy for the creative industries more widely. In Brighton & Hove this clustering has happened to date in the BN1 postcode. The BN1 area is typified as a mixed-use area – with offices, retail, community use, and residential. It is currently undergoing change which has the potential to displace certain elements of the creative industries clusters, unless specific actions are taken to stop these effects. Many parts of the area are themselves the subject of other policy plans and regeneration initiatives. Some are planning related, like the cultural quarter, the Laines retail area, or the hotel strategy. Others, such as the London and Lewes Roads, seek to lever in significant amounts of public monies for investment and focus on economic development.

7.12. Provision of suitable numbers and types of workspaces for the creative industries should also be considered specifically within the tourism strategies for the city. The creative industries provide a vital and important contribution to the tourism offer for the city. This contribution includes specialist retail, festivals, outdoor events programmes, a "general buzz of activities" and contributes significantly to the uniqueness of the city's tourism offer overall. These contributions interrelate in policy terms described above. It is important to recognise the synergies between tourism and the creative enterprises located in various tourist hubs and destinations in the city, and to seek to develop, embed and grow these inter-dependencies in the future. Workspace for these creative enterprises in such locations is an important aspect of this success.

7.13 Recent specific proposals to increase the volumes of workspaces available regionally have been published by SEEDA and this regional strategy now requires local implementation if its objectives are to be achieved. Inter-agency working is a key implementation mechanism. It is therefore important that **(i) the full range of agencies**

with an interest in the provision of workspaces for the creative industries are allowed the opportunity to participate in the development of future workspaces and (ii) that a local implementation group be established to oversee the future development of workspace for the creative industries within the city.

7.14 The Higher Education sector in the city has a potentially significant role to play in respect of creative workspaces in two regards - in the supply of business-ready creative professionals, and through offering sites and premises where workspaces for creative businesses can be established and maintained. This offer is considerably wider than simply offering graduate incubation facilities. In addition it is suggested strongly **that higher education institutions in the city should develop workspaces for creative enterprises within existing and new premises located on or adjacent to university campuses.** It is further suggested that in common with other development agreements these workspaces could be negotiated as part of section 106 planning agreements in respect of other university-led activities and that the premises might also be managed and controlled by organisations independent of the universities themselves.

7.15 The UK Treasury has recently initiated various new fiscal arrangements designed to encourage property development activities with a social focus. These initiatives include Community Land Trusts, Community Interest Companies, and specific changes to the Small Business Rate exemptions designed specifically to encourage vacant properties to be passed into specific forms of social ownership, particularly for future use as sports facilities or cultural resources. These various arrangements offer real potential to underpin the development of creative industries workspaces at scale in the city. These should be examined in detail alongside the case study models mentioned earlier. Estimates of future workspace demand need placing in context. Whilst sustained industry growth over the next decade at between 2.5% and 5% demonstrates a requirement for an additional 850,000 to 1.7million square feet of workspace, it does not follow that all of this supply needs constructing from new. Nor does it follow that the creative industries are without the ability to afford to pay rent or to purchase or long-lease premises. The SEEDA report identifies capital construction costs at £5m for premises of 27,500 square foot; approx £182 a square foot construction costs. The same report also identifies rental per square foot at £20.00 inclusive; a "real rent" of £11 - 12 a square foot for high-specification office spaces dropping to £7.50 for basic quality office spaces. By comparison the survey of creative businesses in Brighton & Hove identifies inclusive rents of £11.91, a current "real rent" of £7.50 a square foot. A traditional developer, faced with these figures would undertake a simple calculation at this point: would the interest costs on borrowed capital plus developer's profits plus contingencies plus paying back some capital borrowings all be covered by the rent paid? The answer is no by a long way. The capital costs would need to reduce by at least half for the project to become viable at these typical rental yields. Reducing the capital specification is precisely the solution adopted by many landlords with creative enterprise tenants. However there are alternatives, most notably adding a public subsidy or other source of capital funds,

providing property for refurbishment either at reduced value or free of costs, and enlarging the development to enable rental cross-subsidies to be enabled.

7.16 The city should take advantage of changes in the Business Rate system and establish a function whereby it either acts or funds another body to act as the brokerage between landlord and tenant for short-term lets. Three fiscal arrangements have specific benefits to offer creative workspace provision. One is associated specifically with the initiative to encourage occupation of empty business space. This mechanism centres on changes to the Business Rates system that no longer exempts empty business properties from payment. The logic of the new arrangements is that property owners would rather let properties than be penalised and pay business rates themselves. The issue for owners becomes one of finding tenants. As an alternative a brokerage that identifies creative businesses on a short-term basis could be a very popular and attractive option. It would be made still more attractive if the lease arrangements were underpinned by simple and informed legal advice.

7.17 The second arrangement centres on changes to personal pension arrangements. Pensions, or specifically the absence thereof, is an acute and particular concern in the creative industries. UK Government changes encourage and incentivise personal pension planning and responsibilities and new pension arrangements are currently being introduced. These include collective pension arrangements underpinned by the ownership of commercial workspaces. These arrangements, termed REITS and SIPPS, offer real opportunities to own commercial property long-term and underpin retirement incomes. These also provide a mechanism to secure long-term ownership and control over property providing workspaces. **Knowledge of these opportunities is extremely limited amongst small enterprises generally and in the creative industries specifically. An “education campaign” outlining these opportunities should be mounted for the sector and that appropriate legal advice be made available for groups of creatives wanting to pursue this option.**

7.18 The aspiration for long-term control over their premises is clearly favoured by creative businesses and consequently it is recommended that future workspace solutions for the city must seek to meet this aspiration. Therefore workspace solutions that enable property ownership should be promoted and developed using both public and private funds where possible. Examples here could include access to loan financing for property purchase, advice for structuring property-related developments as pensions and shared investment schemes, promotion of shared-ownership schemes, and very long-lease arrangements whereby properties are transferred in exchange for development commitments. A comprehensive range of such financial arrangements needs to be established and public monies made available to pump-prime these as and when necessary. Brighton & Hove is one of the most expensive places in the UK to purchase property. It also has a lower than average annual income, and an over-qualified population for the current employment supply within the city. These factors contribute to the difficulties experienced purchasing property, the high costs of servicing borrowings,

and a general reliance on the rental sector rather than owner occupation. The statistics in relation to ownership of workspaces in the creative industries reflect these realities; only one-fifth of businesses currently own the properties they occupy whilst three-fifths lease or rent. It is this group that rent or lease which report most uncertainty in respect of their future premises. The remainder have some other arrangement, often associated with community or cultural uses. However 90% of creative businesses in the city viewed the ownership of their workspace as the solution to the combined issues facing them in regard to uncertain premises' tenure and individual company growth.

7.19 In the absence of a wider type of light industrial properties, the industry will need to create them either from conversions or as new builds. For this to happen it is important that the planning and local development aspects of the LDF are in place to make this possible. Providing the other types and forms of industrial premises required by the creative industries over the next decade, poses an equal challenge. This Study has already identified one solution as to broaden definitions of employment land, and to defend and bring through as a supply a wider range of building types. Whilst this can be done it does not get around some simple but difficult truths in respect of the city's supply of premises – that the city simply lacks certain types of buildings. Most notable amongst these are storage, warehousing, and light industrial premises.

7.20 It is important (i) that the scope for developer contributions to support the cultural sector be well demonstrated and (ii) be reflected in the emerging Developer Contributions SPD (iii) and that the current value of 106 investments in the cultural sector can be well demonstrated. Developer contributions (or section 106 agreements) are crucial for securing the necessary benefits through the planning process of a development. They can mitigate the impact of that development and the demands from the increase in population on communities and can compensate for loss or damage created by development; as well as support other on or off-site infrastructure, or for increasing the capacity of services. There have been opportunities where specific support for cultural activities in Brighton and Hove has been secured through developer contributions.

The council is currently preparing a Developer Contributions Supplementary Planning Document; which will set out the coordinated and transparent approach that will form a robust basis for negotiation and provide justification for contributions in specific circumstances. The council's revised Core Strategy will highlight where developer contributions may be required for meeting strategic needs across key development areas where growth is expected.