



Brighton and Hove City Council
Wired Sussex
University of Sussex

New England House, Brighton
Digital Media Innovation & Enterprise Hub Joint Vehicle Business Case



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Executive Summary

Background

New England House, in Brighton's New England Quarter, is an early 1960s industrial building with over 120,000 square feet of lettable space over eight floors. Part of Brighton & Hove's property portfolio, 60% of it is let as workshops and office units to a mix of businesses, quite a few of which fall within the creative industries and, more particularly, the digital media industries, but also include others like food, retail and wholesale, construction and direct marketing. Rents are low and terms are flexible, which ensures that NEH is popular, particularly amongst new and growing businesses.

The space that remains unlet requires varying levels of renovation to make it suitable for occupation and building as a whole suffers from exterior dilapidations and much of the services infrastructure is reaching the end of its useful life. Options for redevelopment were explored by Robinson Low Francis in 2004; their report, "New England House Masterplan", concludes that structurally the building is essentially sound.

The purpose of this study has been to assess whether New England House might provide a hub for digital media businesses and the wider creative industries and, if so, what's needed in terms of building renovation and project development to make the hub flourish.

Brighton and the digital media sector

Brighton has an international reputation in the digital media sector and is recognised now as a city in which the private sector is thriving - over the ten years from 1998 to 2008 Brighton saw the fastest growth in private sector jobs of any city in the country (Private sector cities: a new geography of opportunity; Centre for Cities 2010). Increasing the supply of building land and strategic capital investment are amongst that study's key recommendations. Brighton & Hove's own strategic framework - Economic Strategy and Business retention and Inward Investment Strategy - recognises the importance of the digital media sector and the key role of business accommodation in determining business success.

Wired Sussex supports its member digital media businesses' development with business advice, training and networking. Based in New England House, it has a membership of around 1,700 businesses, over 1,400 of which are based in the Brighton area. The University of Sussex's strategic objectives include developing a more external focus and engaging more fully with the local business community, particularly digital media businesses. Wired Sussex and the University of Sussex have joined in partnership with Brighton & Hove City Council to explore the potential of New England House and to commission this study.

Workspace availability and patterns of business growth

The study looks at demand for and supply of workspace in Brighton. On the supply side, the study concludes that there is a reasonable amount of provision for micro and small businesses up to around 20 people (albeit in accommodation not always ideal for digital businesses), but there is a shortage of workspace in central Brighton of a suitable size and configuration for businesses with 20 and more people. This presents problems for digital media businesses, which typically start very small, but in some cases grow quickly, reaching 20-50 people within three to five years. Of these, an appreciable number then grow significantly more, to reach 100-120 employees, and in the next stage of growth, to larger numbers.

As businesses grow they find it increasingly difficult to find appropriate and affordable space in Brighton. This risks hindering and delaying growth, holding back external investment in Brighton businesses, encouraging relocation out of the city and possibly the region and frustrating opportunities to attract inward-investing larger businesses to establish in Brighton

New England House has the potential to address this market failure and help to alleviate some of the adverse business growth and economic development impacts that may result. Its scale and the configuration of spaces across large floor plates mean that it is suited to providing accommodation for these larger and growing businesses. At the same time, it can be sub-divided to provide smaller units where, although the accommodation shortage in the city is not so acute, the benefits of clustering will be more pronounced on a business's prospects.

Demand and the development of a hub for the sector

Our research into the demand for space and services included both quantitative questionnaire based research with Wired Sussex members and qualitative research with a small pool of fast growing digital media businesses.

It evidenced a shortage of business premises suitable for medium and larger scale sector businesses and a body of already existing unmet demand that would more than fill the unlet space in New England House. Businesses participating in the quantitative and qualitative research showed considerable interest in locating their businesses in a redeveloped New England House. Businesses' key concerns when looking for businesses premises were competitive rents, big capacity data connectivity, easy in easy out terms and flexibility to expand. Other important considerations were on site bike parking, good public transport links and a central Brighton location. For most, though not all, businesses, the prospect of clustering with other sector businesses in a 'hub' development was a significant attraction - offering opportunities for sharing of ideas, product and service development, market intelligence, research and skills.

The redevelopment of New England House as a hub for the digital media sector therefore envisages more than simply the provision of workspace.

As with the creative sector more generally, the sector depends heavily on complex networks of supply, skills and joint working. There is a good deal of network activity in Brighton, much of it initiated or supported by Wired Sussex. However our research suggests that the lack of a defined hub for this activity limits its effectiveness, and particularly its visibility. This lack of visibility makes for a more fractured and less effective network and to missed opportunities for connection with larger businesses and other sectors outside the city. Facilities to support and extend this networking should form a central part of the proposition for New England House.

The partners also have the capacity and expertise to support creativity, innovation and R&D amongst tenants and the wider digital cluster. Wired Sussex is already engaged in a range of advice, training and networking interventions and activities and partnership with the University of Sussex has the potential to take this to a new level through the development of broader innovation programmes. In time, this Digital Innovation Partnership has the potential to develop links with other HEIs, leading digital sector entrepreneurs, major companies in adjacent sectors (broadcast media, telecommunications, information technology and others), venture capitalists, and other investors and national and international networks of digital innovation.

The options for development

The rest of the study considers the options for development of the building and the project and the means of achieving it.

The study identifies six options, ranging from the 'do nothing option', disposal and or demolition through to full renewal and the option to develop more space on an adjacent site. The report evaluates the effectiveness of these options in meeting the objectives of the partners, the fit of each option to what we have learned about the property market in the city, the sector and its needs and the likely cost of realising each option.

The principal costs involved in renewal of New England House itself are related to the failing façade and dated services infrastructure. In the medium term these will require investment in all scenarios other than disposal/demolition, and there is therefore a significant cost involved in all redevelopment options. The marginal additional costs over and above these fabric works to provide the facilities specific to sector development discussed above are relatively limited. The range of redevelopment cost estimates is therefore between £7m and £10m.

Although the investments in fabric and infrastructure make entry level costs for the realisation of the project relatively high, they do present opportunities to deliver important aspects of the digital hub project. Renewal of the façade is necessary due to its progressive failure, but is also an opportunity to transform perceptions of the building and its contribution to the city skyline and the immediate area. Renewal of the services infrastructure of the building brings the opportunity to meet the specific needs of the sector for substantial data connectivity.

The additional opportunity to develop on the adjacent site significantly increases cost but we believe that this may be a significant opportunity for a second stage of development once the renewal of New England House itself is complete.

The report supports the case for a significant renewal option for the building, providing network hub and innovation facilities and shows how such a project can be financially viable and provide a return on investment in both cash and economic outcomes.

Partnership and development structures

The report discusses the potential options for investment and development partnership and for the strategic direction and management of the project during and after the capital project.

In doing so we emphasise the importance of close connection and partnership with the sector, and of the development of the Innovation Partnership and programme discussed above.

The partnership developed by the City Council, Wired Sussex and the University of Sussex is an appropriate and powerful nucleus for the project and key decisions in both planning and operation, including the establishment of a brand and market position for the project, the development of a policy for tenant selection and management, close liaison with the sector and strategies for longer term development, will need to be shared in this partnership. Resources will need to be generated or committed to underpin sector business development, the animation of the building through activity and promotion and the delivery of innovation programmes.

Underpinning this strategic direction and the delivery of activity and programmes, the partnership will need to identify appropriate mechanisms for basic management tasks and for the delivery of distinct strands of work.

This presents options for the future structure of the project. Alongside these options, the report discusses wider possibilities for partnership, particularly in relation to potential private sector partners who may offer either or both capital investment and experience and expertise in the operation of similar projects.

During the study we talked to a range of developer/operators and there was significant enthusiasm for involvement. This opens the possibility of shared investment, shared risk and gain and the broadening of the partnership. The report outlines the need for, and possible form of, an immediate process through which these possibilities can be formalised and their benefits quantified so as to compare them with other structures for development that the project partners might themselves pursue. In this way, the next stage of work has the potential to be both a further detailed evaluation of the technical and business characteristics of the project and to represent real practical progress toward realisation.

Summary

The partners have developed, in their vision for New England House, a project which responds imaginatively and practically to the express needs of a key sector in Brighton's economy and business profile.

There is considerable evidence of express demand for the facilities the project will provide and of a sustainable economy for the new project that will optimise returns from the building and enable the partners to generate new resources to development activity to support and strengthen the growth of the sector.

The enthusiasm of the private sector for partnership in the development gives confidence that others share the assessment that this is a highly viable and attractive project with measurable outcomes and returns and offers the

opportunity to construct an innovative delivery mechanism bringing together the public, private, research and digital business sectors in a nationally and potentially internationally remarked project.

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1 Introduction

1.1 The brief

Brighton & Hove City Council, Wired Sussex and the University of Sussex ('the partners') sought assistance to examine the business viability of a redevelopment of New England House (NEH) to support the workspace, training and growth needs of the digital media sector in Brighton. The partners envisaged a joint venture approach to any redevelopment.

Brighton is amongst a small number of UK cities with an international reputation in the digital media sector, comprising many indigenous businesses and a growing number of UK bases for overseas companies. Hitherto that development has been largely organic, supported by Wired Sussex. Wired Sussex, a membership organisation for digital media businesses in the area and already based in NEH, acts as advocate, network facilitator, training and recruitment agency for its members and the sector and adviser to local, regional and national government and agencies. In a context where other cities are investing in infrastructure to support cluster development in the digital media sector, Brighton recognises it needs to do the same if it is to remain competitive.

There is plenty of anecdotal evidence about a shortage of appropriate workspace for the sector in Brighton, hence the partners' focus on the potential of NEH. Beyond workspace needs, are issues around innovation, competitive advantage, supply of talent, knowledge and expertise; hence the partnership's focus on hub development in NEH and the significance of the University of Sussex as a partner.

Before issuing the brief the partnership developed a vision for the project:

Our goal is to develop New England House in Brighton & Hove into an internationally recognised centre of excellence for digital business, encouraging innovation and facilitating economic growth.

We aim to provide a range of much needed and appropriate workspaces for the fast growing digital sector including start-up spaces, 2nd phase move on space, Grade A accommodation, and networking facilities. The partners aim to deliver innovation, research and knowledge exchange opportunities, effectively linking

higher education to the sector with the goal of extending commercial and funding opportunities and enhancing the reputations of participants.

To be an effective vehicle for demonstrating the ambition of the local digital sector, New England House must also be safe and habitable, accessible, well designed, commercially sustainable and situated within (as well as contributing to) a vibrant quarter of the city.

The partners scoped the work as follows:

- A two stage approach: Stage 1 being ideas focused, looking at problems and opportunities and identifying options for the redevelopment and operation of NEH; and Stage 2 providing detailed viability testing of one or more options.
- Market research into supply and demand for workspace in the digital media sector (and the wider creative industries) and the impact of clustering (based on comparator work). Market and competition analysis.
- Assessment of the added value impacts (economic and social) of the partnership and how any proposal meets the partners' joint and individual goals, to include a future trend analysis of the HE sector to help specify the University's role in the development.
- Assessment of the medium and longer-term financial viability of any proposal to include capital costs and funding, revenue costs and income streams, risk assessment and management/mitigation and sensitivity analyses.
- Advice on governance structures for development and operation.

The proposed project outputs reflected the two stage process, requiring an interim stage report to the partners at which a decision would be made about whether to move to stage 2. If stage 2 were also completed, a final report covering all aspects of the work as scoped above was required.

1.2 Methodology

At tender stage, DCA proposed the following methodology, which guided the study throughout:

Stage 1: Feasibility

- Review of relevant research and strategic context
- Partner consultations to understand partners' objectives and constraints and gather knowledge about the sector in the region.

- Market testing: partner consultations; consultations with potential anchor tenants; qualitative needs research through workshop with selection of sector businesses; consultation with existing tenants of NEH.
- Market testing: knowledge sharing about, and research into, comparator models (national and international) for workspace development, cluster development and digital media hubs; focus on needs for space, services and networks, models for fostering start ups, growth and inward relocation.
- Analysis of sector trends regionally, nationally and internationally through consultation, research analysis and knowledge sharing.
- Review of the building: condition, facilities and suitability for intended purposes through site visits, review of previous studies, consultation with managing agents, tenants (existing and potential). Mapping of spatial potential against emerging options.
- Appraisal to guide partners through the broad strategic options for development and the implications of doing nothing, using the broad framework of the Treasury five case business model.
- Initial financial modelling: preliminary assessment of financial cost, development yield, lifecycle cost and income generating potential of the emerging options.
- Guidance and support for partners to arrive at preferred option.

Stage 2: Deliverability and viability of preferred option

- Mass market testing through an on-line questionnaire survey of Wired Sussex members.
- Specification of building development: areas mapped against the building to include size, description and purpose of spaces, landlord's issues, hub and shared spaces.
- Specification of services the hub might provide: basic landlord functions; network and market support; innovation and R&D focus.
- Development of range of cost scenarios with ranges of intervention and phasing options as appropriate.
- Analysis of finance and potential funding, including development yields of parts of or adjacent sites, developer partnerships to provide mixed uses on the site if appropriate.
- Recommendations for the most appropriate forms of joint venture to deliver the redevelopment and governance structures and operational plans to deliver the space and hub functions in the redeveloped building.
- Operational business planning: income streams, including rents, subsidy structures (if any), service charges, the recouping of building renewal costs and charges for added value services; the costs of the operation, including the staff and overheads.

- A clear route to realisation, identifying next steps and where possible producing outputs from the study to enable the partners to move efficiently to the next stage e.g. the specification for the building as a basis for design appointments.

As the project developed we included some additional consultation work with potential developers and investors and other HE and FE institutions in Brighton.

Throughout the project the appropriateness of the original partnership to the potential development was clear. Alongside the City Council's strategic commitment to both economic and cultural development in the sector, Wired Sussex and the University will be essential partners to further development.

Wired Sussex, working through its 1,400 member companies provides a range of services including recruitment, training, networking opportunities, advice on funding, business plans and company strategy which demonstrate both extant demand for, and the potential value of the kinds of services envisaged in the brief for the redeveloped New England House. If the project is to be developed together with, rather than for, the sector, Wired Sussex will have a pivotal role in both the development stage and in future operation.

The involvement of the University of Sussex throughout the study has underpinned discussions about the way in which projects such as these can really drive and share innovation, new products, processes and foster growth and competitiveness.

The University's current strategic objectives, including more fully engaging users in the business community of its research and educational activities, and to extend its own enterprise activities, are an appropriate starting point for the development, as the project progresses, of an innovation partnership and for specific interventions in the digital media in particular.

By bringing together the three strands of expertise and current practice in workspace led economic development, network and business development services and innovation, the City Council, Wired Sussex and the University of Sussex have both enriched the study but also provided a firm base for confidence that an integrated project focused directly on the needs and potential of the sector in the city can be developed and sustained.

We are grateful to all three partners for their detailed and generous input to the study.

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2 New England House - review of the current situation

2.1 History

New England House is a City Council owned building forming part of the Council's commercial property portfolio. It was constructed in the early sixties to house local industries that were displaced by slum clearance in the late 1950's.

The building sits in the New England Quarter, between the new development of residential and commercial property adjacent to the railway station and the older properties of the London Road to the east. When it opened on 17 January 1963 it had eighteen firms in residence, including Wilmshurst Bros. Ltd. who remain in the building today making and supplying blinds and awnings. This tenant list rose rapidly to more than thirty businesses each occupying relatively large premises in the building.



New England House from the railway station 1963 and aerial during the building of New England Quarter adjacent.



The building was one of several large-scale concrete buildings in the brutal style erected around Brighton in this period, often as residential flats.

Although the building is seen by some as unattractive, it has a solidity and directness of structure that reflects both its original purpose as 'flatted industrial units' and the structural requirements for both heavy and light manufacturing intended to occupy it.

Corridors are broad and, when unencumbered by suspended ceilings, have good ceiling height. Floors, walls and ceilings are typically cast and finished in concrete and the building has substantial load bearing capacity.

Typically for a flatted factory, features that might be associated with the comfort of those working in the building were a lesser priority than this industrial strength and toughness. Stair access between floors is wholly external and lavatories are restricted to one central service core.

Although, as discussed below, aspects of the building (principally its cladding/fenestration) are tired and off-putting, generally it is a significant example of a type of building and construction of the post-war period and of the then burgeoning use of concrete.

Throughout the UK, the flatted factories built in the period 1955 to 1970 have been a mixed success. In Birmingham, where the corresponding slum clearances of the Jewellery Quarter in the 50's and 60's led to the proposal and eventual building of the Big Peg building in Hockley, the building was not a great success with businesses and struggled until it found new life as a creative industries workspace building in the 90's as part of a deal between the City Council and a private sector operator. Big Peg has similarities with New England House (being of similar size over seven floors) and its new role for the creative sector echoes a trend among these and other large post-industrial sites throughout Europe and North America.



Big Peg, Birmingham

New England House has had a more continuously positive history since its development, being generally popular with businesses and remaining in quite intensive use. In part this has been about its location close to the fringe of the city centre and North Laine and to the Railway Station, and in part to the approach of Brighton & Hove City Council who have invested in some redevelopment whilst maintaining low rents attractive to tenants. Over recent years, the proportion of tenants in New England House working in the broad creative sector has increased steadily so that, whilst the building is not labelled as a creative industries centre, it does have a profile increasingly associated with creative activity and businesses.

2.2 Facilities and condition

The building provides 122,379 square feet of net lettable space over eight floors. Plans are attached in appendix 1. As the plans show, the building is built on a sharply sloping site falling away broadly from west to east. The main entrance to the building is on the west façade, on level 3, where a large loading bay and raised platform present a somewhat forbidding frontage to New England Street.

At the lowest level the building accesses Elder Place, a broad and potentially attractive street running down the rear of properties on London Road, currently mainly used as a short cut by traffic from New England Street to London Road.

On the north side the building is bounded by a gap site of a smaller footprint than the building itself, accessed off Elder Place and used as car parking for tenants, for which an extra payment is made. The car park provides between 40 and 50 spaces. At its west end, against the retaining wall to New England Street, there is an external electricity substation or distribution plant.

There are further entrances, again by loading bays, to the north and south facades. In the north side from the car park associated with the building and on the south side to the potentially attractive public space of York Hill, which runs along the side of the building terminating at the retaining wall along which New England Street passes, and which is accessed here by pedestrian steps.

At the current time, all pedestrian access and all regular vehicular access are by the New England Street entrance on level 3. Other entrances on levels 2 and 1 are used by particular tenants of the lower floors for their own access.

In form the building is basically two rectangular wings on the north and south sides, which contain all lettable space. These are linked by two cross-wings. One forms the west façade and includes the loading bay entrance at level 3, lifts and circulation corridor between the two wings, the other inset from the east façade of the two main wings is smaller and limited to the lavatory core and circulation

corridor. Together these form a light well at the heart of the building which introduces some natural light to the interior units on the two side wings, though it is of limited dimensions and, given its depth, rather dark at its foot.

Vertical circulation is by way of a pair of stairs externally on the west façade of the building and by a range of mismatched lifts of different periods that have different capacities and stop at different ranges of floors. These range from the original 1963 goods lift to recently refurbished small passenger lifts. The approximate breakdown of lettable space and character of space is as follows:

- Level 1 - comprises 13 units - 14,278 sqft (1,326m²). Level 1 is occupied principally by long-standing tenants in traditional light manufacturing, wholesale or other general sectors and a bakery. There are, however, recording studios that value the sound-proof environments available here. This level is not served by lift but does have direct external access.
- Level 2 - comprises 12 units - 15,337 sqft (1,425m²). Level 2 is also below ground at the west end of the building but is served by lift. Again uses vary and a good deal of this floor is currently vacant.
- Level 3 - comprises 22 units - 14,694 sqft (1,365m²). Level 3 is the location of the main entrance at the west end of the building. Behind the entrance in the north wing is a small café run as a tenancy operation. The north wing is effectively wholly let in small units, the south side wholly unlet in large units. These units have been in use in recent years and do not appear to have major issues of asbestos or other similar, but they are quite industrial in nature and suffer from limitations on natural light.
- Level 4 - comprises 21 units - 15,642 sqft (1,453m²). Level 4 has been partially refurbished and the south wing is effectively fully let, along with part of the north wing. The remainder of the north wing is in need of significant refurbishment internally and in the public areas.
- Level 5 - comprises 23 units - 14,605 sqft (1,357m²). Level 5 has been refurbished and is effectively fully let in small units. Many creative and digital/media businesses are located here and on level 6.
- Level 6 - comprises 30 units - 14,262 sqft (1,325m²). Level 6 has been fully refurbished and is effectively fully let.
- Level 7 - comprises 10 units - 15,827 sqft (1,470m²). Level 7 combines significant amounts of space let to a call-centre operation with units awaiting refurbishment. A significant proportion of level 7 is vacant.
- Level 8 - comprises 13 units - 17,240 sqft (1,602m²). Although a good deal of level 8 is in use, and some areas have been refurbished internally to a high standard by tenants, the floor as a whole is in need of refurbishment and several potentially very attractive large units remain available. In some cases these have been in relatively recent use and refurbishment requirements are relatively limited.

The condition of the building is mixed and it has not been within the scope of this study to carry out any kind of condition survey. We are therefore reliant on the surveys carried out as part of the study and report “New England House Masterplan” carried out by Robinson Low Francis (RLF) and others in 2003/4.

Overall the building has been well maintained by the City Council since opening and have carried out quite a bit of repair and refurbishment work since the RLF report which has improved the building over its then documented condition.

The surveys conducted to support the 2003/4 report are reassuring insofar as the structural condition of the building is concerned. The concrete structure was found to be essentially sound and was not subject to serious effects from any of the afflictions that have affected some concrete structures of that and subsequent periods. There are some concrete repairs identified, mainly to address surface spalling or incidental damage, but in general these are local and limited in scale. We understand that the City have commissioned and are about to embark on a programme of repairs that address the minor issues with the concrete structure identified by these reports.

The degree of structural risk in the building is therefore, so far as we can tell, limited. Nonetheless, there are aspects of the building that will require attention if it is to be brought fully into use, maintained in the medium term and be suitable for a project such as this:

- As discussed above, areas of the building, comprising the majority of vacant space, have fallen out of use because they need refurbishment, which the City Council has been unable to undertake. As discussed, this varies from fit out (raised floors and/or suspended ceilings; lighting, power and data infrastructure; decoration) to the removal of asbestos used in the original fit out and full restoration of spaces that are internally semi-derelict.
- Some spaces not currently in use are configured for past uses in a way that hinders their letting now. On some this is because they are too large and require sub-division, in others the existing fit out is ‘industrial’ whereas current demand is for office/studio spaces with good natural light.
- Some of the key systems of the building have been maintained rather than being rationalised or renewed. The lifts are an eccentric collection of different sizes and degrees of modernity and it is likely that this pattern also applies to some of the mechanical and electrical services infrastructure of the building. A thorough renewal of the building may well necessitate significant works to these services.
- The main semi-structural problem with the building is its cladding and fenestration system. This is the original early-sixties system and exhibits several problems:

- The steel framed fenestration is failing throughout the building, with the primary consequence that many units now have windows that admit water from the frames. The progressive failure of the fenestration was noted in the RLF report in 2003/4 and experience on site suggests that it continues to deteriorate quite rapidly. A number of units are now unlet because problems with the fenestration effectively make them un-lettable.
 - The fenestration and cladding system was, in any case, poorly designed when the building was built. The panels are fixed in from the outside and cannot therefore be maintained or refixed from inside the building, but require cherry-picker or scaffold access from outside, making routine care and replacement difficult and increasing the appearance of dilapidation of the façade.
 - Environmental standards of the early 1960's were not exacting and the single skin, poorly fitting windows must, through both design and dilapidation, now have dismal thermal insulation properties. The very poor energy efficiency that this must entail will become a major priority once any major work starts on the building. Additionally, the poor quality of the windows also mean uncomfortable solar gain for tenants in many studios and, whilst it may not be an intention to install air conditioning in the building systematically, this will place an emphasis on reducing solar heating through the façade and enabling controlled natural ventilation.
 - The cladding system and fenestration are the principal factors that lead to the sense that the building is an 'eyesore' in the city. Panels are prone to discolouration and damage and the whole façade is drear and unattractive. Attempts by individual tenants to mount shade in their windows are very messy when viewed from the exterior. Although there is some limited signage mounted on the façade, it is by and large uncommunicative of what goes on inside or of any brand for the building.
- The building has been refurbished in parts by the City across the years, most especially as a result of SRB investments. However, it remains tired, dilapidated in some public areas and lacking in warmth and character.

These issues fall into two categories. Where units are disused due to their internal condition, presence of asbestos in the fit out, etc. then the City Council may choose to continue to leave the spaces empty and expenditure could be deferred long term. However, the issues and challenges presented by the services infrastructure of the building, and particularly by the façade, are likely to become

more pressing over time as the services become more obsolete in light of new regulation and the façade deteriorates.

In their 2003/4 report, RLF argued that the failing fenestration and cladding was an immediate concern for the City Council and that without an overall solution and programme of work, the façade had a probable life of only around ten years. The implication was that the building would become effectively unusable as the façade passed beyond acceptable condition and effective repair. The solution offered was the removal of the current fenestration and cladding and the replacement by a new façade system attached to the existing concrete frame and very similar to systems commonly used to re-façade buildings of this period.

Seven years have elapsed since Robinson Low Francis' report and the building remains mainly useable, so it might be felt that the caution in the report was overstated. Without further surveys and understanding of the condition of the façade, we cannot be sure what will happen in the short and medium term. The façade is in general terms beyond the end of its useful life and the Robinson Low Francis' report is right to suggest that at a certain point it will certainly need replacing. However, it seems possible that if the City Council does not proceed with a renewal of the building and relies on the current façade, it will continue to function in most of the units currently in use for some years to come, as it has over the last seven years, just as, if no major works are undertaken to it, the services infrastructure will probably continue to be serviceable for some time.

We think, though, that other factors will increase the risk to the City Council and increase the pressure to make significant investment in the façade and services:

- The dilapidation of the façade will steadily make the letting of units more difficult, and drive down or hold down the rents that might be achieved. Internal improvement/redecoration by the Council, and/or the willingness of tenants to undertake quality fit out, will be undermined by leaking and ineffective windows. The Council will face a compound problem of increasing voids, restricted rents and less investment in fit out. This will impact on the business model of the building, and the number, value and quality of jobs it supports in the city economy.
- The imperative in both regulation and good practice towards energy efficiency in public buildings will make it increasingly difficult for the City Council to defend the poor performance that the current façade and services must represent. There will be sustained pressure for improvement and it is difficult to see how this will be achieved without complete renewal of the façade.
- The façade is probably beyond much cosmetic improvement and is likely to continue to condemn the building as an 'eyesore'. Not only will this hold

back the economic performance of the building, but it may affect the imperative to regenerate the block of land and buildings between New England Street and London Road from NEH north to Preston Circus. The condition of NEH at the moment effectively means that it signifies where the regeneration of the New England Quarter stops - it is the first unimproved and undistinguished building of a series north along New England Street. Regeneration beyond NEH and of the general London Road area may be held back if NEH cannot be made to become a signifier of that renewal.

Overall, then, alongside the technical assessment of the remaining life of the façade and services, we expect that the case for renewal will gather pace and become more pressing over the next five years, and that the Council may have to accept that significant investment is required in the five years after that.

We consider the potential responses to this challenge and their possible costs in section 6.

2.3 Current tenancies

As set out above, the building offers some 122,379 square feet of net lettable space. Of this just over 74,000 square feet is currently let, leaving just over 48,000 square feet (39%) unused (other than in some cases as opportunist storage by the Council of, for instance, used furniture).

The let space is divided up into workshops and office units which cater for a lively mix of activities such as precision engineering, printing, I.C.T., fashion design, construction consultancy, furniture manufacture, jewellery, artwork, music recording, publishing, ecology and ceramics. Many businesses have formed into 'clusters' to promote joint working, synergy and bulk purchasing.

As we have said in section 2.2, whilst there is some 48,000 square feet of voids, it remains true that the space which is actually in a condition to be let and in broadly suitable configuration is effectively fully let with the exception of a normal degree of frictional voids as tenants move out and new tenants are found and signed up.

Accordingly, there is a waiting list for spaces at NEH and we have been able to analyse that waiting list as well as the current tenant base. The waiting list has some 80 businesses on it, but the average requirement of these businesses is rarely much more than 400-450 square feet. The waiting list is therefore more biased toward demand for very small offices than the current tenant base. The building managers tell us that this also represents a mismatch between the demand they

receive (often for very small spaces) and the vacant spaces they have to offer (often larger spaces).

Over recent years, there has been a trend towards occupants from the broad creative sector (we discuss definitions in section 3) and retail/wholesale/customer fulfilment businesses at the expense of heavier construction or manufacturing uses. There are currently 103 tenants occupying the 74,000 square feet. The breakdown by business type of these tenants is as follows:

| New England House Sectors in occupation/waiting by space occupied/required | | |
|---|---------------|----------------|
| | % current | % waiting list |
| Creative industries | 38.10% | 47.99% |
| Digital/media | 10.47% | 19.36% |
| Food | 4.71% | 3.91% |
| Retail or wholesale | 13.74% | 11.91% |
| Construction/heavy industry | 5.96% | 4.33% |
| Professional services | 5.69% | 10.58% |
| Direct marketing/sales | 17.21% | 0.00% |
| Public sector | 4.65% | 0.00% |
| Total Creative and digital | 48.58% | 67.35% |

As the waiting list analysis shows, there is a trend towards the creative and digital/media sectors, which shows signs of gathering pace. As we will go on to discuss, this is probably a function both of the emerging sense that NEH is a home for these sectors and the growing importance of these sectors in the city economy.

Despite this pronounced presence of creative and digital businesses, and the interest the creative and digital sectors clearly show in the building, we suggest that, as compared with more obviously ‘branded’ creative industries workspace buildings around the country, the building is not widely perceived as a focus for the city’s creative sectors and economy.

In part this is because the rather anonymous and drear façade discussed above not only makes no statement about this cluster of creative activity, but probably militates against any sense of NEH as a creative building. This runs through the general signage in entrances and landlord’s areas, which, whilst often featuring lists of creative sector tenants, does not project an image or brand for the building and, if anything, is rather poorly designed.

The public spaces of the building themselves, even in those levels where they have been refurbished, lack character and are fairly utilitarian and ‘un-designed’ and the way in which lack of visibility from corridors into units, uniformity of doors and

(not entirely inappropriate) discouragement of clutter lends a rather forbidding and anonymous character to these spaces.

Given the diversity of tenants, degree of vacant space and the way in which the management of the building is understood as being there to deal with conventional building management issues, it is perhaps not surprising that there is little animation of the building, event or social activity or networked activity between tenants. Annually, there has been a tradition of a pre-Christmas event in which tenants set up stall outside their studios, particularly focused on the sale of creative and craft products. Aside from this little appears to have happened, and as we report later in the document, when we have talked to current tenants and other creative businesses, there has been a strong sense that there is unfulfilled potential to host events, 'happenings' and to generally create a more open and networked cluster of businesses in the creative and digital sectors at least.

As we have said this is in part no doubt a reflection of available management resources (in the arrangement of such events and in building supervision beyond office hours), and of the constraints that the building in its current form and condition places upon visibility and activity. It also seems likely, however, that it is a reflection of a somewhat restrictive operating model in which the delegation from City Council to Cluttons and to the staff on site does not carry with it authority to agree swiftly and with minimum paperwork and formality to ad hoc, temporary and unusual propositions for the use of the building. Disused units in reasonable condition clearly have the potential to play host to various forms of activity from art/design shows to bar camps (of which more later) and network social events, but the 'legal' and regulatory regime that the current management arrangement brings with it discourages or forbids such uses.

2.4 The economics of the building

New England House has proved to be very popular and works well for starter/small businesses because it offers low cost accommodation on easy and flexible terms in central Brighton, where there is good accessibility to public transport and other services. It therefore already plays an important role in the city's economy by providing affordable premises for new and growing businesses. For many tenants, there is an equation between the relatively low rents charged in New England House and the limitations and dilapidations discussed in the previous section.

Generally, the rents are low in comparison to the position in the city and the service charge close to, or perhaps slightly above, what might be expected elsewhere. This affordable proposition has enabled the City Council to attract tenants sufficient to keep full the currently useable space without making further

investments in the quality of the building and public spaces, and to support a large number of businesses and jobs in the city economy.

Across the 100 tenants, the current building managers estimate that there are probably in the order of 800 people engaged in work - though not all on site at any one time.

On the converse side, the costs of operating the building are not here broken down in great detail as they are difficult to disaggregate from the costs of the overall City Council estate and from the general economics of the management contract under which Cluttons LLP act as property agents for the Council's portfolio as a whole and building managers for NEH specifically.

In general, costs seem well controlled. The building is managed on site by two staff employed by Cluttons, with some back office tasks (finance, tenancy agreements, variations of contracts, etc.) carried out either by Cluttons or by the City's own staff.

The two-staff regime on site has been running in its current form for the last three or so years and has been welcomed by tenants and is seen by the City as effective and appropriate. The staff maintain a clean and tidy building and clearly have an understanding of the security and other challenges of running a 24 hour access building with so many tenants and complex entrance and circulation arrangements.

In our experience of other workspace buildings, the two staff are an appropriate level of management on site. In a redeveloped building they might expect to have a little more time to develop the work they have started in supporting networking of tenants, the visibility of what tenants do in the building and activity to animate the public areas of the building, but in the current circumstances, the time that can be devoted to these activities is limited by the pressures of dealing with maintenance and works being undertaken by tenants to shore up or improve the condition of the building.

Overall, once the costs of building management, maintenance and of utilities etc. in landlord's areas are taken into account, the building does make a positive net return to the City Council. This will vary from year to year and will depend upon how central expenditures are charged to the project, but it appears that the net return continues to exceed £400,000 per annum.

Against this, and so far as we can ascertain separately accounted, the building does impose a burden on the City Council in liability for national non-domestic

business rates on void (vacant) units. Currently this may bring a further cost of something over £100,000 per annum.

2.5 The 2003/4 masterplan

As discussed above, the City Council commissioned a study of the potential options for New England House from RLF and others, which reported in 2003/04.

Beyond the description and assessment of condition of the building already reported, the masterplan set out options for future development. In section 6 we update these options and consider the potential current costs of new ways forward, building on the work set out in the 2003/4 masterplan.

2.6 Regeneration context

RLF did set out the case for investment in NEH from the perspective of the Council's objective for the regeneration of the area stretching from the railway station west and north to the London Road.

This case remains persuasive. Since RLF's masterplan the Council have developed the London Road Central Area Masterplan SPD, which was formally adopted in December 2009.

New England House is situated the area of the masterplan and the plan itself recognises the importance and potential of the building and the activity it supports, recognising the importance of the employment generated by the site and of the creative cluster on the site. Although the SPD accepts in its setting out of options for the site that retention and improvement of the current building might be measured against the demolition of the site and the provision of like-for-like accommodation in new building in the area, it favours retention and improvement, setting as an objective for NEH:

“Refurbishment of existing building and consolidation of existing uses or replacement within wider comprehensive development with site 2 and 3. The existing creative industries cluster should be retained in any redevelopment.”

The plan also creates a vision for much improved streetscapes and public space, not least around NEH and including Elder Place:

*“Additionally in the **Elder Place Zone** new development is expected to demonstrate how flexible, affordable facilities currently offered in New*

England House are provided for and opportunities for expansion considered.”

As we will discuss in section 6, one of the difficulties of this area at the moment is the predominance of blank or degraded frontages at ground floor behind London Road and New England House is a major contributor to the problem. The SPD calls for the introduction of active frontages to NEH at the lower levels as part of a wider strategy introducing active frontages throughout the area and particularly along a north-south spine running past NEH.

New England House already provides an estimated 800 jobs and as the SPD recognizes, this is key to the economic health of the area.

A redeveloped New England House would be well placed to make a significant contribution towards enhancing these economic outcomes, achieving the ambitions of the SPD, enhancing, and in some ways completing, the New England Quarter development and leading out or providing focus for the next stages of the London Road regeneration programme in general.

New England House, Brighton
Digital Media Innovation & Enterprise Hub Joint Vehicle Business Case

3 The Digital and Creative sectors in Brighton's economy

3.1 Definitions for the purposes of the project

Throughout this report we use the terms 'the creative and digital sectors' and 'the digital media sector'. For clarity we set out here briefly what we mean by these terms in the context of this project. This is a pragmatic exercise rather than one of adopting one of the many statistical or academic frameworks for classification that already exist for these activities because what we're interested in is the working definition of the market for a new England House project, or what sector of the city economy will benefit from the development of the project.

The study title includes the words 'digital media'. We suggest that in the context of this project this should be taken to mean that the first sphere of interest of the project will be what would more normally be described separately as the digital and media sectors.

For the purposes of the research with digital businesses as part of this study, we have used the following breakdown of this cluster of business activities:

- Games and serious games design and development
- Internet technology and services
- Web and associated design
- Broadcast (including TV and radio) and film
- Digital and internet marketing
- Professional services in the digital and media sector

This follows the lead of Digital Britain (the last government's most significant legislative programme for the sector) as it includes both digital development businesses (games, internet services, web), businesses engaged in marketing and business-to-business services through the development of services over the internet and other digital platforms and the more 'traditional' media sectors of television, film and radio.

Although these activities are subject to unhelpfully disjointed standard industrial classification codes, they are now so convergent and linked in supply and value

chains that for all practical purposes they should be considered together. So, for instance, very many independent television production companies, having already migrated to digital production technology, are now assertively moving into production for digital platforms. This is significant for Brighton, by way of example, if the independent television production sector, traditionally clustered in London, sees that by establishing offices or studios in Brighton it will increase its opportunities to break into these digital markets, or better secure the kind of digital talent it will require to make the transition.

We also suggest, however, that this convergence and ‘borrowing’ of development and technical talents and content ideas from outside the core digital domain extends beyond the ‘media’ and into the broader creative industries. In Brighton in particular where the digital sector is itself dominated by small enterprises with a predominantly young workforce from varied backgrounds, and under the influence of the output of designers, artists and creators from Brighton University, there is a very substantial cross over between art, design, performance, music and the digital.

The enduring (DCMS 2006) definition of the creative industries is by reference to the eleven sub-sectors of:

- Advertising
- Architecture
- Arts and antique markets
- Crafts
- Design (see also communication design)
- Designer Fashion
- Film, video and photography
- Software, computer games and electronic publishing
- Music and the visual and performing arts
- Publishing
- Television and radio

Whilst the arts and antique market may seem to have little relevance to the digital sector at present, all the other sub-sectors here are strongly networked together, both by supply/production network and in the prevalence among their workforces of a generation of creative workers who are themselves networked by lifestyle and social interests.

Thus, for a digital project at NEH that seeks, as we will go on to discuss, to go beyond the provision of industrial premises and facilities to foster networks of innovation and enterprise, it is imperative to make an address to this wider networked sector.

The brand of the project will remain important and the digital presents a particular and distinctive opportunity for Brighton which should remain at the forefront of the NEH project - hence the use in our work of the term “digital and creative sectors” to highlight both this core focus and the reach of the project across the creative industries.

3.2 The sector and its significance to Brighton

First some comments on the more general backdrop to business growth in Brighton:

‘Private sector cities: a new geography of opportunity’, newly published by Centre for Cities, starts from the premise that the UK urgently needs to grow its private sector economy to aid recovery from the recession and to compensate for the forthcoming contraction in the public sector. The study looks at the relative strength of the private sector and private sector growth across the period 1998 to 2008. Looking simply at numbers of private sector jobs, the big cities inevitably do best, with London at the top. But looking at the growth in private sector jobs, smaller cities emerge as the more flourishing with Brighton top, with a growth of 24.8% (20,100 jobs) over the period. The study puts forward a new approach, recommending that government should help cities to adjust to changing patterns of growth, rather than trying to counteract long-term shifts. For buoyant cities like Brighton, this means encouraging them to expand to overcome observable pressures of growth, like traffic congestion and housing shortages, and enable people from elsewhere to access the opportunities being generated. Increasing the supply of building land and strategic capital investment are amongst the study’s key recommendations.

Brighton shows strong growth too in the ‘UK Competitiveness Index 2010’ in which London is displaced, for the first time, by the South East as the UK’s most competitive regional economy. In UK city rankings Brighton & Hove comes tenth, as it did in 2008. Other ‘cities’ in the South East doing well are Guildford, St Albans and Winchester, coming first second and third respectively. The report stresses that if the pattern of increasing competitiveness in the South East and East of England continues, infrastructure upgrades will be required to ensure that these regions are able to fulfil their potential. This will mean that the distribution of resources between regions will have to be carefully considered. In particular, it will be important to ensure that the benefits of those large infrastructure projects designed to maintain London’s global competitiveness are weighed up against alternative projects in other regions, which may yield a greater net benefit to the UK.

Brighton also features in The Future of Business (HSBC) which predicts the rise of ‘supercities’ over the next 20 years, a description that includes Brighton along

with others like Newcastle, Leeds and Liverpool. These supercities and regions, the report says, will derive their status, income and prestige from knowledge economy income streams such as biotech, stem cell, innovation and gaming. This 21st century knowledge, the report says, is driven by science, technology, culture, creativity, behavioural economics and, more importantly, an open-source approach to innovation that is turning creative towns, such as Brighton, into alternative economic and innovation powerhouses. The study identifies Brighton as the deregulation capital of the UK. In Brighton, 82% of entrepreneurs, many based in the MDMA industries (marketing, design, media and advertising), believe that regulations and work-related legislation is a threat to their new entrepreneurial abilities.

The Work Foundation's recent (July 2010) report, 'No City Left Behind: the geography of the recovery and the implications for the coalition', also emphasises the role of successful cities such as Brighton in any plan for national economic recovery and, within these cities, the importance of a shift in strategy to

“Move from blanket policies which focus on all SMEs to targeted support for high-growth firms. This means support for innovation, links with universities, access to growth finance, policies to address skills shortages and an improved digital infrastructure at both local and national level.”

At a local strategic level, Brighton and Hove's strategic framework recognises the importance of the digital media sector to the city and acknowledges the key role that business accommodation has to play in determining business success:

- The Economic Strategy recognises that the digital media sector contributes to Brighton's distinctiveness and reputation and that it has been a significant success story over the last ten years with companies like Linden Lab, Disney and NCSoft choosing to locate in the city against stiff competition from other established digital centres. The strategy acknowledges that this rapidly expanding sector needs high quality office space now.
- Brighton & Hove's Business Retention and Inward Investment Strategy (2009) details the strengths, weaknesses, opportunities and threats facing the city's business markets. It identifies 'Computer and Related Activities' (particularly Digital Media) as one of the key business retention and inward investment activity sectors. The Brighton & Hove Business Survey 2010 (Step Ahead Research Ltd), which we have seen in draft, provides additional evidence in relation to these sectors. Amongst the survey's conclusions is: 'improving the stock of business accommodation appears to

be the most pressing business development issue for the city. In the case of the Digital Media sector, this could mean developing New England House’.

Recognising the significance of the sector to the city, Brighton & Hove City Council, Economic Development, regularly compile and update data on the sector. They have provided us with a summary of businesses and employees working in businesses classified in SIC codes under the heading ‘Computer Related Activities’ in the area for the period 1998 to 2008 which they have sourced and analysed from the Annual Business Enquiry.

Broadly, the overall growth in *employment* under the umbrella heading ‘computer related activities’ can be summed up as follows:

- In 1998 the sector employed 2.9% of the labour force of Brighton & Hove employing 680 people: 549 employees in micro businesses (1-10 employees), 76 in small businesses (11-49 employees) and 55 in one medium sized business (50-199 employees).
- By 2008 the proportion of the workforce employed in this sector had risen to 11% (in a context of overall employment growth) and employment in the sector had increased nearly fivefold to 3,222: 1,564 people were employed in micro businesses, 910 in small, 459 in medium sized, and 289 by one single large employer (200 plus employees).

SIC codes are, unfortunately, an unsatisfactory way of assessing the size of the digital media sector. They are a static and inflexible system measuring a fluid and developing sector. They undoubtedly underestimate the size of the sector overall. Moreover, the figures for computer related activities do not include the broadcast media and film.

This underestimate is borne out by Wired Sussex’s membership. A recent estimate of the total number of jobs in member businesses arrived at a figure of 7,569, of which at least 4,920 are based in Brighton (an estimate based on 65% of Wired Sussex’s membership being based in Brighton, probably an underestimate as the bigger businesses are in Brighton).

While arriving at a clear estimate of the size of the digital media sector, as defined for the purposes of this project, is an imperfect process, there is no doubt about its significance to the city’s economic competitiveness and distinctiveness. Clearly, many of the private sector jobs that the Centre for Cities report identifies as having been created in Brighton in the 10 years from 1998 to 2008 are jobs in digital media businesses. The City’s own data analysis suggests that there are around five times as many jobs in the sector (narrowly defined) as there were in

1998 and Wired Sussex's membership analysis suggests that there are in practice more jobs in the sector amongst Wired Sussex members than the data suggests there are in total. We consider that it is safe to conclude that at least 20% of Brighton's private sector jobs growth is accounted for by jobs in the digital media businesses.

Brighton & Hove City Council
Wired Sussex
University of Sussex

New England House, Brighton
Digital Media Innovation & Enterprise Hub Joint Vehicle Business Case

4 Brighton's property market - supply and digital sector demand

4.1 The market context - supply and demand

If it is to succeed, any project to develop and change New England House must fit the market context in which businesses currently look for property.

Research tells us that Brighton has a reasonably substantial stock of lettable business space, but that the characteristics of this office stock present issues for digital businesses.

According to research by Cluttons, the City has about 685,000 sq ft of available lettable business accommodation at the time of our study. This represents a rate of vacancy of about 16% of the city's total stock. This is a higher rate of vacancy than has previously been the case as the recession has taken demand out of the system. Nonetheless, we would observe from our experience of other cities that this still represents a low percentage of total stock available at any one time.

About 57% of this available accommodation is in units of less than 2,000 sq ft and, by extension, the choice among the remaining 300,000 sq ft for businesses looking for medium and larger premises is restricted. In common with many British cities, there is an acute shortage of grow-on space for businesses as they develop beyond the start up units that are predominant in Brighton and which nationally have tended to be the focus for public sector intervention to develop working space.

Much of the smaller stock is in older buildings - inflexible in size and configuration and necessarily difficult to create the kind of infrastructure for data and environmental control that digital businesses rely on. Typically, this smaller, older space is above shops or other ground floor units in the older city centre core, and especially around North Laine and The Lanes. Offices here can be split room from room by changes in level and restricted access doorways. Significant alteration is usually made difficult by the buildings themselves,

Thus a 16% vacancy level can still mean frustrated demand in pockets across the type/size/cost matrix of tenant requirements.

The market is dominated by sub-grade A offices, without air conditioning and with relatively little 'added value' such as central services, with relatively little 'top-end' accommodation available. Recent studies have shown acute market failures to provide space in both medium-sized sub-grade A and in all Grade A office accommodation.

From our research with businesses and with developers, and from the perspective of Cluttons as an agent working in the city, the market is price sensitive generally, and in the digital sector pricing tends to reach a fairly price resistant ceiling at about £15-£16 per sq ft per annum exclusive of service charge/rates.

Whilst among the developers we spoke to, the general perception is that new provision would need to work below this price sensitive ceiling, one developer did argue that the best approach would be to target the top end of the market at £24-£25 per sq ft per annum. However this was a response to the lack of grade A accommodation in the city and entailed very substantial change and investment in NEH to bring it up to this standard.

There is a general view that new development activity is very subdued at present, so, for instance, there are good sites with full permission in place that are not being developed out speculatively. This may affect the viability of more expansive options which seek to develop additional accommodation, for instance on the adjacent car park site. Having said this, during the period of the study we feel that there was a quickening of developer interest in this project and more generally.

If redevelopment can proceed in the near future, it may be that NEH will be well placed to benefit in a number of ways. As demand from businesses continues to strengthen significantly (for which, see below), developer investment, and therefore the supply of appropriate space, may well lag behind. In this rising market, renewed existing accommodation will potentially be valuable.

Quickening developer interest suggests that it may be a good time to secure developer partnership in the redevelopment of the building if this option is attractive to the partners. By and large, developers' businesses only work when there are development projects to undertake. The business plans of many developers have been frustrated over the last three years by the recession and the consequent reluctance of investors (particularly banks) to make finance available for projects. Where good projects with strong evidence of demand and sustainability are 'investment-ready' as investors begin to make finance available, developers will be keen to enter partnerships and realise projects.

Brighton remains a city of significant interest to developers. Those we talked to (mainly not based in Brighton) have targeted the city for development because they perceive a buoyant and growing business sector, shortages of appropriate accommodation in particular segments of the market and, in some cases, have identified the particular opportunities of the digital and creative sectors.

Provided a proposition for NEH can be developed that responds to the articulated demand and needs of digital and creative businesses and that takes account of the conditions of the existing property market in the city, there is evidence that the market will sustain the introduction of more and improved accommodation.

4.2 Digital businesses - growth pattern and accommodation

It will be important that the proposition for NEH is based on the characteristics, pattern of growth and express needs of businesses in the digital and creative sector.

We have conducted research to establish this market by:

- Reviewing of previous research, particularly into the space needs of the creative sector
- Individual consultations with digital businesses about their growth pattern and space needs
- Focus group/workshop research with a large group of digital and creative businesses
- Questionnaire research in the digital sector

In this section we summarise our general observation of the pattern of growth and consequent accommodation needs of the digital sector. In subsequent sections we set out the specific evidence of our research in respect of the market for NEH.

From our research we think that there is a pattern to creative and digital business growth that can be generalised, at least for the purposes of this study.

Many businesses in both the digital/media and the broader creative sectors are micro-businesses and will remain small due to the fluidity of the labour market, their tendency to spin-off new micro-businesses rather than diversify within the original enterprise, and because of the tendency for related businesses to engage in joint working and informal partnership rather than to merge and agglomerate.

This is particularly true of the wider creative sector where many sub-sectors are typified by supply or value networks rather than chains - products get made by shifting networks of micro-businesses and sole operators.

In the digital and media sectors the pattern is generally slightly different. Here there is commonly an extensive pool of micro-businesses and sole operators, just as in the rest of the creative sector, and sometimes operating across other creative sub-sectors as well as the digital and media. However, in the digital and media sectors there are also larger sector leading businesses. Sector micro businesses can grow rapidly, sometimes through investment or acquisition/refinancing by larger sector businesses.

The pattern of demand from the digital and media sectors for accommodation and services can therefore be typified as follows:

- Micro-businesses and sole operators working in the context of networks of production and supply and requiring smaller, periodic, informal and drop-in spaces and access to networks.
- Locally originated businesses growing in size and often proceeding through refinancing and investment stages.
- Larger industry-shaping businesses, often operating on a global basis and, in the case of the opportunity in Brighton, looking to establish satellite operations, UK or European headquarters or joint venture bases with local digital/media businesses.

Logically, this presents an opportunity to offer to this market five kinds of facility/space in NEH:

1. Informal network spaces; shared-working, 'hot-desk' and informal working spaces and network facilities such as meeting rooms, social networking spaces, informal showcases for the sharing of ideas and products. We return to this in section 5.
2. Short term 'production' or 'project' spaces of small and medium size reflecting the tendency for clusters of businesses to work together for a period on a defined project, or to bring together teams of sole operators to solve a technical challenge, make a time-limited production or piece of content.
3. Studios and offices for let at the smaller scale (commonly from 400 sq ft to 1,000 sq ft) to distinct smaller businesses. Even here, with a more conventional pattern of occupation, tenants will usually be looking for easy-in easy-out terms.
4. Larger studios and offices for let to accommodate businesses as they grow through the stages of business growth - commonly from 1,000 sq ft to 10,000 sq ft.

5. Large and higher grade accommodation for inward-investing operations and for the larger indigenous successful businesses, often after acquisition or refinancing, and commonly requiring 20,000-30,000 sq ft.

The results of our market testing and observation in respect of item 1 are discussed in section 5. In respect of items 2, 3 and 5 we discuss set out the evidence of our research in section 4.4 and 4.5.

In terms of item 4, however, where we have already recognised an acute shortage of grow-on space, specifying the appropriate development depends on understanding the pattern of development as business grow and the corresponding pattern of their demand for accommodation.

As we have said, there is a large pool of sole operators and of micro-businesses in Brighton, with the micro-businesses averaging, perhaps, 4 or 5 employees (this is borne out by the average number of employees of Wired Sussex members).

For those amongst this pool of businesses that will grow larger, the pattern of growth seems to be capable of generalisation as a four-generation model:

In the 'first generation' businesses are at the first stage of growth, typically starting with an individual or partnership of 2 or 3 originators, growing from the average 4 or 5 to around 20 employees. Many of these start out based in typical "out of the bedroom" accommodation, for instance clustering in North Laine above shops. With as many as 20 employees, some of these businesses will still be 'crammed into' these ad hoc, inflexible and relatively informal spaces, often spreading by acquiring (more or less) adjacent rooms or suites of space. Though we might expect businesses generally to work on a basis of 80-100 sq ft per employee/work space, at this stage businesses may be squeezed into smaller space than this would imply.

Generally businesses at this stage will occupy space on fairly informal or short-term agreements and they won't be investing significantly in the fit out of their spaces - both because they need to reinvest all available resources in their product and business model at this stage and because they plan to occupy their offices only temporarily.

The first generational shift seems to come at around 20 employees. If the business is set to grow beyond this it will require a different kind of space and will be likely to have a business model capable of investing more in the right accommodation. At this stage businesses may be looking to secure accommodation for planned growth from 20-50 employees. On the basis of 80-100 sq ft per employee/work space this means that there will be a requirement for up to 5,000 sq ft.

The nature of the space required may also begin to change in this stage. At this point businesses begin to do business with more corporate clients and partners and consequently they want to project a more formal and well-resourced image to their visitors. They also need to offer better working conditions to secure the staff they need to grow.

At this stage then, space needs to be of better quality in presentation, to communicate a less 'bohemian' and provisional feel to visitors and to offer staff decent conditions at their work station and some recreational or relaxation facility.

The sector has a reputation for personalising its working space with quirky design, 'warehouse aesthetics' and playful social facilities. This is clearly true and in the spaces of businesses in Brighton we did see some interesting design and quite a lot of table football tables. However, this 'quirkiness' can be overstated. By the time they reach this generational shift in their development, digital businesses, as with any other, are keen to establish messages of quality, clarity, focus and longevity and to appear very business-like.

At this stage, however, as in the first, micro-business, stage, businesses will compromise to ensure affordability. The resilient ceiling on willingness to pay higher rents is a key factor. Generally, for instance, businesses will accept spaces with no air conditioning, though games developers tend to be an exception because of the generation of heat by large amounts of technology in constant use. Generally, at this stage, there seems to be a preference for a single open-plan main space, perhaps in reaction to the inconveniences of previous occupation of clusters of small spaces.

There seems to be relatively little perception of need for shared business services such as shared reception or secretarial support and most of the businesses we met are not in 'full-service' business centres. Even at 20 employees, businesses in the sector jealously guard and want to project their 'organisation culture' and this makes for a priority on control of the reception function by which visitors encounter the company.

When we talk of generations of business growth, it may sound as though each is a long process. This is not true in the digital sector particularly. A business with a distinctive and in-demand product or service may grow through the micro-business stage to be employing 20 employees in three years and be able to plan to have 50 employees at the end of year 6. Although the business will wish to, and be, financially able to invest in the fit out of its 2,000-5,000 sq ft space, it may already see that in three years time it will have to expand or move out again to fit

its growth plan. Relatively easy-in easy-out terms and a pragmatic approach to the economics of fit-out will still be needed to respond to the needs of the market at this stage.

By year 6, then, the business may have grown through the 20-50 employee stage and be ready to make the step on to the third generation of growth, in which it sees perhaps five years ahead during which it will grow to 100-120 employees. At this stage, the hunt for space becomes a more consuming task, though commonly still undertaken by the founders/directors of the business. 8,000-10,000 sq ft may be required and the business will almost certainly have defined views about fit out and resources to invest in that fit out. At this scale businesses may have moved on from single open plan space to some sub-division to house different groups of functions in the business or to maintain quality of working environment. Nonetheless, businesses will still at this stage be looking for relatively integrated accommodation on a single floor-plate.

Notwithstanding their need for quite large space and their ability to invest in fit out, and to a degree in higher rents, businesses at this stage will remain reluctant to commit for the long term. This is because of both the potential for further future growth and the possibility of selling on the business and the need to keep property options open for this future possible change of control. Because of this, and because the market is so short of options for this property type, businesses will remain flexible about some requirements. Generally, they won't require grade A space and air conditioning will still be a desirable rather than an essential. Whilst easy-in easy-out terms will not be so crucial, businesses will still want to preserve options to move, reorganise or grow on moderate notice.

Because the property search and planning will still usually be in the hands of the founder/directors, the character of the potential location and its lifestyle implications will remain very important, as will the relationship between these key players in the business and the team running the building.

Finally, we observe that some of the digital/media businesses in the city have grown through another generation of change - ten to twelve years from start-up - in which they plan for growth from 100-120 employees to something in the order of double this. Usually this is the consequence or comes after the selling on of the business or the introduction of new investors to provide the working capital for this growth. At this point, businesses appear to be looking for as much as 25,000 sq ft and the nature of space and process of space search appears to change significantly. At this stage, partly under the influence of the new owners or corporate investors, Grade A space may come into the equation and the space search may not be carried out by the original founders/directors (who may or may

not still be with the business) but is more likely to be carried out by HQ property specialists or agents.

There will be more of tendency at this stage to negotiate long-term deals, possibly to purchase freehold and to work with developers to secure space in developments not yet built.

This pattern has been observed through observation of a series of businesses that grew up in Brighton, and from our wider survey work. For inward investment the picture may be slightly different. It is quite common for digital businesses that began in north America to seek European headquarters or presence. Some examples of this already exist in Brighton. Increasingly we see signs of digital businesses founded in India and the far-east seeking similar bases.

Talking to businesses that have been established on this basis, it seems that there will be demand for more space in Brighton from the global digital sector. Businesses looking for space on this basis may be looking for smaller spaces initially on flexible terms, anticipating quite rapid growth from an initial bridgehead, or they may immediately have a requirement for more space. Few will be looking for less than 2,000 sq ft. Generally, it seems that their expectations are for space at the more sophisticated end of the spectrum discussed above - either Grade A space or good quality space at the higher end of the rent cost spectrum.

4.3 Market failures and their implication

In the context of the property market discussed in section 4.1, each of these next steps on is difficult in Brighton.

As we have seen, there is a stock of available space at the micro-business end of the market. Indeed not only is the proportion of the city's stock of available space in units of less than 2,000 sq ft disproportionately high, it is clustered in the centre of the city in North Laine and The Lanes where nascent digital and creative businesses generally want to be.

The pattern in NEH has been to move progressively towards the provision of these smaller units, as the evidence of enquiries and the waiting list suggests that this is where demand lies. The city certainly needs to continue to ensure the provision of start up space of this kind. Retaining graduate talent from the universities and nurturing a characterful and locally embedded creative sector will require that there are spaces for young creative people and businesses to occupy at these early stages of their careers and later in cases where they establish as long term micro-businesses or sole practitioners.

However, it is not in this small unit provision that we see the most challenging market failure with the greatest implications for Brighton's future prosperity.

The experience of businesses and the analysis of available space suggest that it is in the second and third generations of the of the growth pattern of digital businesses that the most acute shortage of suitable space appears.

Businesses seeking space in the 2,000-5,000 sq ft and 5,000 to 10,000 sq ft sectors are struggling to find options and secure space. We have heard businesses suggest that it has taken them three years in some instances to find accommodation to make these steps. In recent surveys and publications, there are regular quotes from digital businesses in the city highlighting this as a major business growth challenge.

This market failure is caused both by the relative shortage of these medium sized spaces in the city's stock, but also by the fact that digital businesses, planning to grow through these phases very fast and needing to minimise accommodation cost to maintain reinvestment in core business growth, want larger spaces but on flexible terms and at economic rents. Ruling out Grade A and other more expensive propositions on the market or in development, leaves very limited stock in this niche.

Given the shortage of accommodation at this scale and type, the problem is likely to be worst for potential inward investing companies that do not have the same opportunity to watch for space becoming available or hear about prospective space on the grapevine.

This market failure may have a range of consequences:

- Businesses may slow their growth trajectory as they wait to find space for expansion. This has a short term and possibly enduring effect on the generation of business and jobs in the city.
- Businesses may outsource more work to others outside the city rather than create new jobs within the city.
- Businesses largely tell us they want to stay in Brighton, but there is evidence of frustration with lack of suitable premises and discussion of relocating elsewhere in the South East, other regions and internationally.
- Potential inward investors often look at a number of cities, including outside the UK but also London, Cambridge, Bristol and Thames Corridor. Increasingly Manchester's Digital City will present a northern alternative clustered round the BBC. There is strong anecdotal evidence that opportunities to secure new businesses for Brighton are being missed.

- As businesses have less space of less appropriate quality than they ideally need for their stage of business growth, they are likely to be missing opportunities to bring clients and potential partners to Brighton, which in turn weakens opportunities for the city and its businesses to sell to these contacts.

4.4 What digital businesses tell us they need - evidence of demand

In 2007 Brighton & Hove commissioned research to quantify the workspace needs of the creative industries sector in the city (Creative Industries Workspace in Brighton & Hove 2007-2017). This research focused on the whole creative sector as defined by DCMS (see section 3.1). It emphasises that Brighton is the south coast's creative hub with a strong creative industries cluster and quantifies the numbers of businesses and jobs in the sector; the size of the digital media industries within the broader creative industries sector is assessed at around a third of the whole. Based on growth rate predictions of 5% the research suggests that an additional 130,000 sq ft per year of additional workspace will be required to accommodate the growing sector of which just under 40,000 will be required by the digital media sector.

An acknowledged weakness in the research findings was the low response rate from digital media businesses to the questionnaire research carried out during the Creative Industries Workspace study. Accordingly, it was important that we sought to fill this gap as part of our study.

Our questionnaire survey work generated a reasonable response rate and we have been able to draw some reasonably robust conclusions about the level and nature of demand for workspace amongst digital media businesses in Brighton and the surrounding area. The questionnaire was distributed by Wired Sussex to its members, a total, we understand, of 1410 with a Brighton postcode and around 1700 in total.

We received 150 responses. The great majority of respondents (92%) had Brighton postcodes and the response rate for businesses with Brighton postcodes was 10%. The response rate for businesses with other postcodes was much lower, around 4%.

The key findings were as follows:

- We asked businesses to group themselves into one of six digital media sub sectors (see further section 3.1), based on their business activity or, alternatively, describe their main business activity. 72% of businesses used one of the six descriptors and 28% described their main business activity. 25% of all respondents chose 'web and associated design'; 18% 'internet

technology and services’; and 13% ‘professional services in the digital media sector’; 8% ‘digital and internet marketing’; 6% ‘broadcast media’; and 2% ‘games and serious games design and development’. Of the 28% that chose to describe their business activity there were significant numbers working in software and in graphic design, illustration and photography.

- We asked businesses to tell us how long they had been in business and two thirds had been in business over 3 years (42% between 3 and 10 years and 24% over 10 years). A quarter of respondents (25%) had been in business between 1 and 3 years and 9% of respondents under a year.
- Next we asked about numbers of people in the business now and at the time the business was started up. In aggregate respondent businesses accounted for 2,495 jobs now and around 820 at start up, over three times as many. As the respondent businesses had different start up dates no overall conclusion can be drawn about rates of growth across the sector. However, hardly any businesses reported fewer jobs now than at the time they started up and significant numbers reported large increases in job numbers; for example, a quarter of all respondents reported at least a fivefold increase in job numbers. 20% of respondent businesses reported having 10 or more people in their business now.
- We asked businesses whether they had plans to grow their businesses over the next three years and nearly three quarters (73%) reported that they had.
- We asked businesses how difficult it had been to find suitable accommodation and over a third (35%) reported that they had found it very difficult or difficult.
- Next we asked about weaknesses in current accommodation. Over a half (54%) reported that they didn’t have enough space for their businesses to grow; a similar proportion (53%) didn’t have space that was suitable for clients to visit; a third (33%) reported that the layout of their space was poor; 30% said there was poor disability access; 24% said the costs were too high; and 21% that they were short of space even for current numbers. We asked too about other weaknesses and the most frequent one reported was poor/slow Internet connectivity.
- All that said, only 16% of respondents were very dissatisfied or dissatisfied with their current accommodation.

- However, 61% reported that they were interested in the possibility of moving now or in the next few years and 57% confirmed that they would be interested in moving to a transformed New England House. This demonstrated that there is little resistance to New England House amongst respondents.
- By correlating the businesses that confirmed that they would be interested in moving to a transformed New England House with their current levels of staff and extrapolating their space needs at 100sqft per person, we arrived at a figure for demand for space from respondents at 46,800 sq ft. However, this is based on their current business size - relocation usually occurs because of business growth and the evident potential demand from the survey is likely, therefore, to be higher.
- Finally we asked respondents to tell us how important a number of features were to them:
 - Competitive rents came out top (scoring 4.6 out of 5)
 - Big capacity Internet (4.35 out of 5)
 - Easy in easy out terms (4.13 out of 5)
 - Room to expand (4.12 out of 5)
 - On site bike parking (3.88 out of 5)
 - Good public transport links (3.82 out of 5)
 - Central Brighton location (3.63 out of 5)
 - Pay as you go additional space (3.62 out of 5)
 - Proximity to other similar businesses (3.26 out of 5)
 - On site café (3.23 out of 5)
 - On site car parking (3.23 out of 5)
 - Air conditioning (3.14 out of 5)
 - Business services, support and advice (2.69 out of 5)

We also asked whether there were other matters that were important and received quite a few responses about the importance of the look of the premises inside and out.

In addition to our questionnaire survey, we consulted with six Brighton based businesses that Wired Sussex considered would have interesting contributions and insights on their own space needs and the adequacy or otherwise of Brighton's supply of workspace. Responses varied considerably.

One business currently has a staff of 19 split across two offices in central Brighton, which provides only a modest amount of space for growth. The company plans to expand to around 60 staff over the next three years. Accommodating these staff

will need space in the region of 5,000 sq ft and at the moment the lack of suitable accommodation to move to as this anticipated growth gathers pace is causing the owner-manager considerable concern.

Another business, with around 100 staff now, has moved repeatedly in the years since it set up in 2003 to accommodate growth. Again staff are currently split across more than one building and the anticipated next move will again only provide a temporary solution. Four years from now, this business anticipates requiring between 20,000 and 25,000 sq ft.

Both of these businesses would be interested in a redeveloped New England House and, in the case of the first, the sooner the better, to the extent that they would consider taking on unimproved space and moving within New England House as the project develops and their own growth path requires.

The other businesses with which we spoke had for varying reasons less immediate need for alternative accommodation. However, these other businesses confirmed that suitable accommodation is hard to find in Brighton at a price that most of the sector businesses are able and willing to pay.

These businesses also had suggestions about priority facilities for a redeveloped New England House, which one described as a business eco system, which we used to inform the list of features we asked businesses to assess the importance of in the questionnaire. An environment to reflect the sector's lifestyle preferences includes showers (for cyclists), cafes and bars, a roof terrace and a gym. Access to services for recruitment, ICT support, legal and financial advice and shared space for training suites and meetings were all identified as added value.

To explore these perceptions further, we also organised a workshop in New England House for a mix of businesses not currently based in the building and existing tenants. Encouragingly 34 businesses attended the workshop, split almost equally between existing and potential new tenants. Many of these latter expressed interest in being tenants in the future.

The principal themes that participants took up echoed our wider consultation with the sector:

- New England House is a valued and scarce resource for businesses in the city.
- The condition and presentation of the building is problematic, particularly the exterior.

- More temporary, event, activity and animation of the building, including activity in the evenings, would make it safer as well as more enjoyable to be in.
- The digital and creative sectors are natural partners and have the potential to bring energy and activity to the building as well as being tenants.
- A more active building with more public/shared space and facilities could play more of a role in local communities (café, meeting spaces, etc.)
- The management regime in the building needed to be freed from some rules and paperwork to enable more impromptu and temporary activity.
- There is significant potential to engage students and staff of the Universities, and for the building to be a natural place for debate and exploration of digital and creative ideas.

A transcript of the plenary sessions of the workshop is in appendix 3.

Finally we invited current tenants of NEH to tell us about their opinions of NEH and what might be done to improve the building. Responses made it clear how valued the building is; the following sums up the attitudes of several respondents:

“The flexibility, cost and community network of small businesses in NEH is unique in Brighton and is something I really value. I really wouldn’t want to work anywhere else.”

However, there were some suggestions for improvement, the most frequent being to the exterior of the building. Others included temperature control, the toilets and energy costs. The general message, however, was that tenants don’t want anything to change too much.

4.5 Key lessons for the development of NEH

We consider that our primary research provides robust evidence that a redeveloped NEH would have more than enough demand from digital media businesses to ensure that the additional space that redevelopment delivered (see section 6.4) could be filled with this type of business. While quantifying demand now for a resource that is not yet available is an imperfect science, this research has been done at a time when businesses across all sectors are arguably relatively subdued about future prospects. Accordingly, barring a further significant downturn which impacts significantly on this sector, we are confident about demand for workspace from this sector in Brighton.

NEH has the potential to provide a supply of workspace at a business size that is particularly disadvantaged in the Brighton market for workspace - businesses in the range of 20 to 120 people. Micro and very small businesses are relatively

adequately catered for and, perhaps, more able and more minded to compromise about the nature of their workspace. Bigger businesses struggle to find suitable accommodation and typically are having to compromise on quantity and quality, layout suitability, growth potential and access.

Coincidentally, by meeting the express needs of these mid-scale businesses, often going through rapid growth, the partners have the potential in New England House, to intervene in a part of the sector offering a high and potentially immediate return in terms of economic impact. This would also help to avoid the situation that may be emerging in the sector where the next generation of growth and contribution to the city economy is choked off or slowed significantly as individual businesses spend time searching for accommodation and may not find it and growing and new, inward investing, businesses go elsewhere. As the Centre for Cities report makes clear, those cities that have done well in creating private sector jobs face an imperative to develop and expand the infrastructure for business if they are to continue to prosper.

The sector is demanding in some areas and possibly atypical in others. It wants competitive rents and easy in easy out terms; bike parking and good public transport links are more important than car parking; air conditioning is a relatively low priority for many; clustering and shared facilities are important for many, but others value discrete space, have high security demands and prefer relative isolation. In other words, NEH has the potential to provide the right type of accommodation for many digital media businesses, but there are some for which it cannot be an appropriate solution. In section 6, we discuss the mix of facilities which might respond to this pattern of demand.

Brighton & Hove City Council
Wired Sussex
University of Sussex

New England House, Brighton
Digital Media Innovation & Enterprise Hub Joint Vehicle Business Case

5 Supporting development in the sector - networks, facilities and innovation

5.1 The current pattern of sector development, skills and innovation

The contribution of the creative and digital sectors to the UK economy is now widely acknowledged, with the sector contributing 7% of GDP and employing over a million people. One of the fastest growing sectors nationally, according to the DCMS, the creative and digital sector in the South East is second only to London in terms of both the financial turnover and the number of jobs they support.

Brighton, in particular, is a significant cluster within the south east economy, with a concentration of digital media businesses, specialising in leading-edge web and social media development. Creative Brighton suggests that the creative industries sector employs 16,000 people in Brighton & Hove - 10.7 per cent of the workforce. This probably under-estimates the scale of sole-traders and micro-businesses, working on the fringes of the mainstream economy, but often being an important part of the sector's supply chain relationships.

The growth and importance of the digital sector is driven in particular by the growth of consumer and business-demand for digital technology, resulting in pressure for constant innovation in technology-intensive products and services. Meanwhile, sectors as far reaching as TV/radio, film, advertising, interaction design, product design, environments and architecture, graphic design and 3D branding, animation, computer games and mobile communications now operate in increasingly similar ways with a reliance on shared technology and platforms that were unimagined even just five years ago. New techniques will rapidly move from cutting edge to industry standard, and those not able to exploit new opportunities will increasingly be left behind.

For businesses to survive, they need to develop new and active business and supply-chain interactions, to have access to new technological advances and applications, and applied research. Innovation is critical to survival.

Whereas the UK scores consistently high when it comes to the scale and impact of the creative and digital sectors, however, it comes much lower down the league table on innovation and technology exploitation (see in particular European Commission Digital Competitiveness Report, 2009).

The need for, and investment in, innovation is therefore a pre-requisite of a healthy and thriving digital cluster.

In this section, we seek to understand how a project to redevelop and renew the focus of New England House can fit in the way in which networks and structures of innovation in the city can be invested and developed to support this healthy and thriving cluster.

5.2 Fostering growth - Wired Sussex and the sector

Wired Sussex is the Brighton-based membership organisation for companies and freelancers operating in the digital sector in Sussex. It plays a vital role in connecting the sector regionally and nationally, and facilitating connections and collaborations across Brighton and the surrounding areas.

Wired Sussex's goal is to support its members in their quest to deliver innovation, creativity and growth, and to enhance the reputation of this regional digital cluster on the international stage.

It provides support and advice to its members, giving them access to talent, workspaces, investment and clients. It runs recruitment, training and internship services, and helps members find studio and office space. Through its Directory of Members and Projects Board, it assists its members in promoting services and finding new clients.

Wired Sussex represents the digital sector on a number of bodies including the Brighton Economic Partnership and the South East Media Network. It is also a partner for the South East business Innovation and Growth programme, and delivers a range of other investment and trade support services. It is currently participating in a range of wider regional and national initiatives aimed at supporting the digital sector in the city, including being an active partner in the Creative and Digital Task Force of the Council for Industry and Higher Education.

The recent invitation to Wired Sussex to join the digital media alliance Onedigital, alongside Manchester Digital, Bristol Media and London's D-Media as its fourth principal member, recognizes the national importance of the Brighton cluster and Wired Sussex's role as a key national development agency for the sector.

5.3 Facilitating networks and sector development - the role of NEH

As part of our analysis of workspace demand in Brighton, we have identified the importance of networking as a key part of digital business activity in Brighton, and the lack of suitable spaces.

As we discussed in section 4.2, networking is an important part of the way in which the sector operates, with a range of - mainly informal - networking activities creating opportunities to exchange project proposals, skills and knowledge, market intelligence, and to foster joint working and partnerships between businesses. Research in the sector has shown that those cities with strong informal networks of creative people tend to produce creative business sectors that perform well, grow quickly and are durable over time.

In Brighton especially, networking appears to be very informal, often using back-rooms of pubs or cafes, or borrowed spaces. Even when this networking takes the form of 'club' like gatherings and events and (somewhat) more organised events, such as 'BarCamps' and 'Unconferences'. These new forms of network activity developed first in the US five years ago, as open, participatory workshop-events, whose content is provided by participants.

Their organisation is often informal and advance notice and advertising scant. Notwithstanding the excellent work Wired Sussex has done to overlay on this network a layer of more organised activity and to spread the word about what's on, many businesses and people associated with the sector told us that the sheer amount and level of informality and provisionality of activity in the network was both positive and infuriating by turns.

This hidden, haphazard, form of networking is not untypical of an emerging cluster, and a cluster in which many businesses are young or even embryonic - but we do think that this may be a weakness in the Brighton cluster.

Apart from the 'raw material' of many creative people and businesses interested in networking, cities seem to need two things to step up from this more haphazard activity - organisations which can observe and support the organisation of the whole network and identified and visible places where networking is understood regularly to happen. Even after the advent of viral communication of information across digital networks, it seems to continue to be true that the human contact, serendipity and structured programmes that hub buildings offer are significant in making networks work well. In Wired Sussex, Brighton already has the network support organisation, but, from our observation of other cities and our conversations in Brighton, there seems to be a lack of a significant physical hub for the network to revolve around.

As well as constraining networking within the sector, the lack of visible and identified network space will limit the potential for the sector to link up with other sectors or businesses beyond Brighton.

The success of the sector in future will depend not only on its own internal networks, but also on its ability to market itself to, and engage with, larger and diverse businesses in adjacent and client sectors beyond the city.

These networks beyond the city can be with collaborators in the value chain for digital products and technology, for instance with the telecomms technology cluster in the Thames Valley for whom Brighton can represent a source of content innovation, and networks of clients for the digital services offered by the Brighton cluster. So, Arjo Ghosh of ICrossing reports success in inviting to Brighton blue-chip clients from the financial services sector on the basis of ICrossing's new office and working space.

A network space in which these connections could be made and shared would give the wider digital sector in the city access to new and diverse potential partners and customers and to bigger businesses and investors. Conversely, the current lack of networking space could close off opportunities for building and exploiting links with non-Brighton-based business partners, and is a significant weakness in the market-place.

Feedback on the potential and opportunity at NEH confirms that the building could play an important role in filling-in some of this void. Its proximity to the train station, its large corridors and landing areas, and the flexibility of much of its space, would lend itself well to meeting or networking activity.

Our research suggests that NEH could act as 'hub' for this sort of networking activity, which could bring together Brighton-based companies, and provide opportunities for meeting and networking with a much broader range of businesses. This might include, for example, encouraging or enabling businesses to have some sort of Brighton 'base' - whether in the form of rented office space, or - similar to 1 Alfred Place in London - as part of a 'postbox' accessing a range of shared facilities.

No single building could, or should, be home to all network activity in a creative and digital cluster, but the nature of network activity is such that a hub building can achieve a major step forward in network knowledge without being a base to all activity and host to all events.

Once a significant critical mass of sector participants see a space as hub for the sector, and spend at least some time in its facilities and events, knowledge gained here will cascade through the more informal or dispersed networks of each of these 'attenders'. Provided there are enough 'attenders' across the range of sector business, and the provision of the hub space is closely tied to the

information/knowledge management role that Wired Sussex plays, this cascade will ensure the flow of information from the hub through the sector.

This process also has the potential to deliver significant gains in terms of sector 'talent'. A digital sector hub, animated by the kind of skills development, skills sourcing and recruitment networking that Wired Sussex provides can be the basis for a talent strategy for the sector in the city. Talent strategy generally operates at four levels:

- Development - in which skills training, entry level access to the sector and the identification of talented young sector entrants capitalises on skills and capabilities of local people and combats worklessness and under-employment.
- Attraction - the hub can provides a profile for the sector in the city and a focus for universities and businesses to attract to Brighton the best young talent.
- Retention - working and network space are recognised as key tools in strategies to seek to retain in the city the best graduate talent of the Universities. Giving talented young people a physical space in which to work and a network of collaborators and customers is a singularly powerful way of anchoring them in place.
- Regain - as with retention strategies, the existence of a physical hub and good working space can be a key to regaining talent that leaves the city, perhaps on graduation to work in the sector in London but can be attracted back to establish their own business in Brighton.

5.4 Innovation and added value - approaches and the role of NEH

NEH could play a significant role in the development of a strong innovation-led digital economy in Brighton, acting as the home or 'hub' for a range of related activities.

Hosting a range of networking events - organised and run independently, from the informal and impromptu to highly organised seminars and colloquia - NEH could become the natural meeting point for a wide community of digital businesses and associates. As such it will become a hub for talent and new ideas - a space to share and test out new projects and ideas.

As a meeting point for companies working with or coming from London and internationally, the potential of 'rubbing shoulders' with major industry figures - or, indeed, with young talent developing new ideas - will add to the NEH profile. A critical part of this mix will be the presence of higher education or research

partners, adding an edge to the idea-generation profile and providing opportunities for exploitation and development.

This meeting point function has particular potential to foster links between the cluster in Brighton, which is predominantly made up of small businesses, with larger companies and adjacent sectors.

Brighton digital businesses with blue-chip corporate clients based often in London report that in principle, these clients like the prospect of coming to Brighton to spend time with them, combining business with the lifestyle attractions of the city. Digital businesses also have important supply-chain links with larger global digital and media businesses and interest in exploring more potential cross-over between adjacent, but not so clearly intimately linked, sectors. So for instance, there appear to be opportunities within the region to strengthen exchange and joint working between the Brighton digital content development cluster and the Mobile Telecomms cluster of the Thames Valley, as the major global businesses in the latter roll out platforms capable of carrying the widest range of digital product.

The University of Sussex, for example, has identified 'Digital and Social media' as one of its six central research themes. Collaborations across the University are generating new research projects and potential industry links across these digital content and technology platform sectors. As the University pursues this programme there will be opportunities for multi-partner partnerships and joint ventures in which the digital content and services businesses of the city cluster have the potential to be players. At the same time spin-out companies will begin to be developed, and during their lifecycle, these will need space in which to grow, bringing both a need for space and a conduit back to the research base of the University.

Drawing on, and hosting, these kind of research projects at NEH could provide an important resource for innovation-ready businesses in Brighton, with NEH providing an ideal setting for the further exploitation of ideas and the development of new business. It also could provide an extraordinary magnet for investors and for R&D-oriented companies seeking out new ideas, or wanting to link with emerging businesses and business models.

This function as an acknowledged meeting place of businesses with project and product ideas and the investors who might capitalise them is an important aspect of the network function of some of the best examples of similar buildings elsewhere in the world. Cambridge (Massachusetts) Innovation Center is a renownedly successful hub for the city's digital sector. Much of the offer and style of the Centre is familiar from other workspace models, but what has been

particularly powerful has been the original commitment to placing venture capital investors at the heart of the project and ensuring that VC's were based in the building alongside the digital businesses themselves.

Clearly, NEH on its own - as a piece of real-estate - however well designed, cannot provide this. But it does have the potential to provide a 'home' to a range of activity which might be programmed and facilitated by a group of partners aiming to strengthen the innovation presence and profile in the city.

Through the opening out of existing spaces for networking and showcasing, and investment in the overall look-and-feel of the building, the development of high-quality meeting rooms and hot-desking space, and the presence of research-intensive partners, NEH has the potential to play host to a range of activities, programmes and companies - including the University and other FE and HE partners - which could make NEH a compelling proposition for innovators and investors, and at the heart of the growth of the sector in the city.

5.5 Innovation partners and tools - The role of the University of Sussex

Building on existing programmes, in particular the Business Innovation and Growth programme in which University of Sussex and Wired Sussex are partners, and connecting with existing networks, there is potential to develop a strong digital innovation programme for Brighton, more formal than the network hub role but building on the informal activities of the hub and focused around NEH.

It will be vital to ensure that such a programme is shaped and developed in partnership with the Higher Education sector.

The Sainsbury Report in 2007 acknowledged the role HEIs have to play in knowledge transfer and recognised that world-class universities and their facilities help to create and develop clusters of high value businesses around them.

More recently, as we discussed in section 3, the Work Foundation ('No City Left Behind: the geography of the recovery and the implications for the coalition', July 2010) has recommended the establishment of local or regional "innovation panels" led by HEIs, as the most appropriate partners to drive an innovation agenda.

More locally, one of the attendees at the workshop we organised to explore New England House with businesses (section 4.4) said:

"Ultimately there is a big cultural divide between the Universities and the digital and creative businesses in the city and both sides are losing out as a result. Clear sense that don't overcome the divide by having a building but

there is a strong sense that the building can play an important role in creating a shared space. Over time a space where students, graduates and enlightened teachers may want to be because of the programme of events. There are places across Brighton that do this but would be good to think that NEH might be the place where some of these things happen.”

Although it may not be the only Further Education or Higher Education Institution involved in activity taking place in NEH in the future, the University of Sussex could play the central role facilitating the development of what is outlined here.

As a University with a strong research-intensive ethos, with strengths in a range of related disciplines and with a determination to strengthen its relationship with the digital cluster in Brighton, the University of Sussex is an obvious partner in developing a digital innovation programme linked to NEH.

The University of Sussex has identified the need to build relationships with the R&D departments of major companies, as part of a programme of work aimed at developing more commercially sustainable research-intensive activity for the university. As we discussed in the previous section, sector businesses also have strong motivations to create opportunities to reach these larger companies (within and without the digital and creative sector).

The digital sector is a key growth sector, which tends to be research and knowledge intensive, and, as a major sector in the South East economy, is an obvious area for potential partnership and investment for the University. Given the strength of that sector in Brighton, it makes sense for the University to build links with the sector there - as part of a bigger ambition to link up with major national and international companies.

In this way, there is significant potential to link together Sussex University's desire to access research-intensive businesses, with the positioning of the city as a base for leading-edge development - using NEH as part of the offer to businesses.

In taking this forward, the University might wish to develop a range of programmes and initiatives that are complementary to the provision of the Sussex Innovation Centre but based at NEH. These might include, for example, KTPs with digital companies, linked to the Intern Programme currently being run by Wired Sussex; short courses linked to its various areas of research specialism; networking events for investors and businesses; and support for early-stage companies, linking them to research, technology and funding opportunities.

5.6 Other innovation partners

Strong innovation programmes are, almost by definition, multi-disciplinary in nature and will often involve a number of delivery partners, as part of an open and interactive programme of work.

In this instance, partners will want to develop a programme which is fit-for-purpose for the digital cluster in Brighton, and which draws on the various resources available in the city and beyond. Although the University of Sussex is the obvious lead HE partner in this project, and Wired Sussex the industry body, it will be important to draw in other partners in developing the kind of programme outlined here. It will be for partners to determine how best to do this, but other participants in a 'Digital Innovation Partnership' are likely to include other HEIs, FE partners, leading entrepreneurs, private sector innovation and business growth specialists.

In the first instance, a 'Memorandum of Understanding' or high-level agreement drawn up and agreed by Wired Sussex and the University of Sussex, would capture some of the ambitions for what is outlined here, and form the basis of an agreement to which others are invited to sign-up.

Such an agreement would articulate the existing partnership's joint objectives to foster development and growth of the digital sector in Brighton and surrounding area; to develop a research intensive digital economy in Brighton and surrounding area; to attract major digital companies to the area; to attract investment for digital media companies; to encourage knowledge transfer between the digital sector and higher education.

Under this agreement the partners might look to support the development of some early pilot or prototype programmes, to test some elements of a future full programme. Just as the eventual programmes of activity developed under the Memorandum of Association would naturally be hosted in NEH, then in the shorter term, these pilots would ideally be developed and run in-situ at NEH as a signal of intent and a test of the way in which the building responds to this activity and might be developed to host it in the longer term.

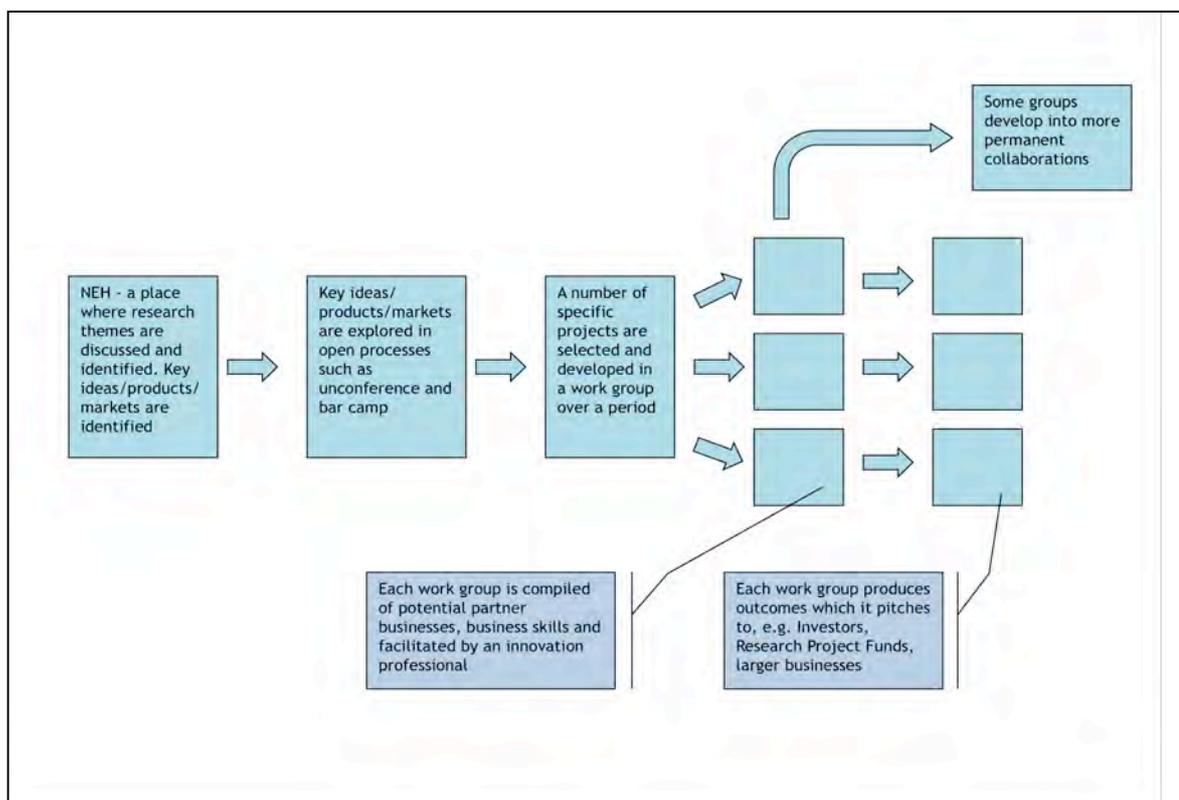
5.7 Joined-up network, skills, innovation and investment activity

To summarise, there is an opportunity to integrate key aspects of the best features of successful and innovative networks in both one place and in organised, managed and reflexive processes.

The diagram below shows one example of the ways in which these projects could be organised to animate NEH and to take advantage of the richness of network that a built hub for the sector can bring. Models such as this would rely on the partnerships already in place and under development between Wired Sussex and the University of Sussex, and capitalise on the overlapping networks of senior sector business people, innovators and investors who sit on the Boards and in the supporters networks of the two organisations.

Capitalising on the fertility of a building with a critical mass of resident digital businesses and the relatively informal network of activity and exchange that the building could foster, as we've discussed above, a partnership project could be constructed to research, identify and communicate to sector businesses, key products, services and markets, which could be the subject of network activity in the building such as unconferences and bar camps.

Out of these the innovation partnership could identify a number of specific ideas and support their originators with the resources of both the University and other businesses through the development of facilitated joint ventures, offering a series of templates for the rapid resolution of issues that generally slow innovation - intellectual property, rights, joint venture structure. Supported by the innovation partnership, the project could fast-track development of the product or service and, once this period of workshopping is complete, present it to panels of investors, research funders, larger businesses, to seek support for next stage development.



This is only one model, but shows how the building (as host for the sharing of ideas, for barcamps and unconferences and as a focus for presentations to investors and others, can interact with the innovation development process run by the innovation partnership.

Thus, New England House has the potential to be both a focus for networks of product and service identification and an environment in which an innovation partnership can facilitate and manage the flow of these products and services through the development process.

Brighton & Hove City Council
Wired Sussex
University of Sussex

New England House, Brighton
Digital Media Innovation & Enterprise Hub Joint Vehicle Business Case

6 Options and direction of development

6.1 A model for development

In the preceding sections, we have developed a picture of a key sector in the city economy and in the potential for future economic growth and shown that it is facing significant challenges and barriers to this growth in the property market in the city.

Digital businesses of all sizes tell us that they have difficulty finding appropriate accommodation and there is a particularly pressing problem with fast-growth indigenous businesses and potential inward-investing businesses. In these two elements of the sector slowed growth, relocation of businesses out of Brighton to other cities and regions, and the frustrated efforts of inward investing companies which lead them to locate elsewhere, are already leading to loss of growth potential and the problem will increase steadily as the sector continues to grow.

At the same time, we have seen that there are significant actions that the partners to the project can take, in the support and fostering of networks and the development of an innovation programme, which will significantly strengthen the sector in the city, driving new productivity, jobs and economic benefits - not only in the sector but throughout the economy. This is a sector where workers live in the city, owners and directors remain in the city and the prosperity of businesses and the direct, indirect and secondary benefits of that prosperity spread across, but are likely to be retained to a high degree within, the city economy.

The focus for the study on a development project in New England House for the digital media and creative sectors, combining lettable space, network hub and innovation activity, is, therefore, borne out by the evidence we have gathered.

The remainder of this section and the two that follow consider the options for the development and the means of achieving it.

6.2 Strategic options

The 2003 masterplan study carried out by RLF (see section 2) identified six major options for New England House. Although that study was not focused on a

particular target sector or intended set of economic outcomes, the six options remain a durable way of looking, at a strategic level, at the development of NEH. We have therefore revisited these options in light of the potential to deliver the development discussed in section 6.1.

In each case we have evaluated the effectiveness of each option in meeting the objectives of the partners in establishing this study, the fit of each option to what we've learned about the property market in the city, the sector and its needs and the likely cost of realising the option.

As set out in the brief for the study, we have not commissioned, or had access to, any cost data on potential works to the buildings other than is set out in the RLF masterplan. We have, however, from time to time taken a somewhat different view of the degree of works that would be necessary to achieve the outcomes necessary to enable the project.

The diagram on the following page shows the six broad future options for the development of the building that have been considered, with their implications for the potential project toward the left hand side, and their summary financial and liability implications toward the right in each case.

The do nothing and tidy up options, A and B, do nothing to secure the long-term future of the building or address its key problems. As discussed in section 2, the major immediate and potential failings and associated costs in the building, the façade and building services are likely to require full renewal or at least major works over the coming years.

We believe that with the passage of time, the RLF estimate for option B, of £650,000 is now likely to be unrealistic and that even a relatively limited refurbishment is likely to cost in the order of £2m. Investing in this option at this stage appears poor value as it involves significant expenditure on internals which will continue to be prejudiced by the deteriorating exterior, which will still require substantial investment in the medium term at latest.

Neither option would, in our view, enable the partners to develop the project with the digital/media and creative sectors set out here - without the renewal of the façade and the provision of good quality public and network spaces, we cannot see the building becoming sufficiently attractive to the sector to secure significant new lettings, particularly from the medium-scale and growing digital businesses discussed in section 4, who will prioritise an environment (externally and internally) in which they can impress clients and partner businesses.

| | |
|--------------------------------|---|
| A Do Minimum | Building declines due to increasing dilapidation. Regeneration outputs compromised. Economic outputs decline. No Research/Innovation benefits. |
| A Do Nothing | <ul style="list-style-type: none"> • Short term capital cost is low • Income to City Council declines over time • Potential complete closure or substantial renewal cost in time |
| B Tidy up | Building condition stabilised in short term, in medium term significant investment required. Regeneration outputs compromised. Economic outputs decline. No Research/Innovation benefits. |
| B Tidy up | <ul style="list-style-type: none"> • Short term capital cost in the order of £2m • Income to City Council stable over time or may grow slightly • Potential complete closure or substantial renewal cost in time |
| C Renewal | Building refurbished and systems renewed, cladding and other major dilapidations resolved. Regeneration outputs enabled. Economic outputs stable. No Research/Innovation benefits. |
| C Renewal | <ul style="list-style-type: none"> • Short term capital cost is significant - c £7.5m? • Income to City Council grows by increased occupation • Lifecycle costs manageable into future |
| D Develop current | Building refurbished and systems renewed. New brand/focus on digital-media-creative sector. Network, showcase and R&D facilities. Regeneration outputs delivered. Economic outputs increase. Significant research/innovation benefits. |
| D Develop current | <ul style="list-style-type: none"> • Short term capital cost is significant - c £9.5m? • Income to Project grows by inc. occupation/increased rents • Lifecycle costs manageable into future • Project management/animation costs covered from income |
| E Develop Additional | As D plus additional new development on adjacent site/roof.. Regeneration outputs delivered. Economic outputs significantly increase. Significant research/innovation benefits, |
| E Develop Additional | <ul style="list-style-type: none"> • Short term capital cost is very significant overall - c £26m? • Income to Project grows by inc. occupation/increased rents • Development yield/sale contributes to capital costs of NEH • Project management/animation costs covered from income |
| F Replace | Building demolished and replaced or sold for other purposes. Regeneration outputs enabled? Economic outputs decline. No Research/Innovation benefits, no contribution to sector development. |
| F Replace | <ul style="list-style-type: none"> • High cost - 14,000sqm likely to cost c£60m to demolish and replace • Yield from any disposal likely to be limited • No contribution from building income to sector development • Severe disruption to current 800 jobs on site |

The renewal option C involves the repair of the building and its systems, but without additional expenditure to provide the public, network and innovation spaces required to meet the needs and potential discussed in section 5. This would deliver a better workspace building and, because existing unused space in the building would be brought back into use, this would raise new rent. However, the option does not offer the potential to develop the facilities and services which section 5 argues will strengthen the sector, and it is questionable whether the profile of the building in the digital sector in particular would be sufficiently raised to support a shift in the building to that sector. If it does not, the acute shortages of space that the sector needs to enable its continued growth will not be resolved. With the lack of improvements and provision to facilities in the building, we believe that rents would remain low and overall income be constrained.

Option D provides the works necessary to secure the future of the building physically, to deliver a desired location for creative/digital media tenants and to house and develop the network and innovation services to further support sector growth. Although capital costs are higher, we believe that the option will have the potential not only to bring the building back into intensive use, but to drive up rents commensurate with its new quality and facilities. Option D seems to us a good fit to the market and needs of the sector and to the developmental aspirations of the partners.

Option E, building additional floorspace, was explored in detail by RLF in 2003, mainly through the option of developing the adjacent car park, but also through potential additional storeys on NEH. This option has also been the subject of other schematic design thinking since 2003. The principal advantage of the development of further space for the project adjacent or above the current building would be the opportunity to create a complementary set of higher grade offices and facilities for those companies for whom the amount and nature of space in the original building will not be sufficient.

As we discussed in section 4, we believe that above about 120 employees, New England House is unlikely to be the right answer for many companies. A complete floorplate in New England House offers around 16,000 sq ft - not sufficient for the largest of the digital media companies without spreading across more than one floor - and at this scale we believe that companies may well be looking for new build or other space developed to their requirements through deals direct with developers. New build on the adjacent site to NEH would provide something in the order of 60,000 sq ft of high quality accommodation, though the floor plates would continue to be limited as the car park is a much smaller site than NEH itself and there is some doubt as to whether the quality of accommodation might be

prejudiced by the adjacency of NEH on the one side and the block used by Lloyds TSB on the other.

Although it does seem possible that tenants could be found in time at this top-end of the digital sector for a new development, our analysis of the likely take up in the market suggests that to develop this speculatively as part of the project would not necessarily lead to immediate and successful letting. As companies looking to enter into leases at this top end of the market often provoke bespoke development, we suggest that any such development adjacent to NEH could follow on from option D and would be by way of a further, bespoke development once a successful project in the existing building has become established, transforming perceptions of the site and attracting a major anchor tenant for the additional development.

The option of demolishing the building and rebuilding it, option F, may have some appeal by providing a more modern building, though recladding the existing building could have a similar effect in terms of external appearance. However, the costs involved in demolition and rebuilding of a similar sized building would preclude anything other than providing new grade A floor space aimed at the very top of the market. This would involve a very significant capital investment - as much as £60m for the new build replacement, depending on demolition costs and site conditions.

Key to the project envisaged by the partners is the concept of providing an assortment of rents, including some aimed at entry-level companies. It is likely, therefore, that the shared interests of the Council and its partners will be served best by retaining and developing the current building as opposed to demolition.

In terms of fit to the objectives of the project and the nature of demand from digital and creative businesses, we recommend that Option D presents an attractive option for the project partners. We return to the financial profile of the options in section 7.

6.3 Toward a specification

From the analysis of sections 4 and 5 we can begin to draw up a development brief in outline. The schedule of requirements might be as set out on the following pages. This is developed on the basis of the current net usable space in the current building, and the broad provision of Option D above, in the first instance. It divides the accommodation into three broad types of use:

Let accommodation. Although other types of space have the potential to generate income, the basis of the business plan will be return from lettable

space and there is therefore a premium on maintaining/increasing the amount of space let. In line with the analysis in section 4, which suggests that there is a particular market shortage, with particularly acute consequences, in the mid-scale office sector (2-10,000 sq ft), we suggest here a balance of space that works to meet that demand. This allocation is fairly notional at this stage but argues against too much sub-division of space in any first stage of the capital project.

Network/shared space. Whilst it will be important to maintain the proportion of the building in let use, the generative role of the building in the digital/creative and more general economy of the city, and its ability to foster the kind of added value that we have argued flows from networking of both tenants and others, will depend on the creation of a generous 'public realm' in the building. The facilities described here will be useful to, and used by, tenants of the let spaces, but also by businesses in the sector more generally, by clients of, investors in and partners with the sector. Some of these spaces, the café/bar/members club, meeting rooms and event space will all have their own economy and income and we discuss this further in section 7.

Innovation spaces. Finally, we have described a suite of spaces for the core work of the innovation partnership and processes that we describe in section 5. These might be further defined by the partnership itself depending on the tools it develops with which to work with the sector. From our own experience, some of these spaces will be essentially ordinary; offices and meeting spaces; and it may be that, in realisation, meeting rooms for instance would not be separated in use from the other meeting rooms in the building - but the innovation functions distributed across general spaces. However, for the time being we have shown here how they might be quantified so that the economics of making and providing these spaces could be considered (possibly funded) separately.

From our experience of the way the sector works, some of the most important spaces in these network and innovation 'toolkits', and in the building more generally, will be those that enable showcasing and events. Enabling exhibition, screening and discussion of digital and creative content and processes will both open this creativity to the network and animate and give character to the building.

As we discuss in section 6.2 there may be ways of beginning the showcasing function on the outside of the building, but it should certainly be planned for formally and encouraged informally throughout the public areas and circulation of the building as well as in spaces specifically designed for it in the screening and event spaces

New England House
Schedule of accommodation - first draft



| Function | Nature of space | Use type | Approximate Area - sqft | Possible location in building |
|---|---|----------|-------------------------|--|
| Lettable space - units below 1,000sq ft | Small units for let on flexible terms, with a probable tenure c 3 years. Spaces should be lined out, power circuits installed. | Let | 40,000 | Throughout but particularly Levels 4,5,6 |
| Lettable space - units 1,000 to 5,000sqft | Units for let on flexible terms, with a probable tenure c 3 years. Spaces could be lined out as above, or, at the larger end, left for final fit out by tenants. | Let | 40,000 | Throughout but particularly Levels 4,5,6,7,8 |
| Lettable space - units 5,000 - 10,000 sqft | One complete level on either north or south wing is circa 8,000 sqft. At this scale, we would expect tenants to want to fit out. | Let | 25,000 | Probably particularly levels 7,8 and possibly 2, 1 depending on type of use |
| Let space Sub-total | | | 105,000 | |
| Entrance and reception area, public gathering/seating space | Distinctive but smart entrance area with good visibility from street, open reception desk with management office behind, seating for informal meeting, waiting, etc. May have screens/display walls to showcase what is going on in the building. Good and trades inward to be located elsewhere. | Network | 2,000 | Probably in place of current loading bay, management offices, café and other parts of level 3. Goods and trades inward below via loading bay off car park? |
| Shared services | Office space supervisable from reception area, providing shared, charged copying and possibly other equipment, post and delivery, etc. | Network | 600 | Off reception on level 3 |
| Café/bar/members club | Distinctive and quality café bar and members lounge, set back from street as not intended primarily for walk-past trade. Space should be conducive to informal meetings, informal working, smaller and larger informal events and receptions as well as day/evening café and bar function. | Network | 2,500 | Should be on main access level - probably level 3, close to/off the entrance area. Will require storage/kitchen/cellarage, which could be below. |

| Function | Nature of space | Use type | Approximate Area - sqft | Possible location in building |
|----------------------------------|--|------------|-------------------------|---|
| Hotdesk/informal work stations | For tenants of the building, network members and visiting partners, etc. May extend to Wired Sussex members or University. | Network | 2,000 | Ideally on same level as reception, bar/club, etc. |
| Bookable board and meeting rooms | In the order of 6 High-quality meeting rooms, AV equipped for showing and streaming work. Must be suitable to welcome clients. A range of capacities from 6 to 20. | Network | 2,500 | Some on same level of reception, etc. but could also be distributed across levels to encourage movement around building. |
| Exhibition/display spaces | Both formal (smaller) and informal (extensive) opportunities for digital/creative businesses to showcase work in progress, host student and artist led shows in the city, enable popup and guerilla shows and events. | Network | 0 | Probably integrated into programme of event space and through opportunities on walls and screens throughout the building. |
| Event space | One larger flexible use space for unconferences, bar camps, parties, launches, receptions, etc which are too large for other spaces or require separation. | Network | 3,000 | Possibly a destination space that draws people through the building - e.g. on level 8 south wing. |
| Network total | | | 12,600 | |
| Screen/event room | A small cinema style room, but also capable of hosting panel discussions, lectures, etc. so with small raised stage at front. Seating by quality retractable raked seating block so space can be used on occasion in flat floor format. Must be able to host streaming and live virtual debates. Should seat c150 plus projection box. | Innovation | 2,000 | Close to entrance level - either on level 3, on level2 or on level 4. As this does not need natural light may be a good use of level 2. |
| Innovation partnership | Offices and working space for team developing and supporting innovation activity. | Innovation | 3,000 | Basically office/meeting room in form but should also have distinctive presence/front door so as to signal presence in building. |
| Innovation total | | | 5,000 | |
| Total | | | 122,600 | |

6.4 Lettings, sector specialism and the balance of use

Letting strategy within the current floorplate of New England House will be influenced by both the physical nature of the building and the approach taken to existing tenants.

As we saw in section 2, the building is only partially let at the moment, with about 74,000 sq ft currently let. Of this about 28,000 sq ft is let to creative sector businesses excluding digital/media and about 8,000 sq ft to businesses in this latter sector.

If the partners to the development took the view that we argued in section 3, that the best target sector for the project does not stop at the digital/media but extends to the creative sector more generally, this means that the breakdown of space at the moment is essentially:

- 36,000 sq ft let to businesses in the target sector
- 38,000 sq ft let to businesses not in the target sector
- 48,000 sq ft unused

In the long term, even if the partners accept the logic for a broad definition of the creative industries, the intention in the brief for this work was to make a special address to the digital/media sector and in sections 3 and 4 we have argued that this is appropriate given the importance of this sector in the city economy and likely to be feasible in demand terms.

Perhaps as an end goal, then, and taking into account the schedule of accommodation in section 6.1, we might see a pattern of occupation like this:

| New England House Sectors/uses distribution - target | | |
|---|----------------|--------|
| | Sq Feet | % |
| Let space | | |
| Digital/media | 65,000 | 53.02% |
| Creative industries | 40,000 | 32.63% |
| Other | 0 | 0.00% |
| Let space subtotal | 105,000 | 85.64% |
| Network/public space | 12,600 | 10.28% |
| Innovation space | 5000 | 4.08% |
| Total | 122,600 | |

This gives a target for new lettings to digital sector businesses of just over 55,000 sq ft and for additional lettings to other creative sector businesses of 12,000 sq ft over the life of the transformation of the building and its tenancies.

To recap the demand analysis in section 4.4, we have evidence of express demand/interest from specific digital/media businesses amounting to something in the order of 40,000-50,000 sq ft. Not all of this interest will be converted to lettings to the sector, and on the other hand new interest is likely as the sector grows.

We therefore believe that this level of lettings to the sector is feasible but will be unlikely to be achieved all at one time, and might be more likely to be completed over, say, five years.

Equally, while the target for increase in more general creative industries occupancy is relatively small, and there is evidence of further demand from the sector generally for let workspace (see section 4.1), given the churn that naturally typifies lettings to the sector (so as new tenants are recruited, some existing tenants will move on), we believe that it is likely that this growth will take some time to achieve.

6.5 Making the transition

When we look at the models for development in section 8, we argue that in all development models other than the most radical rebuilding of NEH, there will be a strong argument, both from the point of view of income to the project and the contribution the building makes currently to the city economy, to make sure that throughout the transition, the building is kept as full and busy as possible. We therefore think that the most effective model for transition from the current to the future target letting picture will be to gradually effect reductions in non-target-sector tenancies to enable new digital tenancies to increase.

Current tenant businesses not in the target sector vary widely between sectors - from bakery to call centres with a good deal of online and other retail/wholesale and a range of other services and production sectors represented.

Overall, we suggest that there is a potential phased approach to the transition from current general workspace to specialist hub for the digital/media and creative sectors which sees a programme to:

- Carry out the first phase of improvements to the building fabric and façade, creating new entrances and public/shared/network areas as suggested in the specification above. In part this will eat into the 48,000 sq ft currently vacant.
- The remainder of this 48,000 sq ft currently not in use should be stripped out and refurbished so that they are either ready for occupation or ready for negotiation of tenant fit out.

- Tenants not in the target sectors might be concentrated where possible in levels 1 and 2 insofar as detailed planning has not earmarked parts of these floors for public/network functions. This might be achieved by invitation or by incentivisation.
- The guiding principle for the tenant roll should be to avoid removing any tenant regardless of sector without other arrangements being in place for them. Nonetheless, natural wastage will enable the building management to drive down over time the proportion of non-target-sector tenants. Where tenants move out, no letting should be made to non-target-sector tenants. In key spaces where the current tenancy seems particularly at odds with the future brand and position of the building, advantage may be taken of the end of current lease periods to effect vacancies so that the space can be turned over for let to digital media businesses.
- As the new operator begins work, and in readiness for the first phase of works to complete, the project and the lettable space immediately created by refurbishment and gradually augmented by natural wastage of tenants can be sold to the digital sector.

In this way, we believe that a target pattern of letting can be established that adds very substantially to the stock of appropriate and attractive premises available to the sector through a transition that maintains current jobs through managed change in the tenant roll.

6.6 Style of development

As the discussion at the business workshop we organised (section 4.4 and appendix 3) showed, the style of the development of New England House will be as almost as important as the mix of facilities it provides.

Here the project must meet several, perhaps offset, requirements:

- The building must be distinctive, suggesting by its design the creative and innovative work that goes on inside it.
- It must be a quality building to which fast-growing and high value digital businesses can bring blue-chip clients and international partners.
- It should have some dialogue with the communities around it and help to drive the regeneration/environmental improvement of the area between London Road and the New England Quarter.
- The design solution should place a high priority on improving the environmental performance of the building, continuing the emphasis of the New England Quarter and reflecting the concern with environment of many of those working in the sector.

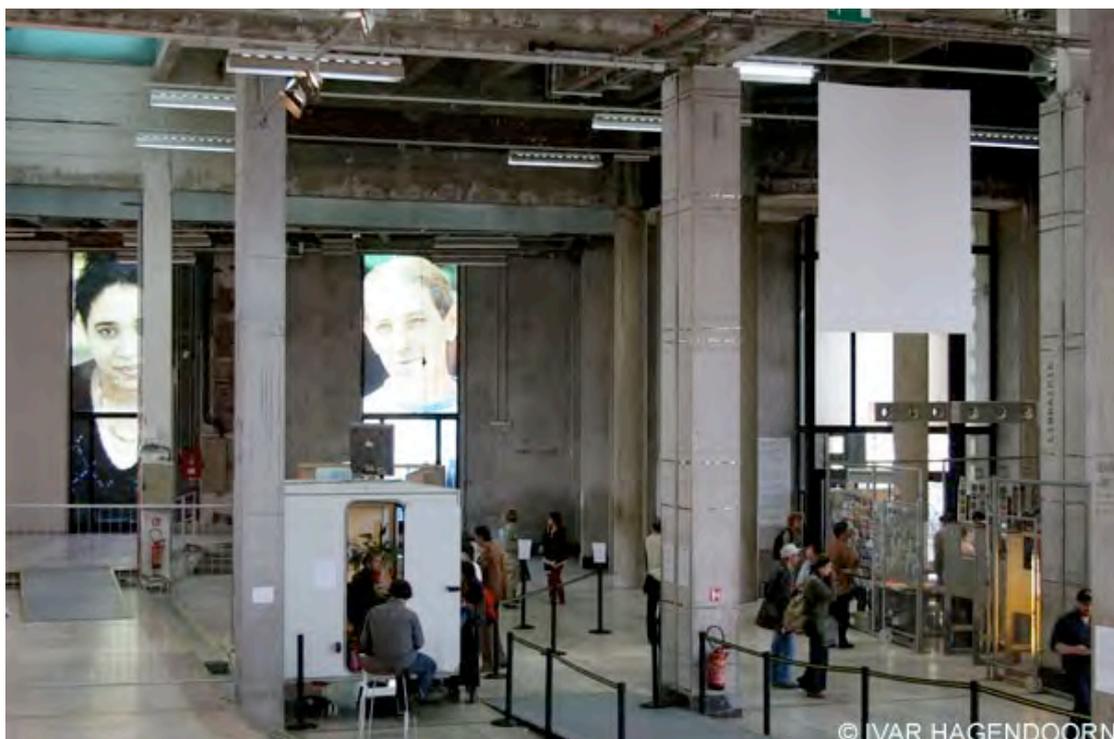
- The building should meet best practice in disabled access, and should more generally balance the security tenants seek (particularly at night) with more visibility, legibility and penetrability by the wider community.

The key to reconciling the first two objectives will be in distinctiveness of design. One of the participants in the workshop we organised said:

“There is an honesty about the building that might be able to play on. Reminds me of Berlin 15 years ago where buildings were used in interesting ways.”

It may be that the reference to the impromptu reuse of Berlin’s warehouses and factories is only part of the solution in light of the need for a convincing environment for corporate clients and business, but the sense of working with the essential character of the building, with a lightness of touch on the public areas, to make a distinctive post-industrial series of public spaces is likely to point to the right strategy.

As an example of one such treatment of a 20th century concrete frame building, we have included photographs of the redevelopment of the Palais de Tokyo in Paris by architects Lacaton and Vasal in appendix 4. Palais de Tokyo was an expo hall from earlier in the 20th century, but has a similar feel and structure to parts of New England House, and is now a cultural centre with, as the photographs show, a regular involvement in showcasing digital culture.



If the Palais de Tokyo style offers a key to the internal public areas, social and exhibition spaces of the building, the interiors of meeting rooms, event spaces, and shared working space should be finished and equipped to a clean, clear and quite corporate way. In this way one aims to create a distinctive and creative public realm through which one passes to reach working spaces that are quite corporate and appropriate for business strategy meetings as much as for creative working.

A regular comment from those we consulted, and from our workshop participants, was the way that the exterior of the building prejudices both the area in which it sits but also perceptions of the building:

“The building can be seen on the skyline when you get to the station, it wouldn’t take much to make it more noticeable.”

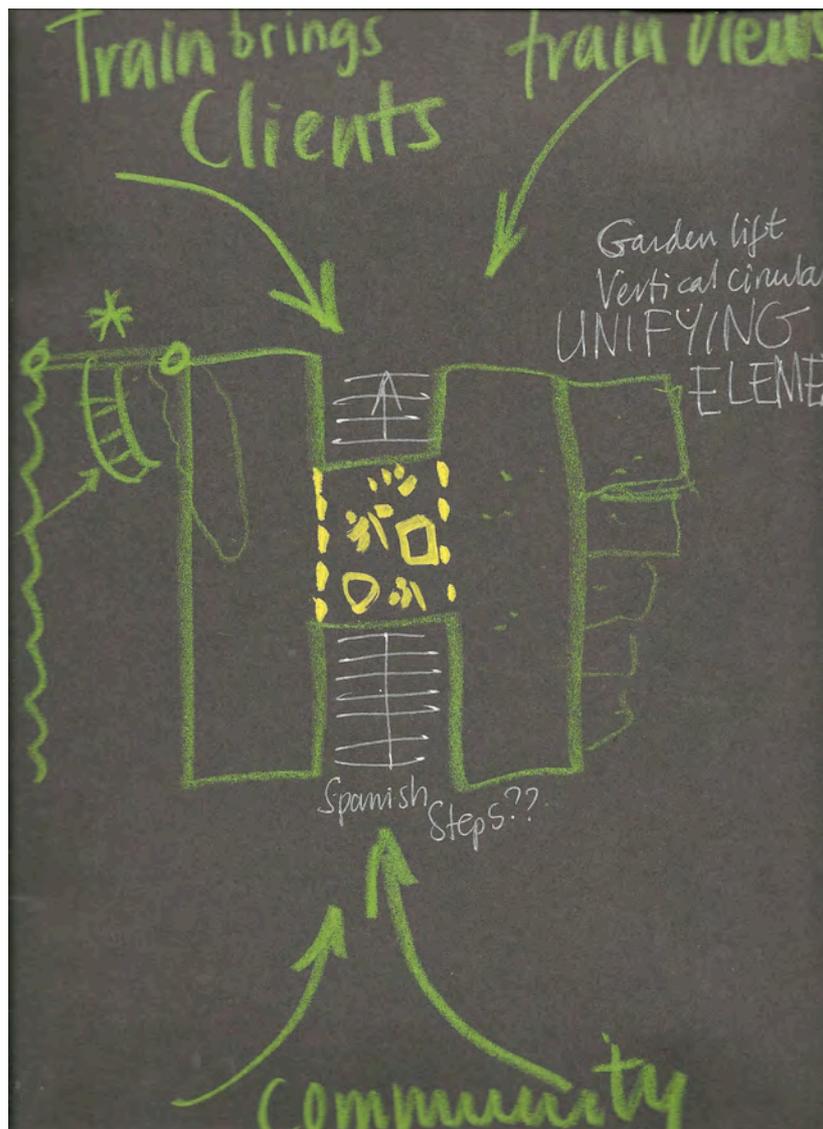
There seem to us to be three main aspects to this:

- The facade itself. It will be important that the facade treatment, whilst structurally and environmentally highly effective, is not a bland conventional re-skinning of the sort envisaged in the 2003 masterplan. Instead the facade should be an opportunity to bring the building to life in its urban setting. We have heard a number of proposals for ways of doing this during the study and all have merit. Solutions might incorporate digital projection, streamed digital content, LEDs, greening the facade or breaking out from the current face of the building to create a new balcony or lightweight facade line. All options should be explored before a solution is adopted and there is an opportunity here for Brighton to achieve an innovative and high profile solution to a perennial problem in giving new life to these buildings.
- The building must connect better with, and have an apron in, the streets around it. At the moment the building rises vertically from an undistinguished streetscape and has no outdoor area for tenants or others to spill out into. As part of the regeneration of the local area, it would be quite straightforward we think to turn York Hill into a pedestrian landscape with more greenery and seating. The facade of the car park opposite could be vertically greened to create a most attractive garden adjacent to the building. In a further stage, Elder Place has the potential to become a broad and attractive space with the redeveloped NEH on one side and the attractive rear-of-shop units on the other. Taking traffic away from this ‘rat run’ would be necessary, but the place could become a an attractive complement to London Road for shoppers and pedestrians. Following the market theme of the London Road regeneration, we note that quite often creative workspaces (e.g. Custard Factory in Birmingham) become host to

weekend outdoor and often impromptu 'design flea markets'. We wonder whether Elder Place might in time be a location for this kind of use.

- The building has one very poor entrance and no connection to the street on York Hill or Elder Place other than by the currently closed loading bays. If it is to be more penetrable and connected with the area around it, it would be worthwhile exploring the potential to enable entrances at more than one level, feeding into and controlled by a central public area. This will be constrained by building structure, cost and the detailed planning of supervision of entrances and public areas, but a solution something like the one drawn in our workshop and shown on the following page would make a transforming difference to the building and to the local area (New England Street at the top of the drawing).

In due course, once the partners have determined whether and what option to pursue, a full design brief will need to be drawn, but in all options, if the building is to work for the digital/media and creative sectors, design style, visibility, connectivity and distinctiveness will be a key to success.



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7 Finance - costs and income

7.1 Capital costs and potential returns

As discussed in section 6, the capital costs of the options for development vary considerably. If we exclude for these purposes Option A (do minimum) and Option F (building demolished or sold), neither of which makes any address to the project objectives, we are left with four options:

| | |
|---|-------------|
| Option B (tidy up) | £2,000,000 |
| Option C (refurbishment) | £7,500,000 |
| Option D (Renewal and development) | £9,500,000 |
| Option E (Renewal and adjacent new development) | £26,000,000 |

Against these costs, each option has the potential to deliver new income.

Option B shows little significant improvement over the current situation. Option C does improve let space (and in fact provides most lettable space as there is no element of shared, network or innovation space in this option) but will achieve only limited improvements in the rents achievable and is likely we think to struggle to reach full occupancy without the added attractions of the shared/network/social and innovation space and activity.

Option D, favoured in our analysis in section 6, offers increased income from:

- Higher rates of occupancy. There will be some ‘frictional voids’ as space stands empty between tenancies and there may be an argument that this will tend to be slightly higher where the management is looking for tenants from a specific sector, but this may prove cautious. Often creative workspaces run at near capacity occupation.
- Higher average rents.
- Income from the shared, network, social and innovation facilities.

Option E, in which a new building providing higher grade space is built on the current car park (or built on top of the current New England House) generates new

rental income from an estimated 60,000 sq ft of new net lettable space. We believe, as we discussed in section 6, that there will be a challenge in the shorter term in filling all this space, and though the proportion of voids may be similar in time to that in Option D, the absolute amount of voids is likely to remain higher.

The new net income generated by the redeveloped building varies from £240,000 in the case of Option C, £900,000 in the case of Option D and £1.9m in Option E.

Against this, we must estimate the additional costs of management and administration of the new building and its activities. Current costs are borne within the current income generated as set out in section 2. Although we have not had access to a breakdown of these costs (which are subsumed in larger transactions between the City Council and Cluttons and the general Council estate), they leave a surplus for the City Council of something over £400,000, against which the additional income generated as summarised in the last paragraph can be judged.

In options B and C, there is little new cost - the management cost implications in increase in areas in use will be offset by savings in managing and paying for maintenance and in Option C, in energy and other lifecycle efficiency savings.

In Options D and E, the landlord's costs (energy, cleaning, maintenance) of shared, network, social and innovation areas are defrayed on the tenant (innovation partnership or café operator) in the majority of the area. Additional costs will be generated by the entrance, meeting room, screening and event spaces. To a degree, these will be offset by savings in lifecycle efficiency savings across the more energy efficient and readily maintained building, but some net additional cost should be expected.

In addition, we would suggest that in order to generate the levels of business set out here and manage effectively the larger areas in use, the project will need an enhanced management team and budget.

The current operation provides two staff on site plus back-office support from Cluttons. In Options D and E, we believe this is likely to be increased as follows:

| New England House | | | | |
|---|----------|----------|----------|----------|
| Additional costs of increased operation (per annum) | | | | |
| | Option B | Option C | Option D | Option E |
| Additional landlords costs | 0 | 15,000 | 22,500 | 45,000 |
| Strengthening Management team | 0 | 0 | 35,000 | 45,000 |
| Project Development and business support | 0 | 0 | 50,000 | 75,000 |
| Total additional costs | 0 | 15,000 | 107,500 | 165,000 |

In the case of Option D and E, the degree of budget generated for reinvestment in project development and seed funding activity in the building and to support the sector will be enhanced by the Innovation Partnership project if it can secure funds to provide services and activity in the building.

In both cases, these are minimum budgets estimated so as to identify the remaining net new income to be derived from development as a return against the capital investments that must be made to deliver the renewal of the building.

If, however, either all or part of the costs of renewal are provided as grant to secure the Sectoral and economic growth benefits of the project, then we would argue an increased reinvestment of the additional income flowing from the project in this Sectoral development work. In this way the building would become, sustainably in the long term, a source of funds for the continued development of the sector up to the full additional income generated by the selected option.

If the project has to be developed with funds subject to payback (see section 8), then this new income generated will have, as a first call, to be directed to loan repayment.

If this is the case, the Council and partners will need to consider the return on investment of the project in the longer run. In these calculations no monetary value is put on benefits to the city economy such as jobs created, businesses supported or attracted to the city.

- Option B provides short-term additional income but, with the assumption shown that at year ten or thereabouts, the City Council will have to invest the substantial expenditure associated with façade and services as the begin to fail, the end result is significantly adverse. The investments in short and long term are never recovered by increases in income.
- Option C performs better in the long term, but still does not return sufficient additional income to cover the initial investment by year 25.
- Option D performs better due to the additional income generated by new areas in use, new rental levels and the income from shared/network /innovation functions. Option D offers a payback by year 18.
- Option E performs well in the longest term, with the substantial new block adjacent offering in the longest term attractive rental income. However, the payback for the development of the additional premises is long and still does not return sufficient additional income to cover the initial investment by year 25.

In some ways, this cash NPV calculation shows the project in a disadvantageous light:

- If the City Council brought into its calculation the yield of NNDR from the additional let space in the building the equations would improve.
- The City Council faces a significant challenge in dealing with New England House even if the development of a new digital/media and creative hub is not pursued. As Option B shows, the increasing dilapidation and obsolescence of the building will eventually demand either that it is renewed or that it is closed (and probably either sold for a very small sum or demolished). Even on quite long paybacks, the City may take the view that a partnership development of real Sectoral and economic benefit represents a significant benefit over the 'do minimum' option.
- Because we have not monetised here the indirect and secondary benefits to the City economy of the support offered for companies and the jobs and prosperity created, the overall benefit of the project is underestimated. Investing now in a development project in partnership with others will bring benefits significant to the continued growth of the sector and the city economy over years to come.

Whilst the NPVs do not simply show immediate full return on investment, they do suggest that the emerging favoured option, Option D, represents a positive way forward for the project, and they enable us to consider, in the next section, the means by which such a development might be achieved.

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8 Development options

8.1 The potential structure of the partnership

The brief for our work asked us to consider the best plan for the future of New England House and the most appropriate structure for its delivery, given the primary partnership of Brighton & Hove City Council, Wired Sussex and University of Sussex.

In light of our recommendation that a building serving more than one purpose, among them providing working space for the sector, supporting and encouraging sector networks and fostering innovation, we believe that this is an appropriate partnership for the next stage of development of the project.

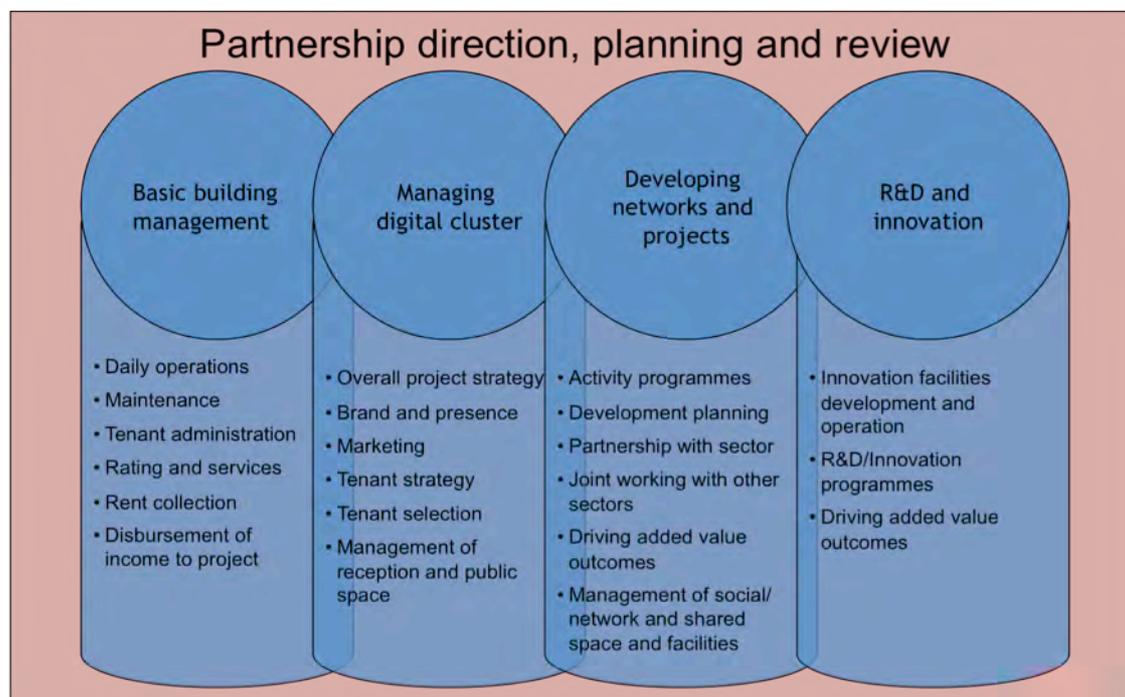
The position of Wired Sussex will be key to this project. Section 6 shows that improvements to the building could be made without sectoral specificity and these could be delivered by the City Council in the context of its own building and capital programme. However, as section 7 shows, the extension of the building into focus on the digital media and creative sector, and into network and innovation functions brings not only greater economic benefits to the city economy, but also financial advantage to the project. Through a branded, positioned and focused hub building at the heart of the City's digital growth and development, value is added through the achievement of higher returns from rents and activities than might be the case in a refurbished generic workspace.

Developing this sector relationship and then managing and fulfilling it over time will be a complex task and will require a direction and management knowledgeable about working within, and intimately networked with, the sector.

Thus, all three partners have essential assets to bring to the building; the City Council brings the building and its project development structures which potentially enable the management of a major investment and series of works in the building, Wired Sussex bring the connectedness and ownership of the sector to the project and the University bring research and innovation leadership and resources.

Any development partnership must harness these three sets of resources.

How these are harnessed is a slightly separate matter. It seems to us that there are a series of connected and overlapping 'domains' in delivering and managing the project, as shown here:



It seems to us that the three partners could organise themselves to undertake these tasks in one of three ways:

- By some joint venture vehicle of the three partners to deliver the project themselves
- By some organisation of the tasks between them so as to ensure that each task is appropriately controlled and resourced but without necessarily having one overall joint venture vehicle
- By working with a third party developer to organise and deliver aspects of the project

8.1.1 Joint venture

First, as suggested in the brief for the study, all tasks in the above diagram could be undertaken through overall management of the building by a single joint venture organisation owned by the three partners.

We agree with the suggestion in the brief that the constitution of this company could be by way of a non-profit distributing operating company, most probably a

Community Interest Company (CIC), but also possibly by a simple limited liability company (limited by guarantee) where the guarantor members are the three partners. As the industrial development function of the company would not be charitable, we see no reason to make more complex than absolutely necessary the constitution of the company. Although the three partners may have business relationships with the operating company and be paid by the latter for their management or other services - or buy space or services from the operating company themselves, there would not, we think, be a requirement to distribute profit, and the CIC seems an appropriate model.

This operating company would need, if it were responsible for all the tasks on the diagram, to take a lease of the building from the City Council with rights to sub-let. Whether the company came into its management role in order to manage the capital development, or only once this had been completed by the Council, is a point for the partners to debate. Given the importance of the design ethos and functionality of the redeveloped building, we suggest that at minimum the CIC would have to be constituted to guide and approve the developing plans and observe the works on site delivered by the City Council and its contractors.

It seems likely that the determinant of this would in part be the origin of the funds to carry out the works. If the City Council was providing all of the funds, or putting together a public sector funding package to complete the project, the Council may deliver the project contractually itself or it might grant fund the CIC to manage the works.

If the partners raised private sector investments, say from sector businesses and entrepreneurs, to fund a substantial part of the cost of the project, then it may be difficult to introduce these funds into the Council to enable it to deliver the project.

Our principal concern here would be construction risk. Whilst, prior to any partnership agreement being signed, further investigations of likely cost will be necessary, there always remains the risk of cost overruns on site. If the new CIC undertakes the capital project it will be necessary for it to be underwritten for these risks so that there is no chance that it fails as a consequence of capital cost overrun.

This seems to us potentially quite difficult to achieve in the situation where the new company will be of its nature short of track record as a company in major developments and work on NEH in particular.

In any situation where the City Council is a significant investor, we think it is more likely that the Council would deliver the capital project, under the guidance and

advice of the new partnership vehicle and then hand over the project to the new company for it to run. Alternately, the partners may decide that these construction risks could be handed over to a third party (see section 8.2 below). This would be another way of achieving more cost certainty at a premium by way of cost in the construction stage or share of income in operation.

In summary it seems relatively unlikely to us that the CIC would be the best body to carry out the construction project but we do emphasise that the design of that project must be overseen by the partners bringing their shared perception of the requirements of the sector.

Beyond the capital development phase, there are distinct advantages to the CIC or similar route, in the harnessing of the skill, knowledge and commitment of the City Council, Wired Sussex and the University to the project. However, we see some challenges in delegating the entire operation to a new partnership joint venture to run:

- There are a considerable number of existing tenancies and arrangements, which, as we discuss in section 6, are likely to go on in the long (where they are businesses in the target sectors) or short/medium (where they are not) terms. These would have to be assigned to the new operator and this seems to us legally, and in terms of tenant relations, potentially complex.
- The relative stake of the three partners in the business and their exposure to liability may be complex to agree. For the partners not currently holding the liability and asset of the building, agreeing to take responsibility as owners in common of a CIC may be seen as a significant risk.
- The new management would benefit from the expertise of all three partner organisations, but in and of itself would have to establish the capacity and structure to operate the building from the strategic to the day to day. This seems to us potentially inefficient as there are already both an existing management arrangement and other potential partners whose business is to manage such buildings.
- The CIC/joint venture seems to us to work best when the finance for the partnership is coming from within the partnership. This might be by way of City Council or other public sector investment or by investment from the sector potentially via Wired Sussex. Where finance is introduced from a developer partner, it may well be that their interests in the future of the project may cut across this three-partner strategy.
- We have some experience of frustration in the establishment of tripartite and larger partnerships of this sort. While we accept that the partners here have all from time to time been engaged in partnerships to deliver activity, we are concerned that, faced with the potentially more onerous responsibilities of being partner to a substantial joint venture operating a

large building and programme of activity, it may prove difficult to get all three partners legally bound in swiftly and simultaneously at the commencement of the project. It would be unfortunate if two of the partners were ready to start work on project realisation and could not because the processes of formation of the CIC were slowed by the requirements or constraints of the third.

8.1.2 Joint working or a pattern of partnerships between the partners

Whilst we do not rule out the CIC or other shared ownership model of joint venture, these potential drawbacks lead us to look again at the diagram on the previous page to see whether there are other ways of organising the development and harnessing the three partners to its success.

It seems to us that there are three classes of task here:

- Basic legal and contractual matters such as leases and maintenance contracts
- Key tasks that determine the strategic direction, character, business success of the project and impact on the digital media sector
- Added value tasks that could (as we say in section 5 of the innovation agenda) be commenced even without NEH and might be run separately.

It seems to us that an efficient and relatively risk-proofed way of establishing the project, and without the precondition of the establishment of the joint venture vehicle before activity could begin, would be to organise between the partners on a task-by-task basis.

So, for instance, the key tasks that will define whether the project achieves its objectives and really connects with and engages the sector could be taken on by a partnership. It seems to us that these critical tasks are:

- brand and marketing
- tenant selection and the strategy for tenant churn
- tenant relations in the digital/CI sectors
- network activities
- animation of the building
- innovation and research activities
- future strategic development
- development strategies for additional space adjacent, above or elsewhere

It seems to us that the partners could form a joint decision making structure for the leadership of these key and sector focused tasks either by:

- Registering a CIC for these key strategic and animation tasks
- Working as an unincorporated committee to make clearly defined classes of decisions together
- Formally contracting Wired Sussex to lead and manage these processes in consultation with the other partners.

In this scenario, the ownership of the building could remain in the hands of the City, its development by a capital works programme undertaken by the City and leases formally given by the City, albeit determined by decisions of the partnership.

This structure would be strengthened if the functional spaces of the building beyond the let parts were given over for management to the partnership or to the partners best placed to deliver the activity within them.

Thus, screening, event and exhibition functions and spaces, shared working facilities, meeting rooms and possibly the café/bar could be given over to Wired Sussex under a lease at a peppercorn rent to manage based on its expertise in, and links with, the market for the facilities. The income generated, over and above that which would be required to provide the spaces for these functions, would be reinvested in sector development activity as discussed in section 7 by Wired Sussex, albeit in consultation with the other partners.

The innovation spaces could be given over to the innovation partnership if it is formally registered, or to the University of Sussex, on terms designed to support the sustainability of the project but also to enable reinvestment in the innovation programme.

Income from lettings over and above the acquittal of the costs of operating the building, capital repayments and the residual return to the City Council (perhaps based on net income prior to redevelopment less any sums the Council is persuaded to invest in sector economic development through activity in the building) would be reinvested by the City Council in either the Wired Sussex managed project or the Innovation partnership and programme.

It seems to us that this has a number of advantages:

- It leaves the fundamental asset and liability and the major risks of the construction stage with the City Council, removing the need for complex prior legal transfers and capitalising on the City Council's ability to run the capital project and bear its risks.

- It gives responsibility and control of specialist tasks in the project to the partner or partners best placed to successfully accomplish them.
- In a situation where, at least in the short and medium term, there will be significant management of existing (non target sector) tenants of the building, this model enables the City to continue to manage the process of transition with these tenants.
- Because the separate but overlapping arrangements for each set of tasks would stand alone, the project could proceed on the basic agreement of the City to commence development work on the design of the capital works without the prior conclusion of a complex legal partnership.
- The City Council could raise and accept funds from other public sources towards the capital project without having to engineer the passing over of the residual agreements and liabilities in respect of these funds to a new building operator.

8.1.3 Working with an external development partner

The third potential means of delivering the project that we have explored during the study is to enter into a partnership with a private sector development partner.

There seems to be real appetite amongst developers to be part of the project. Although the general approach of developers is to be positive about all opportunities prior to the terms of engagement being made explicit, we do think that New England House represents a real opportunity to explore the potential of a public/private partnership for development.

This partnership would go beyond private investment. If the private sector partner's role was limited to investment of funds (as it might be with a bank or sector entrepreneur wishing to make an investment back into the sector) then the partners would still need to identify a delivery mechanism, resolving the discussion in sections 8.1.1 and 8.1.2 about the options for structuring the partnership and allocating responsibility for the realisation of the capital project and bearing the risks associated.

This was not the model generally being proposed by the developer/investors to whom we talked. We had discussions with four developers only on the basis that we were testing the market and not as a prelude to formal negotiations. We haven't listed their development companies here because among the four there are individuals who would have a number of options for the vehicle they chose to use to work with the project, but of the four three have current projects in Brighton and the fourth has proposed other projects in the city that have not yet been realised.

All four envisage some involvement in the operation of the completed building, with varying proposals as to how far they would be prepared to work with the partnership or would wish to have sole control of the eventual project, and varying approaches to financing. As they look at these different options, the partners will want to make sure that the answers to certain questions are clear:

- Are the ownership and control proposals acceptable to the City Council as current owner?
- Do the proposals offer a realistic probability of putting together the finance for the development?
- Is the project cost effective when measured against other models of development open to the partners?
- Do the arrangements for the bearing of risk in the capital development and then in the operation of the project meet the partners' requirements?
- Does the developer share a vision for the project with that of the partners, including focus on the digital media and creative sectors, and the combination of letting with other sector development and innovation activities?
- Would the management arrangements envisaged support this vision and deliver the benefits the partners seek?
- Would the distribution of income from the operation be acceptable, balancing reinvestment in the sector with appropriate return to the developer for their costs, risk and profit?
- How sustainable is the arrangement in the long term?

Broadly, the approaches to development put to us by developers fall into two basic types of deal. In the first, the developer would take full responsibility for financing, planning and delivering the capital project and for future operation of the facility. They would welcome the input and connectedness of the current partners, but they wouldn't see this as best delivered by formal partnership. The principal advantage here is that the developer finds all capital and costs and takes all risks.

Against this, and in light of the fact that they would be taking this level of risk, the developer would be less likely to agree a sectorally specialist building. In order to provide the kind of return being sought and to minimise risk, the building would be let to whichever businesses were willing to pay best rents. These might be digital media and creative businesses, but in light of our analysis in section 4, we suggest that if they were they would be only at the top end of the sector and that the development would be less likely to serve the needs of micro-businesses and smaller and growing businesses.

The developer we spoke to was disinclined (fairly in light of the risks they would be bearing) to negotiate partial redevelopment, phased approaches or the accommodation of current tenants on terms below those achievable in the open market. In the future, the developer would seek to maximise their return and the accommodation of network and innovation functions would be likely only if their sponsors entered into agreements to pay rent.

For the City Council, the lease entered into would presumably generate a return for the City, but the degree of this would be dependent on the balance of investment and return the developer planned, and would also reflect the fact that the developer was relieving the Council of future renewal and maintenance costs and of cost risk.

Although there are significant residual benefits to the City Council in these latter points, it seems to us that in general there are few benefits to the other partners or to the overall vision for the project.

The second type of developer approach is, on the face of the discussions we have had, more aligned with the intentions of the partners.

In this case, which three developers outlined with slightly varying approaches, the main attribute the developer brings to the table is their experience and capacity to manage the development process and undertake the basic management of the developed building. This alone may be potentially of interest to the partners as it would provide:

- A means of immediately beginning the development of the vision for the redevelopment through the vehicle offered by the developer.
- A basic building management option for the redeveloped building on top of which the partners could build the key strategic and added value functions we set out in section 8.1.2
- A resource to move the project forward. For instance developers will be likely to be willing to mobilise design and project management teams, probably initially without cost, to develop the next stage of specification, design and construction planning and cost estimation, and to work on the overall business and other plans for the project.

However all three developers were also willing to negotiate other contributions to the project:

- Introduction of finance. All developers were willing in principle to be investors in the project, identifying some or all of the resources for the capital redevelopment. All were willing in principle to put in finance

alongside other sources of funds. In all cases the developer would themselves be raising these funds in the finance market, either from banks or from investors and the project would therefore bear a cost of finance. In return for this cost, however, the developers we talked to seemed to us to be well capitalised and to have a track record which would enable them to secure for the project funds from outside the public sector at fair cost. Some were willing to be a working partner in the development without investing if the partners sourced the funds required. We return to this in section 8.2

- Carrying risk. All developers were willing to reach agreements to carry risk. This would principally be through their management of the capital redevelopment and of the ensuing basic operation. This would insure the project partners against the risk of cost overruns and slow or low returns once open. Again, of course, this developer service comes at the price of potentially a somewhat more expensive agreed price for the capital project than might be estimated if the partners were to develop it themselves, or in a larger share of the incomes generated by the building, but the partners may take the view that risk is a key issue in the way the partnership approaches the project.
- Degrees of management input once the project is complete. All developers in this category were motivated to invest in and work on the redevelopment project because they have an interest, and track record, in operating different kinds of workspaces. All offered one kind or another of association with established workspace brands within the city or beyond it. All had quite interesting and innovative ideas about workspace provision that mirrored the thinking of the partnership and the approach set out in section 6. All had provided and managed informal working space, public/event spaces in their buildings and members clubs and social/network facilities. All had a sophisticated understanding of the benefits to be gained by focusing on one sector and all had an appreciation of the special potential of the digital media and creative sectors. One had developed with the public sector a media industry hub building doing many of the same tasks we have envisaged for the NEH project.

In this latter respect, it seemed to us that all three were willing in principle to consider (and one explicitly welcomed) a mixed management model akin to that set out in section 8.1.2, in which they provided certain functions of basic and building management in which they felt they had particular skills, working alongside the partners (however constituted for these purposes) to secure the specialist knowledge of and expertise in the sector in Brighton and the management of network and innovation functions.

Generally, we suggest that on the face of our discussions there are developers who have a keen interest in the project and with whom deals might be done which would not cut across the objectives of the partners in developing the scheme.

8.2 Finance and the balance of risk/benefit

In general terms, therefore, we have identified three broad options for the structuring of the project that have the potential to provide a basis for the realisation of the project based on option D as set out in section 6. To a large degree, the decision about the favoured option will depend upon the financing of the project and the management of risk in each case.

In the first option, the partners organise themselves in a new joint venture (probably a CIC) to plan the project and to manage it once complete. Public funding, including potential prudential borrowing by the Council, if available, would probably be the most cost effective means of delivering the capital works required. Any element of grant without the requirement to repay, i.e. not a loan, would reduce the costs to the future operation and allow more reinvestment in sector development than is allowed in the model in section 7.

If the Council is providing this public funding, or being the vehicle for it on receipt from others, the Council may take the view that rather than pass monies prudentially borrowed or granted to a third party joint venture/CIC, it would carry out the works.

This would have the advantage of managing risk, which the City Council would bear in the capital redevelopment and share with the other partners to the joint venture in the subsequent operation.

If the finance is introduced in full or in part by the other partners, say from investment from businesses or individuals in the sector, the partners may consider the joint venture/CIC delivering the capital project, but, as we have said above, great care would need to be taken over the capacity of the new vehicle to undertake such large and potentially complex contracts on a building in the Council's freehold.

It seems to us that forming a single new joint venture/CIC company to underpin the partnership to deliver either or both the capital development and the subsequent operation will not sit comfortably with the engagement of a private developer with the project. Because all the developers to whom we have spoken base their interest in the opportunity to manage at least parts of the operation going forward, we can't see how the full joint venture/CIC sits alongside this developer operation. Integrating a private development partner into the joint

venture company would, we think, create a very complex and potentially unhelpful situation in which the currently closely shared sector development objectives of the three partners would have to be integrated with the profit motive of the developer.

On the other hand, the Council and partners may place a high value on securing all or part of the necessary investment from the private sector, on the potential added value of a public/private partnership and the expertise and track record of a private developer both in the carrying out of the capital works and contributing to the management of the building in due course, in which case the second of our structural options, set out in section 8.1.2, is a potentially attractive vehicle.

At the same time as providing a structure within which the City Council and private developer can balance investment and the allocation of risk (so the Council may wish to pass significant risk to the developer in the capital works) we can see how clusters of tasks discussed in section 8.1 could be allocated to the private developer, e.g. basic tenant and building management - where they all have expertise and track record, whilst the strategic direction and key tasks in ensuring the project really drives sector development could continue to be shared. Depending on the developer, this strategic level partnership, extending from the tripartite partnership in place now could be expanded to include the developer, or they could remain a management provider.

In this model, as all three developers made clear, finance can be introduced from whichever source as the partners determine. Council investment, including through prudential borrowing with payback, or grant, grants from others and investment from the private sector investor can be combined with a pursuant agreement as to the return the developer requires.

8.3 How the partners might resolve the preferred option

Faced with these options for the potential organisation and investment structure of the project, we think that there are some preliminary actions and then a potential way to move to evaluate the options further.

In the first instance, on receipt of this report, we suggest that each of the partners, and the partners together, needs to answer certain questions:

- Is the vision for the role and purpose of the project in developing and meeting express need in the digital/media and creative sectors through a combination of working space, network and innovation functions still shared?

- What view of the options for capital development set out in section 6 do the partners take? Can all three partners agree a preferred option for development?
- Do the outputs that the project offers meet strategic priorities of the partners and fit alongside other plans, projects and priorities they have?

On resolution of these questions, the partners should be able to fix on a preferred option for the content and scope of the project and in so doing to understand what it is that must be delivered. The next set of questions facing partners jointly and severally will be about their potential role in that delivery:

- What can each member of the partnership contribute to the realisation of the project (for instance capital finance provided or raised, building, revenue finance, sector expertise and connections, specialist inputs (e.g. innovation project planning), project management, ability to bear risk)?
- What constraints will each of the partners face on their involvement or commitment to the project (for instance constitutional, resource or timetable)?
- What model for future development would best meet the needs and priorities of each partner and why?

This analysis would enable partners to look realistically at the options for project structure and resourcing in light of their own positions. With these commitments and constraints in mind, the partners may then wish to proceed to further test options that remain on the face of it viable.

The options that do remain in play at this stage may determine how the process then develops. In all situations, there will come a point quite quickly where detailed feasibility testing of the options for structure and development will be needed. The evaluation of the value of involvement of private sector investment against, for instance, prudential borrowing will, as an example, rest in the end on the real willingness of private investors and the real return they seek for their investment and any risk they are being asked to bear.

This will potentially be complicated by the need to move into formal procurement processes given the public sector position of the City Council and University and the potential for investment of public funds and granting of contracts to private sector partners.

Given that the partners may still wish to evaluate different models as well as different providers, this will need careful management. We suggest that there is at least sufficient merit in the option of the involvement of private sector partners to necessitate a process that is fair under the procurement regulations that govern

such contracts or partnerships. Indeed, this may be necessary in any case. If one of the partners was to bring forward a proposal that they secure the capital and other resources necessary to the project, and that this finance would command a return, or if there is any contract for services implicit in the vehicle that is agreed between the partners, we suggest that there is likely to be a requirement for the public partners to test best value.

The key will be to make this process of testing an open and exploratory one that really does ensure that the partners have the best knowledge of the options available to them for the realisation of their goals for the project.

Subject to detailed discussion about the procurement process, we suggest that the next step would be to engage in a procurement under the 'competitive dialogue' structures that have increasingly and helpfully been used to explore contract solutions in public/private and partnership situations.

Through 'competitive dialogue' the public sector partners (realistically the City Council in this case) can advertise their intention to seek contract solutions to a project or service delivery. At the first stage this can be done with a reasonably open agenda as to the eventual form of contract.

Potential providers of these services can then register their interest without having at this stage to 'tender' in response to a single solution and specification. Very different 'providers' could express interest and be invited into the dialogue. So, a private developer could register interest on any or all of the models for involvement discussed here, or other solutions we have not identified yet. Equally, the partners together could themselves propose through the dialogue a solution based on the formation of a single joint venture/CIC. The City Council could test alongside the dialogue the baseline feasibility and implications of a project delivered in its development stage by the City in house.

The competitive dialogue approach then moves into a process through which the long list of expressions of interest is shortened by the exclusion of proposed solutions that the partners do not believe meet the fundamental objectives of the project. Through discussion with proposers of solutions that pass this test, the partners have the opportunity to test the realistic feasibility and broad conditions of various approaches to development. At the end of this stage it becomes possible to narrow the options that would be acceptable to the partners and to frame a specification that can form the basis of either a formal process of best and final offers or the establishment of a structure to which the project can be entrusted.

We believe that the project has potential viability and will attract the interest of investors and developers, whose involvement might help and strengthen the

project, supporting the partners, bringing forward finance to enable work to begin and complementing their own skills, expertise and capacity.

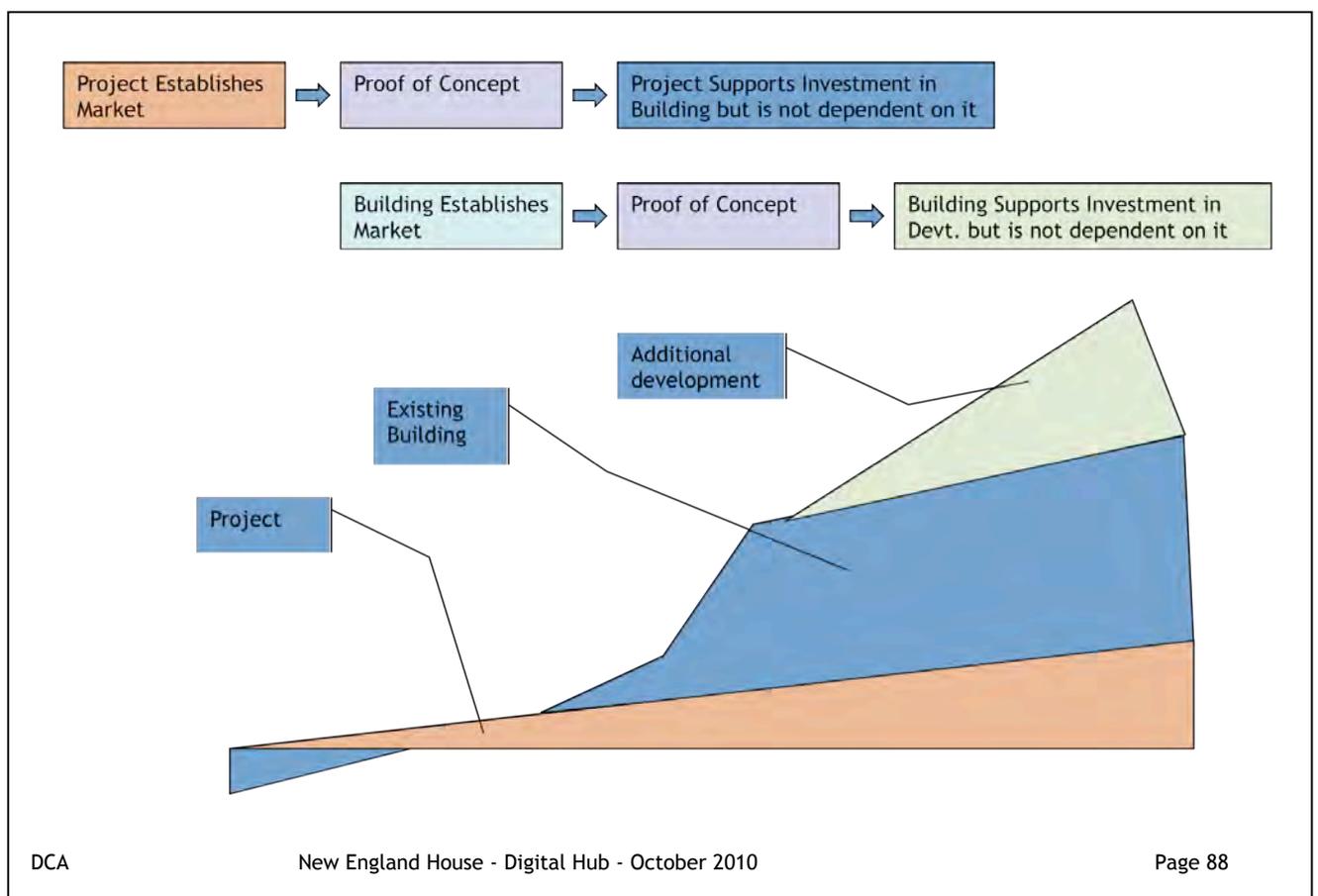
Because the project has this potential, the partners need a process of detailed evaluation of the proposals that might come forward for its realisation, and we believe that this process can be structured as we set out here to combine an open approach to potential ways forward with a rigorous and controllable process by which a solution can be agreed and enacted.

8.4 Making a start

Provided the partners can agree a procurement process that enables progress in the short term, the project should not be unduly delayed. Nonetheless, there are bound to be delays and the process of the finalisation of the development finance/partnerships, design brief, design and mobilisation for works on site will take some time.

In the meantime, however, there is a good deal that could be done to signal that the intent of the project and to test, through pilot projects and trials now, some of the propositions for the future project.

The following diagram shows how the project can be built up over time, commencing with project activity, moving into the full project realisation stage, delivering the existing building and considering additional development on the site only when the existing building has proven its success.



In the short term, there are a series of ways in which the partners could initiate or enable activity which would mark a beginning to the project, animate the building and begin to deliver benefits for the sector, including initiating innovation partnership and trial projects between Wired Sussex, University of Sussex and possibly other partners and opening unused areas of the building either for events organised by Wired Sussex or for pop-up and informal activity organised by sector networks and businesses.

This early and informal use of the building would require the city to respond more creatively to various forms of temporary use and event, using light touch paperwork and rules for use of space in order to encourage more diverse and more interesting activity. This in turn will begin to develop a constituency of awareness around the potential of the building and of support for the redevelopment project.



Brighton and Hove City Council

Wired Sussex

University of Sussex

New England House, Brighton

Digital Media Innovation & Enterprise Hub Joint Vehicle Business Case

Appendices



Appendix 1

Plans of New England House

INFORMATION RELATING TO ASBESTOS IN COUNCIL BUILDINGS

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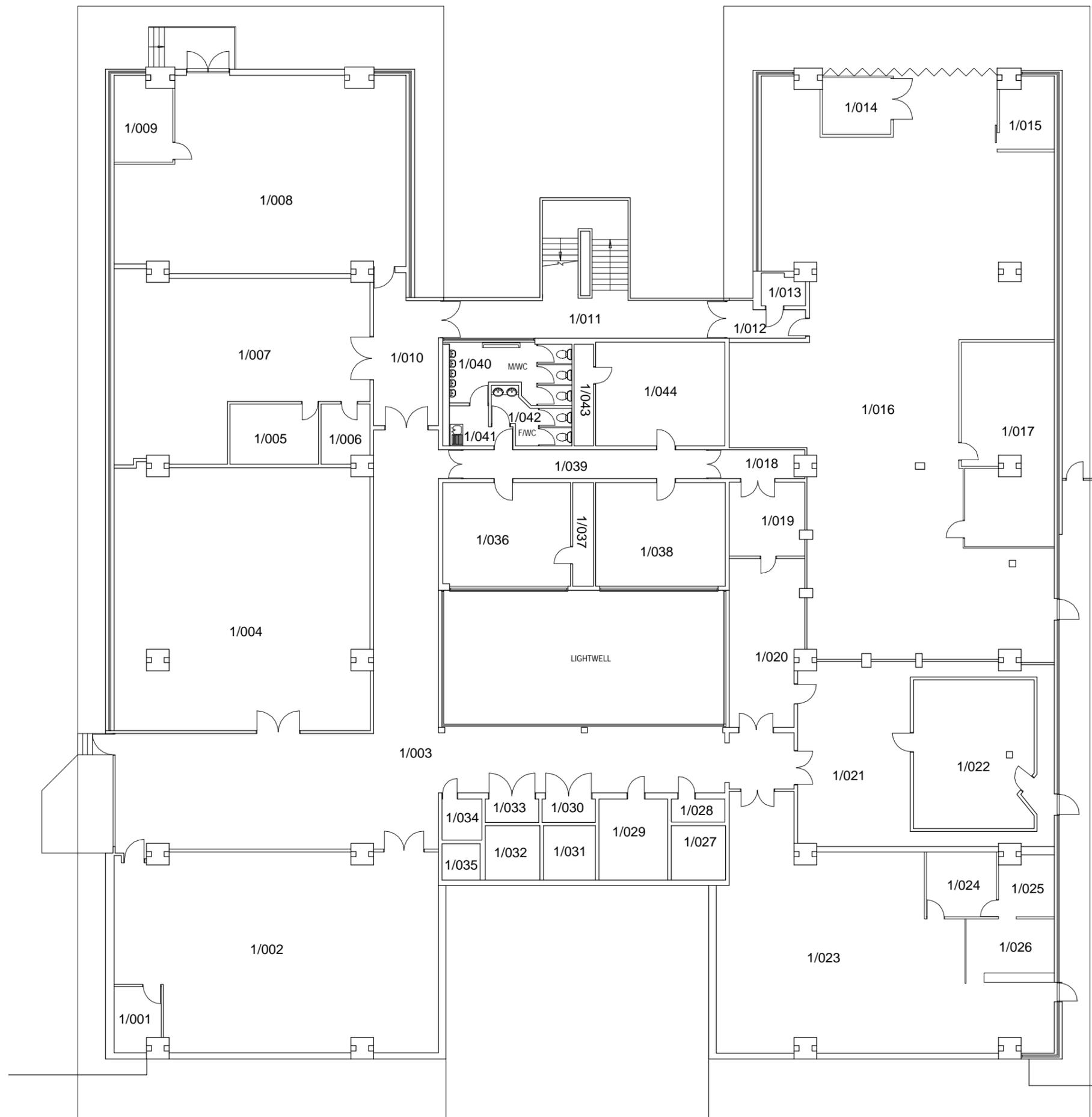
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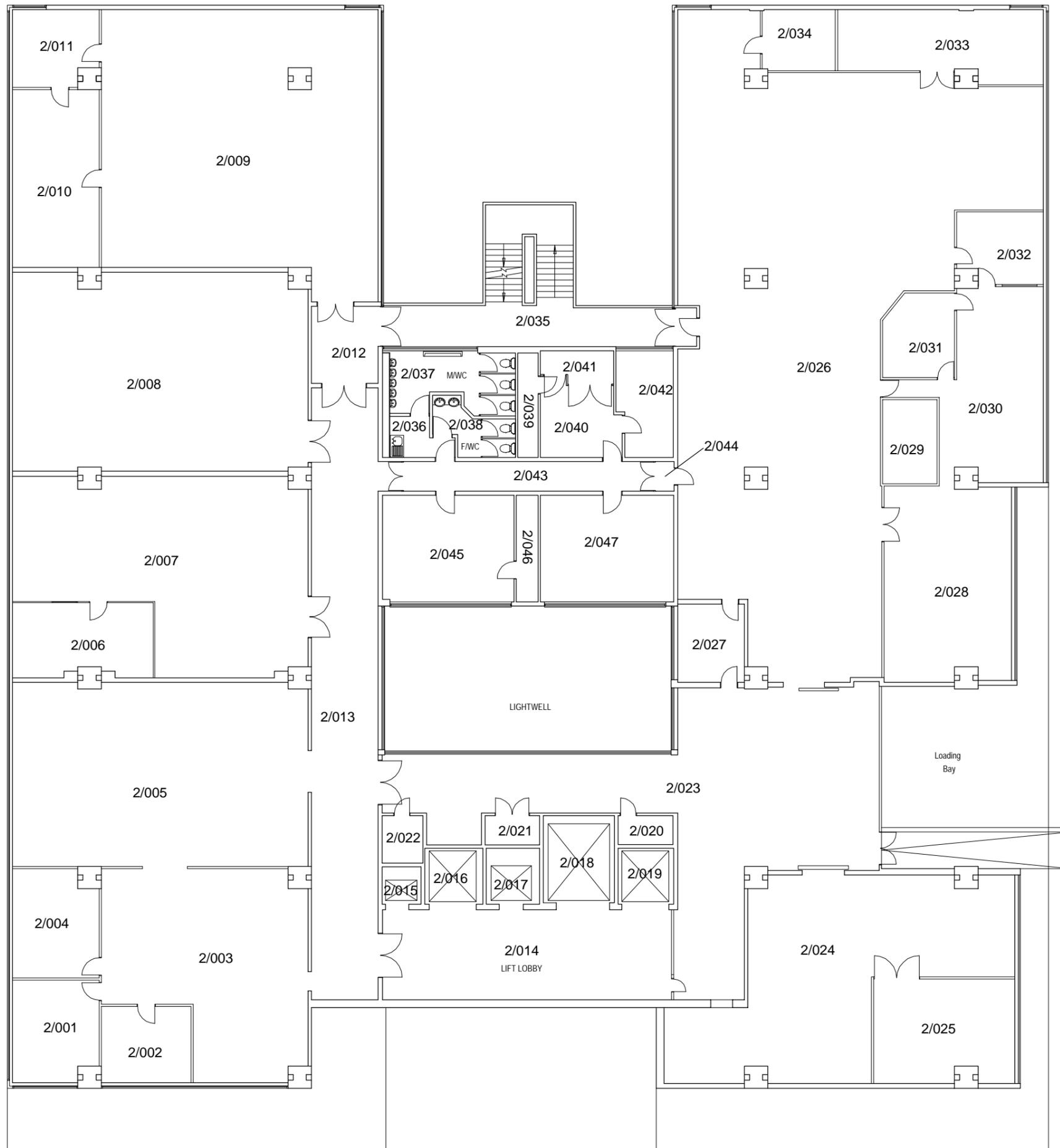
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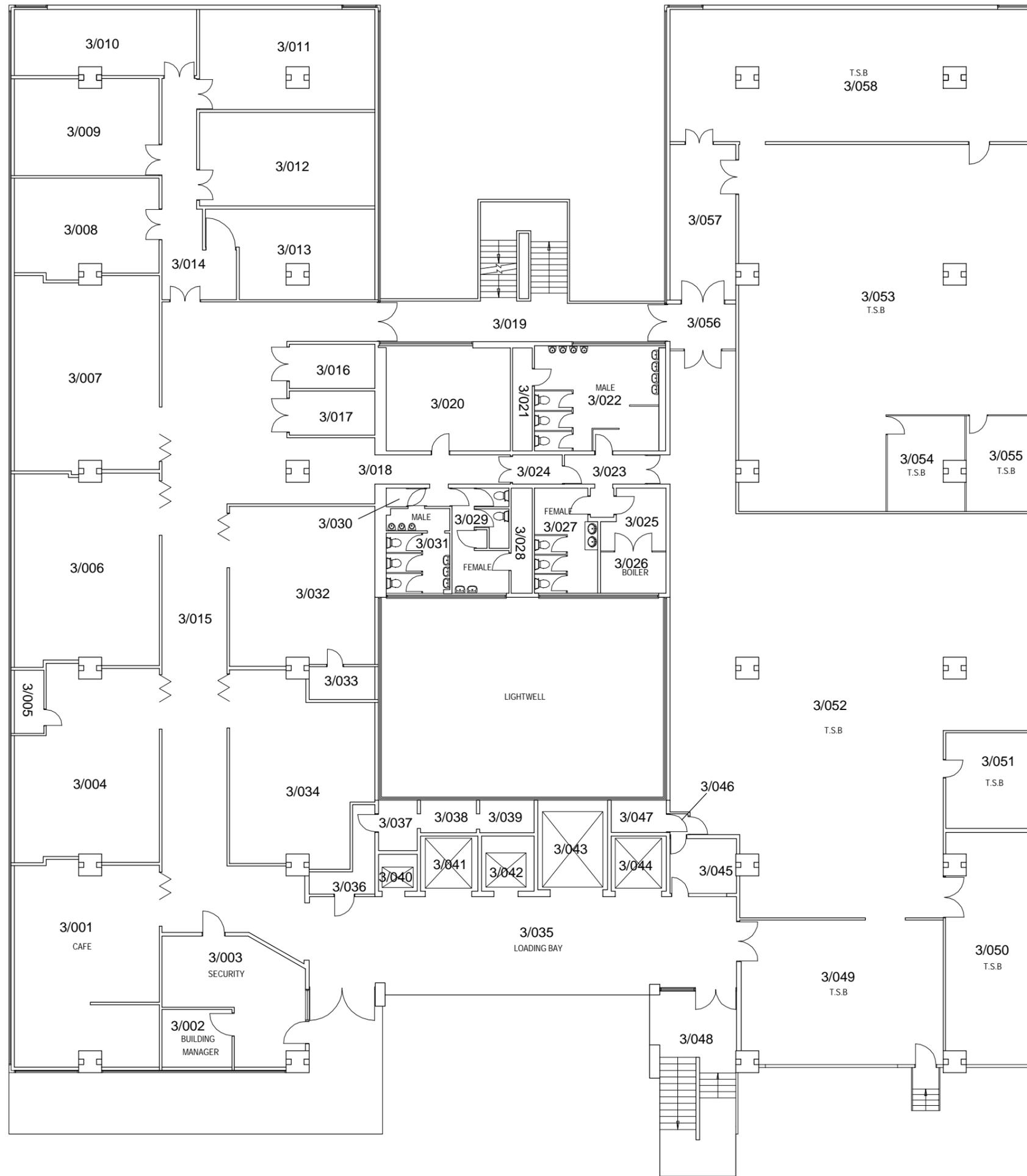
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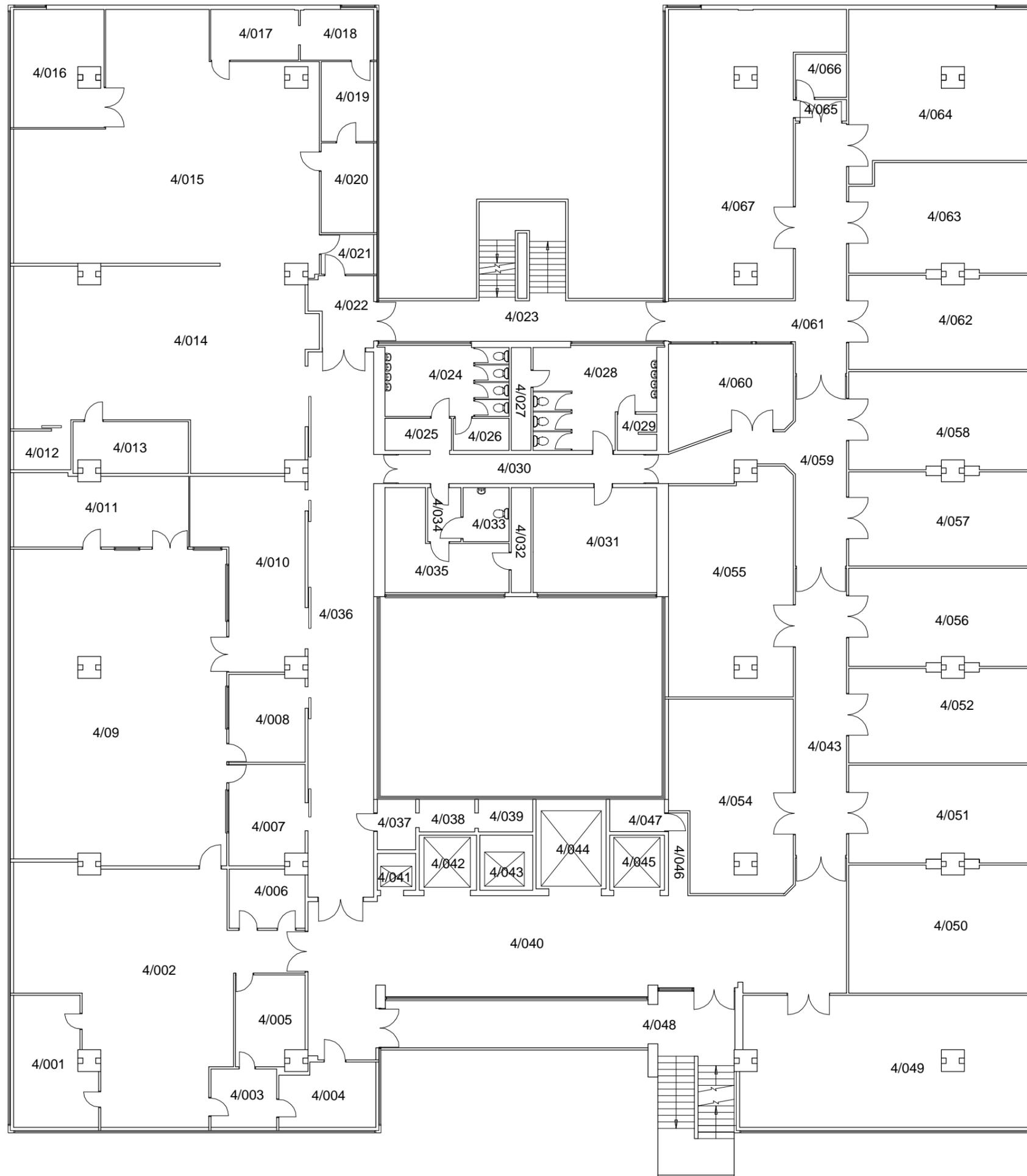
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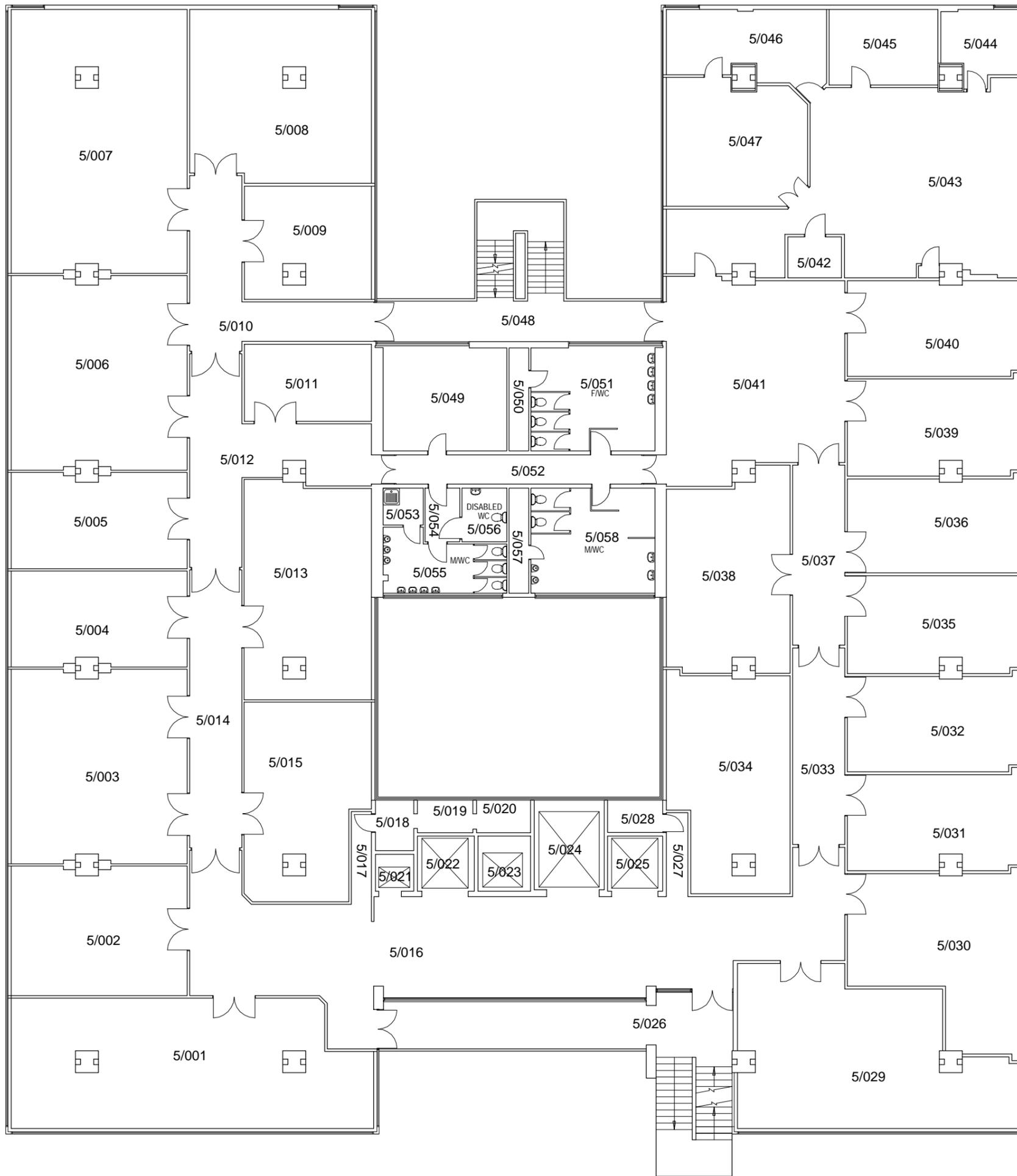
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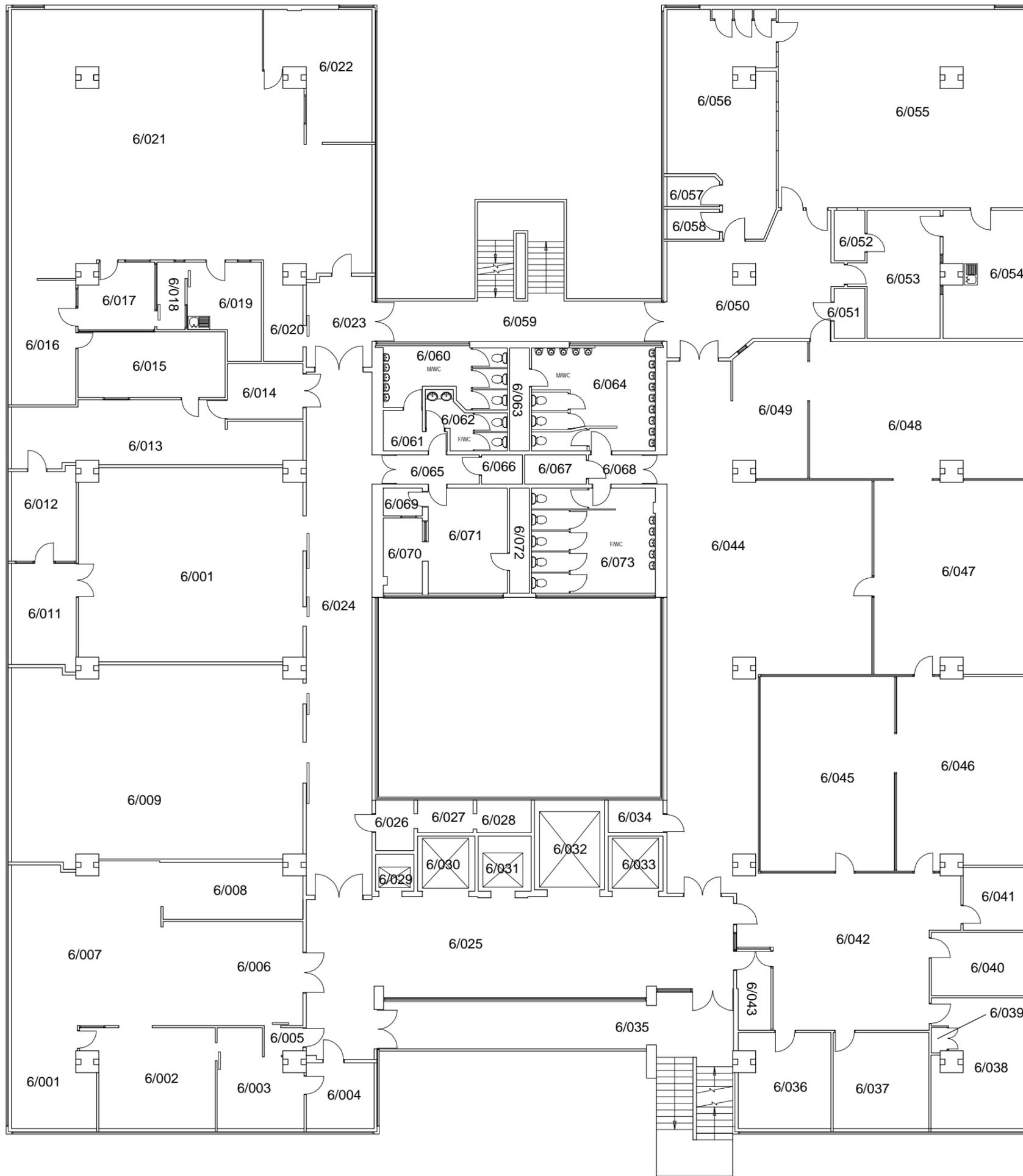
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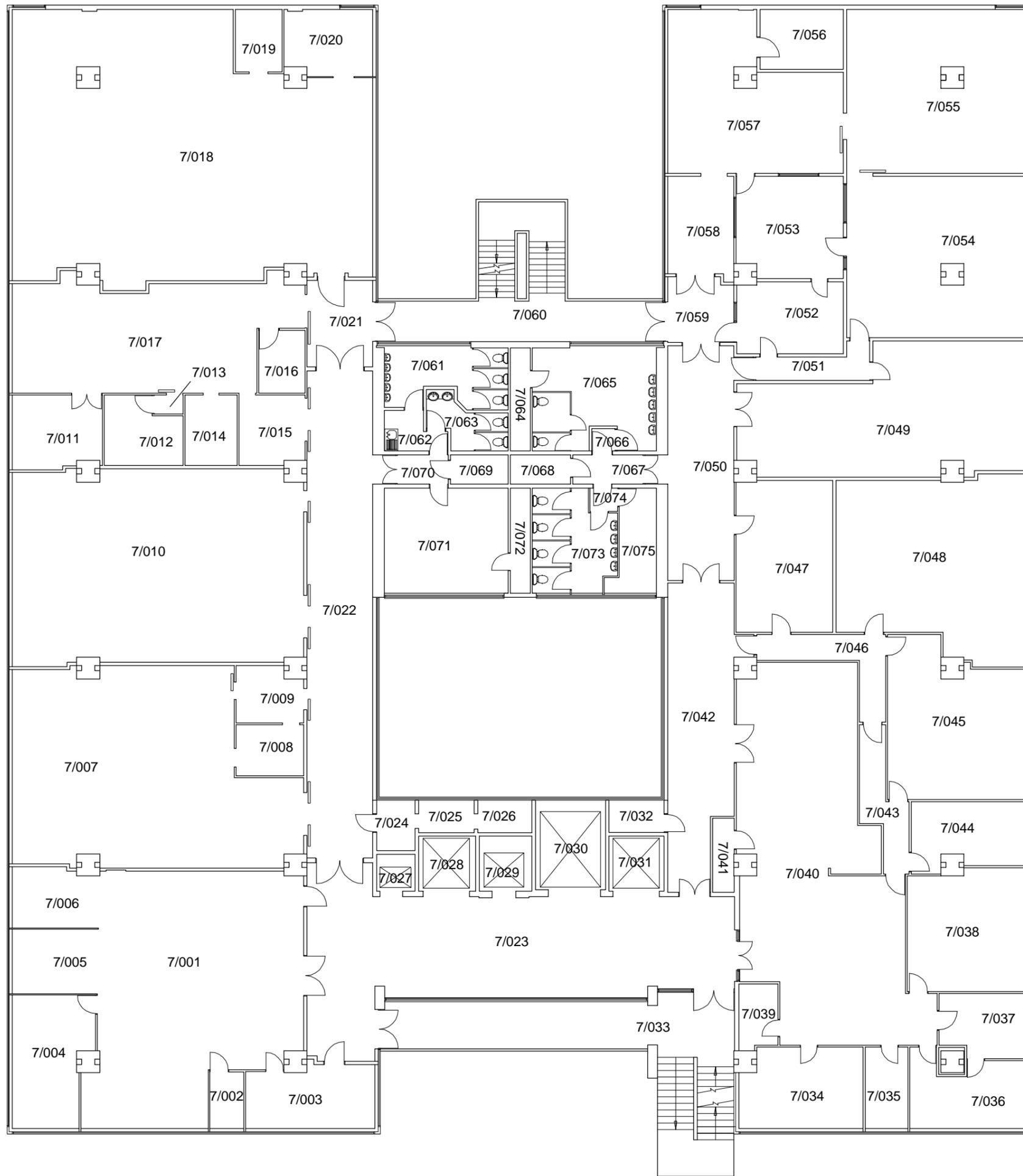
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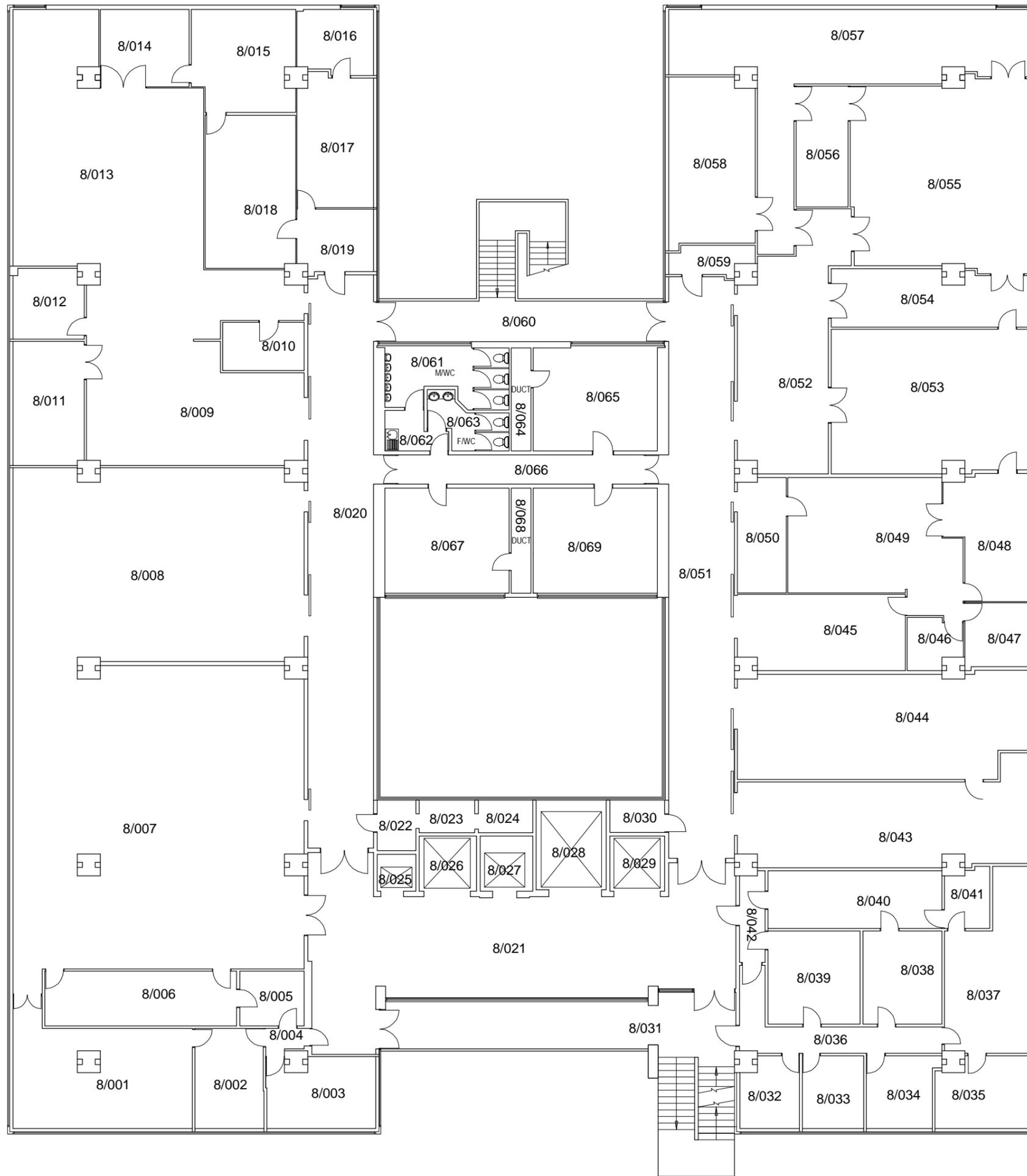
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Drawing Status
FOR INFORMATION



Brighton & Hove City Council

BRIGHTON & HOVE CITY COUNCIL
 PROPERTY & DESIGN
 KINGS HOUSE, GRAND AVENUE,
 HOVE, EAST SUSSEX, BN3 2LS
 Telephone: (01273) 290000 Fax No. (01273) 291467

Project
BRIGHTON & HOVE CITY COUNCIL BUILDING PLANS

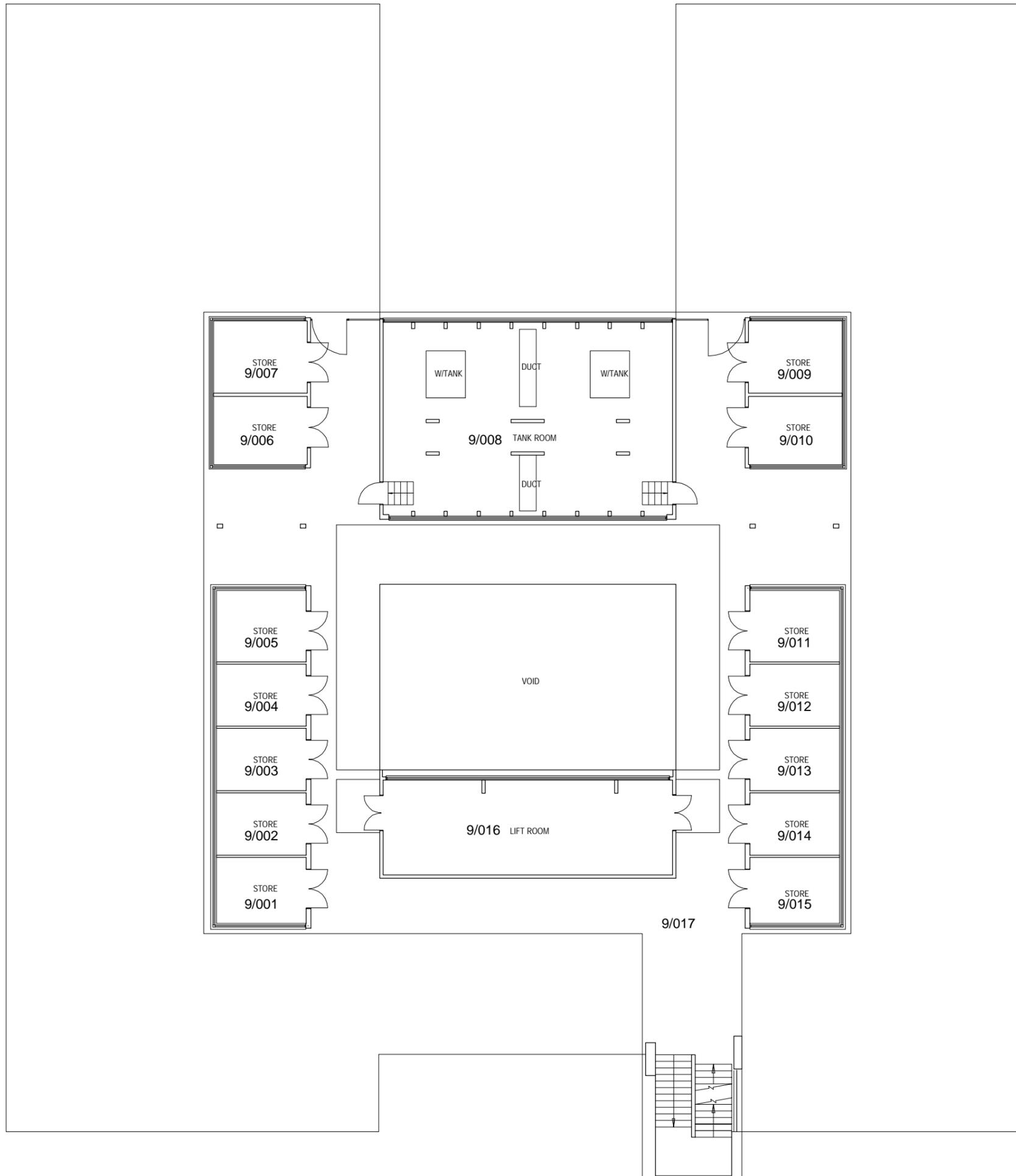
Title
NEW ENGLAND HOUSE EIGHTH FLOOR

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| Drawn By M.S. | Checked | Date DEC 2007 |
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1. THIS DRAWING SHOULD BE ACCOMPANIED BY A REPORT CONTAINING FURTHER INFORMATION ABOUT THE TYPE AND CONDITION OF IDENTIFIED ASBESTOS. PLEASE ENSURE YOU, THE CONTRACTOR, AND ANY SUB CONTRACTORS HAVE BOTH DOCUMENTS BEFORE COMMENCEMENT OF ANY WORKS. THERE IS ALSO A STANDARD SET OF ASBESTOS REQUIREMENTS FOR ALL CONTRACTORS AND THESE MUST BE USED IN EVERY CONTRACT.

2. IF ANY DEMOLITION OR ALTERATION WORKS (THIS INCLUDES ANY TYPE OF INTRUSIVE WORK OR WHERE THE FABRIC OF THE BUILDING MAY BE DISTURBED IN ANY WAY) ARE TO BE CARRIED OUT, A RISK ASSESSMENT MUST BE UNDERTAKEN TO IDENTIFY WHAT TYPE OF FURTHER TESTING / TYPE 3 SURVEYS MUST BE CARRIED OUT PRIOR TO COMMENCEMENT OF ANY WORKS. THE RISK ASSESSMENT MUST BE COMPLETED, SUPPLIED TO THE COUNCIL AND ANY IDENTIFIED ACTION IMPLEMENTED PRIOR TO COMMENCEMENT OF ANY WORKS.

3. THE INFORMATION, WARNING AND INSTRUCTIONS SET OUT ABOVE MUST BE PASSED ON TO ALL CONTRACTORS, SUB-CONTRACTORS AND ANYONE ELSE WORKING AT THE BUILDING.

4. IF AT ANY TIME DURING WORKS THERE ARE CONCERNS THAT MATERIALS UNCOVERED MAY CONTAIN ASBESTOS, WORK MUST STOP IMMEDIATELY. THE MATERIAL MUST BE SAMPLED AND TESTED BY AN APPROVED ASBESTOS CONTRACTOR AND LABORATORY (FROM THE COUNCIL'S APPROVED LIST). YOU MUST NOT ALLOW THE CONTRACTOR AND/OR ANY SUB-CONTRACTOR TO BEGIN WORK AGAIN UNTIL A RISK ASSESSMENT HAS BEEN COMPLETED, SUPPLIED TO THE COUNCIL AND ANY IDENTIFIED ACTION IMPLEMENTED.

| REV | DATE | DESCRIPTION |
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REV DATE DESCRIPTION

Drawing Status
FOR INFORMATION



Brighton & Hove City Council

BRIGHTON & HOVE CITY COUNCIL
PROPERTY & DESIGN
KINGS HOUSE, GRAND AVENUE,
HOVE, EAST SUSSEX, BN3 2LS
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Project
BRIGHTON & HOVE CITY COUNCIL BUILDING PLANS

Title
NEW ENGLAND HOUSE ROOF

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| Drawn By M.S. | Checked | Date DEC 2007 |
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| Project No. | Scale 1:200 @ A3 |
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Appendix 2

Comparators - how these projects have been developed elsewhere

Appendix 2

Comparators

Westbourne Studios, London

www.westbournestudios.com

Owned and managed by the Workspace Group - a provider of affordable commercial property to let on flexible terms to SMEs. They have over 100 centres in London.

Workspace Group offer :

- Short leases : 2/3 year leases with a tenant option to give 3 months' notice
- Small units : 70% of units are less than 1,000 sq ft

The Workspace Group's major shareholders include Scottish Widows, F&C Asset Management and Legal & General although the main shareholder with 26% is Mr S N Roditi. Trading profit before interest to March 2009 was £38.4 m with a portfolio valuation of £711 m.

The Building :

The building has a café bar and restaurant together with a daytime reception. There is 24 hour CCTV and security alarms.

The building is also available for event and meeting space hire and contains a central courtyard providing 6,000 sq ft, the café bar and restaurant, a gallery mezzanine and an 82 seat auditorium.

There are 95 studios situated over five floors ranging in size from 240 to 3,000 sq ft. 14 have display shop windows facing into a central courtyard. Rents start at £25 per sq ft. Tenants are also required to pay a security retainer, a one off admin fee of £150-£200, a service charge and business rates.

Tenants :

Tenants include video and film companies, creative agency, behavioural research agency, textile, product, graphic and multimedia designers, architects, interior designers, a record company, jewellery designer, photographers, event agencies and sponsorship agency.

The Media Centre, Kirklees

www.the-media-centre.co.uk

The Media Centre was created by several partners:

- Yorkshire Forward who invested in the Centre and continue to see it as one of their key locations for digital clusters in the Yorkshire region
- Kirklees Council - the Media Centre was originally initiated by the Council and, although the company is now entirely independent of the Local Authority, it continues to work closely on new development projects
- University of Huddersfield - a series of seminars, lectures and visits from creative and technical specialists in the University provides regular opportunities to collaborate.

The Media Centre is now a brand of Media Centre Network, the company responsible for the management of the buildings and for providing support services. Media Centre Network is an independent, non-profit distributing company committed to re-investing in the creative and digital sector.

The Media Centre quarter is based over 4 buildings (Lord Street, Creative Lofts and Friendly Street) and is home to a thriving community of digital, media and creative enterprises. It offers 121 office spaces, 21 live-work studios and virtual offices for over 120 companies and totals 63,325 sq ft. Business and IT support are available. Meeting and conferencing facilities are available to hire.

Creative Lofts is a development of 21 work-live spaces designed for the creative and media sector. It was developed by the Places for People Group, a property management, development and regeneration company operating throughout the UK, and includes single studios and two bedroom apartments. Lofts are available on a 12 month lease and prices begin at £126.50 per week.

The Friendly Street development was delivered through a partnership between Kirklees Council and The Media Centre and funded through ERDF Objective 2, Yorkshire Forward and Kirklees Metropolitan Council.

The Friendly Street Building :

The five storey landmark building, which cost £5 m, opened in 2007 and contains 52 work spaces ranging from 150 to 1,000 sq ft. It was developed by Kirklees Council and designed specifically for creative businesses. It has also been designed to minimise carbon emissions through an innovative heating and cooling system and passive ventilation.

The building contains a dedicated meeting room, tea points, café, IT support and conferencing facilities together with a reception. All offices have their own security alarm.

Tenants :

Tenants include web designers, game designers, marketing companies, music companies and design companies.

The Round Foundry Media Centre, Leeds

www.roundfoundry.net

The Round Foundry, an area of 4 acres within Holbeck Urban Village, is the site of the first engineering works and dates originally from 1795. It is undergoing a £30 m redevelopment by the developers CTP St James, a joint venture company between Leeds based St James Securities and CTP Ltd of Manchester. The first phase, completed in 2004, included the Media Centre which provides high quality, contemporary serviced office space for creative, digital and media businesses, 96 apartments and 2,200 sq m of restaurants, cafes and bars set around a series of courtyards which retain as much of the old character of the Foundry as possible. Phase I was partly funded by grants from Yorkshire Forward who invested £9.58 m, £6.53 m of which was for the fit out and running of the Media Centre, whilst Phase II received ERDF assistance.

Phase II of the development opens up some of the oldest buildings in the complex and includes a green building extension to the Media Centre and public artworks. Phase III will provide 60,000 sq ft of new build commercial space.

The Media Centre is managed by Creative Space Management Ltd (who also manage Sheffield Digital Business Centre) on behalf of Yorkshire Forward who acquired a lease on the property. The Media Centre is loss making (due to the limited lettable floorspace as a result of the layout) and at September 2009 Yorkshire Forward were still funding the building. Igloo Regeneration, a partnership of pension, life and charity funds managed by Avivia Investors, now own The Round Foundry.

The Media Centre Building :

The building contains 51 offices for between 1 and 24 people. Secure work pods for one person are also available. Notice period for all offices is one month. The building also has full internet access and 24 hour security. Rental starts from £500 per month and includes heating, lighting, reception staff and free access to meeting rooms. One month deposit is also required together with an administration charge of £250 plus VAT.

Four meeting rooms are available : Conference room accommodating up to 50 people (£50 per hour/£225 a day); Boardroom for 18 people (£35 perhour/£180 per day); Glassroom for 8 people (£30 per hour/£150 per day); and the Art room also for 8 people. The conference and boardrooms can be joined together for receptions of up to 150.

Bars and cafes are situated in the surrounding area.

Tenants :

Tenants include computer and internet services companies, marketing companies, a cultural enterprise company, digital communications agency, IT distributor, PR agency, film and TV production, gaming services, web designers, a fashion brand and accountants.

Sheffield Digital Campus

www.sheffielddigitalcampus.co.uk

Sheffield Digital Campus, a £120 m project, is a joint development between Leeds based GMI Property Company (part of GMI Holdings Group) and Valad Property Group, an active fund and asset manager. Funding was secured from Yorkshire Forward, Sheffield City Council and Creative Sheffield, and part of the land was transferred to the project by English Partnerships. Funding for Phase 1 of £9 m was received from Objective 1, together with £1.5 m from Yorkshire Forward. Construction is being carried out by GMI Construction.

The Electric Works is now managed by Creative Space Management.

The Buildings :

The campus will consist of capacity for up to 600,000 sq ft of office accommodation to be built over three phases.

Phase 1, costing £35 m, consists of two buildings, each of 50,000 sq ft of office phase. One building, over five floors, is designed for complete or split occupation whilst the other, The Electric Works, has been pre-let to Sheffield City Council to offer serviced office accommodation to smaller creative and digital industries.

Phase 2 may include a further single office building whilst Phase 3 consists of offices, retail and apartments.

The Electric Works Building:

The Electric Works, completed in December 2008, offers serviced accommodation from 250 to 2,000 sq ft and semi-serviced accommodation for up to 5,000 sq ft. Serviced spaces are available on annual leases with one months' notice period. There are four meeting rooms within the building: Conference room catering for up to 150 at a day delegate rate of £24; and the Cubar, Millstone and Stanage rooms which have a capacity of 8 people and cost £70 for two hours or £180 for a full day. Optional membership is available for a 'club room' providing rest and work areas together with evening meeting rooms.

Tenants :

Tenants include web design companies, marketing agencies, software providers, consultants, a film production company, and BSkyB.

The Hub, Pacific Quay, Glasgow

www.hub-pq.com

The Digital Media Quarter at Pacific Quay is situated on a five hectare site and is a development initiative by Scottish Enterprise. It is one of the flagship projects in the regeneration of Glasgow's Clyde Waterfront. Scottish Enterprise made the site available and provided grant funding to support the development which was done by Helical Bar, a successful property development company. Helical Bar is the majority partner in Downtown Space Properties, a company formed to create the Hub.

The Building :

The £13.5 m building was completed in February 2009 and offers flexible managed business space in up to 50 secure units. Suites range from 127 to 18,148 sq ft with flexible leases and a three month notice period. The building also contains a café bar and market square - a 2,000 sq ft interior breakout lounge. The square is also available for meetings, screenings and events.

Tenants :

Tenants include Digital Design Studio, the commercial arm of the Glasgow School of Art, media and design agencies and IT companies

Northern Design Centre, Gateshead

The Northern Design Centre, a £13m building scheduled to open in 2011, will provide accommodation for design and creative businesses. It is funded through a private-public partnership of One North East, who contributed £4.5 m, Gateshead Council and the property development and investment group, Terrace Hill. The Centre is supported by £4 m from the ERDF 2007-13 programme.

The 45,000 sq ft building will be managed by Design Network North who will also be situated on the first two floors of the building. The remaining 6 floors are allocated for flexible office and studio spaces for design companies and will also include exhibition spaces, a theatre, creativity lab, design activity area, creative resource centre and meeting rooms.

The Design Hub, Coventry

www.thedesignhub.org.uk

The Design Hub, funded by Coventry University Enterprises and Advantage West Midlands, is a £1.6 m purpose built centre situated on Coventry University Enterprises' Technology Park and offers accommodation to small and medium sized businesses where design is an integral part of their business strategy. A key focus is to provide a centre where companies, design experts and graduates can collaborate and share skills. Tenants have access to Coventry University library, sports centre, specialist laboratory equipment and research personnel. The tenants of the whole park are encouraged to establish close working relationships with the University's academic and research staff. This is facilitated via the location of Business Development Managers within each University School/Faculty.

Coventry University Enterprises Ltd, a subsidiary of Coventry University, is the organisation through which the University runs its commercial, income-generating and business partnership work. It enables companies and organisations to access the University's resources of specialist expertise, facilities and services. Its assistance includes: consultancy advice from members of University staff and/or use of facilities; research projects involving collaboration; supplying personnel for the duration of a project; training courses; and access to experts on funding, product design and business planning. Over 200 SMEs have been established with this support and many more have benefited from one to one involvement.

The Building :

The building has 17 units ranging from 560 to 2,315 sq ft which are let on flexible terms. There are also several rooms available for hire : presentation suite for up to 20 people (£290 a day); meeting room for 4 people (£50 a day); and a studio workshop (£140 a day). An IT suite also offers facilities for training (£350 a day) and eight hot desking pods (£30 a day) and a breakout area are available for use.

Tenants :

Tenants include designers of disabled parking bollards, design engineers, a furniture designer and a heritage trust. The Design Institute, part of the University which offers design, business and innovation expertise from University specialists, is also based within the Hub.

Knowledge Dock, University of East London

www.knowledgedock.com

Knowledge Dock Business Centre is the University of East London's enterprise development service. It connects students to business opportunities; enables

entrepreneurs to make connections to start a business; introduces small businesses to expertise and connects industry to the academic knowledge at the University.

The Knowledge Dock (originally named the Thames Gateway Technology Centre) was set up to enable UEL to contribute to the economic and social regeneration of East London and the Thames Gateway. It was established by UEL, London Metropolitan University, Queen Mary, University of London, Newham Council and local community support, funded by Single Regeneration Budget funding invested in UEL's docklands campus. Originally, its operation was funded by a donation from the Ford Foundation, additional SRB funding, ERDF funding and funding from the London Development Agency. Core funding now comes from the Higher Education Innovation Fund together with additional funding from LDA, ERDF, the Department for Communities, Local Government and UEL.

The Building :

The £18m building has 42 serviced offices which can accommodate up to 10 people and range in size from 100 to 705 sq ft. All rentals include rates and some offices are furnished. Hot desking is available within the Petchey Centre. There are several rooms available for hire : the Showcase suite seating up to 85 theatre style; Presentation suite for up to 100; two lecture theatres for 239 and 400; small meeting rooms; a training suite and a mobile classroom of 20 laptops.

Tenants :

Tenants include product designers, caterers, engravers and interior designers.

Salford University Media City

www.mediacityuk.co.uk

MediaCity is a £500 m city designed around the media industry at Salford Quays. Partners are NWDA, Central Salford Urban Regeneration Company and Salford City Council who are working with site owners and developers Peel Media. Peel Media, a division of the Peel Group is a leading infrastructure, transport and real estate company with assets in excess of £6 bn. Management contractor Bovis Lend Lease began construction of Phase 1 in summer 2007 with completion due in 2011.

The BBC are relocating to MediaCity and Northwest Vision and Media relocated in the autumn of 2009. Next to the development site is The Pie Factory, a restored building offering flexible office space to small media companies together with three sound stages, make up rooms, green rooms, and workshop space.

Phase 1 is being built on a 36 acre site and includes 700,000 sq ft of office space across 5 buildings, a studio block where individual studios are available for hire, 80,000 sq ft of retail/leisure, 378 apartments, 218 bed Holiday Inn, five acre public realm area and a car park. Phase 1 represents one fifth of the total available land.

The University of Salford has signed an agreement for lease with the developer for a new Centre. It has received a grant of £8m for the building from the Higher Education Funding Council for England Strategic Development Fund. £6m of the grant will assist in funding the construction and IT costs and the remaining £2m will contribute towards the purchase of equipment.

The University's new building will comprise 103,000 sq ft over four floors and will focus on employer-led and postgraduate learning and research collaboration. It will be situated next to the BBC buildings and is forecast to open in Autumn 2011.

The building will include a broadcast zone, digital media zone, virtual laboratory, digital performance space and creative spaces for use in teaching, project-based learning and user-centred design and innovation.

Design London
RCA & Imperial College London

www.designlondon.net

Design-London will be a £5.8 m multidisciplinary centre bringing together the design skills of the RCA, the engineering expertise of Imperial and the business know-how of Imperial's Tanaka Business School to form an 'innovation triangle'. Teaching will facilitate knowledge interchange between the RCA and Imperial and explore how design can be more effectively integrated with business and technology. Graduates will be given the opportunity to develop new business ideas and business partners will build innovation capacity.

£3.8 m of the cost has been provided by the Higher Education Funding Council for England, with an additional £900,000 from NESTA and the balance from the RCA and Imperial College.

The Business Incubator element, funded by NESTA, brings together teams from business, technology and design backgrounds helping them to transform innovative ideas, products, service concepts and prototypes into viable business propositions. Eight new ventures have been launched to date following an annual call for expressions of interest inviting graduates to submit a range of project proposals. Those selected to join the Incubator get start up support and are introduced to specialists and sector experts.

LCB Depot, Leicester

www.lcbdepot.co.uk

LCB Depot, a £4.75 m conversion of an old bus station funded by Leicester City Council, Leicestershire Economic Partnership, ERDF Objective 2 funding and EMDA, offers high quality workspaces and hotdesk facilities to the creative community. It

opened in 2004 as the first major project in St George's Cultural Quarter development. The core activity is now self financing.

Partnerships include Government Office, EMDA, LSEP, Creative Partnerships, Cultural Industry SMEs, Creative Leicestershire, Culture East Midlands, Business Link, the Princes Trust, UK Trade and Investment, East Midlands Incubation Network, EM Media, Leicester Community Action Network, Arts Training Central and Arts Council England.

The Building :

The Depot has 55 workspaces spread over two buildings on the same site, which range from 15 - 149 sq m, together with display areas, a postal room and a café/bar. Workspaces cost from £140 to £1,444 per month. There are also three meeting rooms: Terrace Room holding up to 16 people at a cost of £110 per day; the Garden Room for 16 people at £110 per day; and the Courtyard Room holding up to 40 people at £145 per day.

Tenants :

Tenants, a mix of creative services companies, not for profit cultural organisations and creative sector development agencies, include Creative Partnerships, Art Reach, Leicester Comedy Festival and advertising and creative agencies.

Digital City, Tees Valley

Digital City, established by One North East, the University of Teeside and Middlesbrough Council, consists of two main components; the Institute of Digital Innovation (part of the University) and the Boho Zone.

The Boho Zone consists of three core buildings providing workspace for digital and creative companies and is being constructed in three phases. Boho One, a £10 m digital enterprise centre, which received £7 m from One North East, houses 27 businesses. The second phase, developed by Erimus Housing, consists of live-work accommodation whilst the third phase will house artists' studios. The total investment of £17 m for the Zone was funded by One North East, Middlesbrough Council, Erimus Housing and the ERDF.

A new Digital Hub is also being planned as part of a £30 m improvement project for Redcar seafront. It will provide 35,000 sq ft of business space, a digital café and gallery space. The Hub, which will be situated in the former Palace Theatre, has obtained £2.8 m of funding from Redcar & Cleveland Borough Council, £2.4 m from One North East, £4.7 m from ERDF and a further £940,000 from the Local Enterprise Growth Initiative. Public consultation is currently under way and a planning application is expected to be submitted in the Autumn.

It is the intention that businesses at the new hub will be offered support via the mentoring services of DigitalCity Business (managed by the University of Teeside, and

core funded by One North East) and The Institute of Digital Innovation at the University which brings together business and postgraduate research to develop commercial opportunities.

Hub Islington

Islington.the-hub/public/

The Islington Hub is part of a community of Hubs based in 12 cities around the world (Kings Cross and Bristol are other UK based ones). Their aim is to borrow the best of a member's club, an innovation agency, a serviced office and a think-tank in order to create a different kind of innovation environment. Founded by entrepreneur Jonathan Robinson, they are owned by Hub World Ltd, a London based private limited company which was incorporated in 2008 and whose registered office is in the same building as the Islington Hub.

The Islington Hub, located in a converted warehouse, offers flexible time-based membership for work and meeting spaces. It is an open plan space offering hot desking, meeting areas and informal areas for coffee. The meeting room seats up to 12 people, there is also a workshop space for up to 50 and an informal library. There are currently over 350 members who also benefit from informal social activities and an events programme including lunches, debates and lectures.

Membership is available from £10 (or £20 if the company has a turnover of over £150,000 per annum) per month for 5 hours space per month up to £310 (or £380) for unlimited space per month, registered post box, phone line and key 24 hour access.

Brighton Media Centre

www.mediacentre.org

The Media Centre consists of three buildings providing fully serviced workspaces and supporting facilities for new media and creative industry companies and organisations. Brighton Media Centre is a private limited company which received funding from Brighton Borough Council, bfi and SRB.

The Buildings :

The three buildings, all located in Central Brighton, consist of: 68 Middle Street, a former 1970s office block of 4,700 sq ft with 11 units and 36 people working in the units; Old Steyne House, a Grade 2 Listed early Victorian building consisting of 8,000 sq ft converted into 21 units, occupied by 61 people; and Friese-Greene House, a 1970s office block of 12,000 sq ft with 26 units and 87 people. This building also has three communal areas and an outdoor 'chill-out' garden.

All buildings are offered on a six monthly all inclusive licence.

Tenants :

Tenants include production companies, animation studios, graphic designers, a publisher, website designers and marketing and brand consultants.

Trinity Buoy Wharf

www.trinitybuoywharf.com

A series of shipping containers, managed by Urban Space Management, providing space for artists and creative businesses. Principal partners are Trinity Buoy Wharf Trust (landlords), Leaside Regeneration, Lea Rivers Trust, Groundwork East London, Thames Explorer Trust, Lea Valley Regional Port Authority and the Museum of London.

The Buildings :

There is a total of 188,000 sq ft on the site, of which half is buildings. The accommodation is built from recycled shipping containers. Container City 1, completed in 2001, is 4 floors high and provides 12 work studios and 3 live/work apartments. Container City 2, completed in 2002, provides 22 studios over 5 floors and the Riverside Building provides a further 22 office spaces over 5 floors. Studio rental costs between £250 and £1,500 per month.

There are also 6 music studios on the site, built from 7 containers and two buildings available for hire : The Chainstore, a Grade 2 Listed building catering for up to 800; and The Electrician's Shop, a former industrial building from 1835 consisting of 2 rooms with an interconnecting door.

Tenants :

Tenants include fine artists, musicians, composers, photographers, writers, architects, designers and metal and wood workers.

CSM Innovation, University of the Arts

www.csm.arts.ac.uk

Central Saint Martins Innovation works with a range of funders, partners and clients including businesses and other academic institutions. It is housed in a new building, substantially funded by the LDA. Spaces, catering for between 8 and 120, are also available for event hire.

Services offered by CSM include: specialist consultancy in product development, brand strategy and trend forecasting; commissioned research whereby university researchers undertake a specific piece of research for business; collaborative research allowing an organisation to pioneer and develop a new project in partnership with the University

and Knowledge Transfer Partnerships which offer funding and specific academic expertise to undertake a specific project which will add tangible value to businesses. It works with a range of clients and can connect with a variety of funding schemes. Students can work with businesses on one off commissions or on sponsored projects and are also offered specialist advice and programmes to help them firm up ideas prior to self employment. It also offers professional training for businesses including specific one day courses and bespoke workshops.

Ravensbourne

www.rave.ac.uk

Ravensbourne is a university sector college innovating in digital media and design with vocationally focused courses. The College is closely integrated with industry and has a dedicated research and enterprise centre. It runs a creative business incubation programme supporting developing design and media companies and provides space for industrial future planning and prototyping.

A new campus is currently being built on the Greenwich Peninsula. The interior has been designed to encourage interaction between disciplines and contains open spaces, quiet corners, social spaces, technology hubs, design studios and production suites together with a 600 sq m space for lectures and conferences.

International Comparators :

Cambridge Innovation Center, Boston, MA

www.cictr.com

CIC was founded in 1999 and neighbours the MIT campus. It offers flexible serviced office facilities to start up and small and growing businesses and is situated over 7 floors of one building owned by MIT. The concept was launched by an entrepreneur, Tim Rowe, who rents space from MIT and licenses it to clients on rolling four-week leases.

Over 250 companies are currently located within the 100,000 sq ft of office space, including venture capital firms. Two of the venture capital firms actively seek technology investment opportunities in the area, including amongst clients at CIC. Leases are flexible (one month's notice) and the Center provides additional facilities such as reception area, mail room, conference rooms, board room, kitchens, shower rooms and a 'mother's room'. Technology is also included as part of the leases. Rental costs are between \$790 and \$1000 per month person, for example \$790 is the cost for a small, one-person lockable work area whilst a three person high floor office will cost \$3,000 per person per month. Offices are available for up to 20 people but most tenants have between 1 and 15 people.

Tenants include a company developing wireless devices, PR companies, venture capitalists and a software company.

Center for Social Innovation, Stanford

csi.gsb.stanford.edu

The Center for Social Innovation aims to promote the mutual exchange of ideas and values across sectors and disciplines. It offers programs for MBA students, alumni, faculty and field practitioners to undertake research and provides a bridge between academia and practice. The Centre brings together people, organisations, and ideas from business, non profit organisations and government and was formed in the late 1990s in order to play a critical role in developing leaders to help solve social and environmental challenges.

D-School, Stanford

dschool.stanford.edu

The d.school, part of Stanford University, offers a multidisciplinary approach where students from every school on campus take classes and workshops taught by a team of faculty and industry leaders. Experts from across campus and industry come together to work on projects. The opposing points of view allow students to learn to formulate their own way forward by resolving challenges. The building itself has informal team meeting areas together with formal meeting rooms and most items are on casters to enable them to be moved around the building according to need.

At any one time there are hundreds of projects underway, ranging from challenges lasting a couple of hours to student teams deploying their solutions and start up companies. One of the projects has led to the creation of a 3,500 sq ft innovation lab at Nueva School in Hillsborough, California where the d.school did intensive fieldwork to understand the Nueva culture following which Nueva students went to Stanford to assist in prototyping and developing the designs.

Harvard Innovation Space

www.seas.harvard.edu/academic-programs/entrepreneurship

The Innovation Space offers resources for innovation education and provides Harvard's undergraduate students with a dedicated environment for learning and working in teams on entrepreneurial projects. The Innovation Space occupies 2,100 sq ft of the Harvard Student Agencies building and is open to students 24 hours a day. Courses offered are Innovation in Sciences and Engineering, Social Entrepreneurship and Idea Translation.

The Technology and Entrepreneurship Centre at Harvard (TECH) is part of the Harvard School of Engineering and Applied Sciences which was launched in 2000 following funds from the Lumry Family Endowment. It initiates, advances and informs student projects and assists in the creation and delivery of innovation and entrepreneurship project courses, provides students with project support and sponsors and advises student groups. It is both a real and virtual space for students, faculty, alumni and industry leaders to work together.

Harvard also encourages business start ups via Harvard Alumni Startups, a non profit organisation.

Hyper Island, Sweden

www.hyperisland.se

Hyper Island was set up to educate talent in the digital and interactive media industry and support students to become team players. It is seen as a world leading educator within the fields of interactive communication, business management and leadership and runs programmes for over 260 students a year based mainly in a renovated naval prison in Stockholm. Students work on projects with private and public sector clients alongside attending lectures, workshops and seminars. There is no set curriculum - the courses revolve around a set of projects where group members take different roles to use and acquire skills. External experts from both industry and academia present to the students to encourage problem solving and creativity. Courses also involve 20 weeks working in a new media company and graduates remain part of the community, in turn supporting and extending the network.

Hyper Island also run one day Lab Sessions and master classes linking participants from digital companies around the world, for example, a recent session run simultaneously at the Round Foundry in Leeds and MediaCityUK in Salford and a 5 day class in the US. It is now opening a UK office to enable expansion of the educational programme. The Hyper Island network consists of 500 companies around the world and 600 graduates. It is currently involved in projects such as a two year management programme in Kosovo.

Design Reaktor, Berlin

design-reaktor.de/konzept-en.html

A multi-disciplinary research project of the Berlin University of the Arts to encourage co-operation between small and medium sized companies and designers in order to investigate strategies and prospects for post-industrial locations. There are 52 companies acting as expert partners for the enterprise. All undertook a two week series of workshops which, as a result of the links between trades and technologies of the various companies, produced ideas which were assessed by a panel of experts and some prototypes developed in co-operation with the companies. Part of the benefit of this model is that marketing and distribution are developed alongside the products.

The Design Reaktor brings together students from various disciplines and professorially-led research teams and links Berlin University of the Arts with partners from business. It enables the skills of small companies to be developed into marketable products.

Aula, Helsinki

A cultural experiment, formed as a co-operative, combining a physical community centre with internet-based virtual communities. The on line community grew to around 300 people and the building, a basic clubhouse featuring relaxed areas where people could log on to the net, was completed in 2002.

The project brought together people with a strong sense of social responsibility as well as a passion for, and expertise in, using new media.

Seoul Digital Media City

A new city which has been developed into a business centre with state of the art facilities and infrastructure. When completed it aims to become a world class complex for broadcasting, movies, games, music, e-learning and related industries. The landmark tower is due for completion in 2014. Initial funding was provided by Seoul Metropolitan Government.

Leipzig Media City

www.media-city-leipzig.de

The Media City consists of 13,00 sq m of business area in the south of Leipzig which extends over an area of five 4 storey buildings forming a studio and workshop complex. Units range from 30 sq m to 480 sq m. Various services are available including central reception, bistro, copy shop, car rental and various retail outlets. Creative developments, stage and set construction and the actual productions can all take place within the city.

Dubai Media City

www.dubaimediacity.com

The Media City , part of Dubai Holding, is a tax free zone within Dubai built by the government with the aim of creating a world class environment for media businesses. Various international media companies have presence within the 84 towers and the complex also houses hotels and retail areas.



Appendix 3

Transcript of the workshop session

Appendix 3 Workshop

Brighton Workshop 22 June 2010

New England House ... Brighton Treasure?

Streets in the Sky
15 ft wide corridors
Built with collaboration in mind

Other Creative Hubs :

- the other creative hubs created new purposes for found buildings
- artists don't need high-spec, and these spaces are generally cheaper than the others
- the red roaster 'really nice coffee place where creatives meet'
- the West Works
- Skiff
- Brighton Media Centre
- The Works much more digital
- 'The Coachworks' freewheelin 4000 sq ft, coach depot? Broad mix of industry
- The Phoenix
- SINC Sussex Innovation Centre - animations

Public Realm :

- 'so close to the station, could be a first drop off'
- 'students need a place to interact'
- 'market space' - artshows
- 'Brighton has a culture of using spaces intuitively, they have a feeling of ownership over the streetscape'. Garden Designer

Graduates :

- studio space for students, somewhere with competition for the space. Students make links in town by using space and they have a better chance of finding a job in town therefore students (expensively educated) don't leave to benefit the worker pool of other cities
- massive graduate retention in Brighton - but not working in graduate level roles

Icon? :

- 'prominent facade from the south downs'
- 'didn't win the worst building in Brighton award'
- 'You can't get in, so its not the Eifel tower of Brighton'
- you can see from the train
- 'views from London Road'

- 'possible landmark'
- 'New England' what's that?
- how do we make this as iconic as North Laine: North Laines are
 - Quirky
 - Not mainstream
 - Busy shopping and hours
 - Character
- NEM needs love
- how do we externalise the stuff that already happens - make it welcoming?
- how do we make it non-threatening after dark - inside and out
- maybe connect with public realm
- evening based stuff
 - Gyms
 - Exhibitions
 - Bars
 - Coffee
 - Talks
 - Etc.

Access :

- the area
- access to Brighton is London Road - what does that mean for NEH?
- access to Brighton via railway station

Types of Industry :

- connections with each other, dynamic relationships between digital talk and the baker
- famous markets, art fairs
- possibility to bring in a varied type of industry
 - Screenprinting, etc
 - Digital media
 - (noisy stuff below)

Outsiders :

- let skateboarders skate

New England House - Lame or Hip?

Book 1

TV Station

2 question survey:

what do you think of NEH?

Have you ever been there?

Let me skateboard

Skateboard

Café/bar like, say Watershed, BSH

- people hang out
- wifi
- rentable space
- cultural events
- (always something going on)

Communal, outside space

- retail offering - London Road redevelopment?
- an entrance which is inviting and impactful for all
- digital visitors to city call in to find out what happening ...
- modern art space
- building could be made worse by a half hearted renovation - by trying to pretend it isn't what it is - apologising for its 60s ness
- communal canteen
- communal kitchen
- events of international standard
- after dark activity

First impressions count - so make first impressions good. But it is not just about first impressions

Co-working

- Student end of year show space
- Topic based events
- Security is an issue
- The corridors are cool. Make use of them more
 - make more commercial
 - events

- bring lift out of units into corridor
 - seating!!
- Signage
 - who is in what unit
 - digital
- Film screening
 - social enterprise based on Liverpool project with TV broadcast from top
- Focus on café
- Skateboarding in right loading bay - interact with public realm
- Empty spaces can be used freely and unpoliced
- Divide large spaces into small
- Indoor football
 - Boxing gym
 - Squash court
- Public art gallery

Book 2

Digital media centre for Brighton

- screening space
- events space
- cultural events
- gallery
- interactive exhibitions

Brighton is missing a really good ART HOUSE CINEMA - Duke of Yorks?

also ...

Good MODERN ART GALLERY

Space feels similar to Truman Brewery - similar good be good

A good reception space is needed

Communal restaurant space for workers

- subsidised
- free venue for events

Hard to think of anything which would make building worse

People hate building from outside, but occupiers love it

- creative buzz
- affordable

Key is understanding businesses in Brighton

Create an eco-system within building

Visual appearance creates negative impression

- key is tenants
 - create an incubator for vibrancy
- Co-working spaces for small companies

Outside intimidating and ugly

- Good signage needed for orientation
- Clear entrance
- Approach of building needs to be more attractive
- Relocate loading bay to make clear entrance for 3rd floor
- Nice staircase - emphasise in some way
- Space for free events
 - Bar camp
 - Soundproof for less echo
- Brighton lacking large and empty spaces for events
 - Supply of chairs, tables, wifi, toilets, water
- Evening café culture - late night coffee shop
- Darker spaces could be used for photographic spaces
- More green, definitely a roof garden - use view
- NO MEMBERS CLUB - will exclude instead of include
- Clean windows!!
- Sporting facility
 - Everyone brings in own unused gym equipment

- Market space
 - Farmers market
 - Craft market
- 'Etsy' type shops - workshop/shop
- Create artists quarter to attract visiting
- Car boot sale venue
 - roughness is suitable
- 'THE HUB' ONE ALFRED'S PLACE - make this building a less snooty version - working spaces with meeting spaces
- ARTS CLUB
- Open up café
 - Make public aware - advertise/signage
 - Better food
 - Ventilate
 - Move to 2nd floor side, facing street/car park
 - FRESH FOOD
 - Bakery to supply café
- Communal email is good
- CORRIDORS - make communal seating
 - Add materials to deal with acoustics
- SIGNAGE
 - Orientation for building
 - Change branding of New England sign
- STREET LEVEL FUNCTION
- Interaction with school - lend space to school
 - play space
 - learning space
 - after school facilities
- Get more public in building - kids from the school and their parents
- RESTAURANT
 - On the roof
 - World class restaurant
- HIREABLE VENUE
 - Cost efficient
 - Cheap to rent so you can make a profit
 - Hip version of Bright Owl Centre

- CAFÉ
 - Ambience not desirable
 - Not decent coffee
 - Good bacon sandwiches though
 - More street presence
 - London Road is cheap shopping location
 - Clientele isn't North Laine

- No footfall - no passing trade - needs to be a reason to visit.
- AN EVENT
- A DESTINATION
- Sustainable
- Intellectual
- Cultural
- Inspirational
- Aspirational
- Creative
- Accountable
- Open
- Accessible
- Get five adjectives - brainstorm / word cloud

- London Road thermometer for state of national economy

- Theatre happening in co-op building

- DREAM THINK SPEAK

Quick Wins

Play space for local school

Encourage skaters

Have great graffiti

Make all walls writeable to encourage interaction

Use as space to grow

Render and paint building

Replace all signage with something more modern

Change lifts or signage to improve user experience

Brighton icons voices in lift! (until they get annoying)

Use corridors more - table tennis?

Climbing wall in central dead space

Dutch auction for short term letting of empty space - for digital community events (need power though) + pop up projects + pop up craft markets

Space for weekend produce swaps

List of resources that people can use within the building - shared with other tenants

Put a gym in large spaces 'grassroots gym'

Encourage people to try new activities in unused spaces

Make social space - not enough community in NEH - open empty spaces and put tables / chairs in there

Drop in work space in empty spaces

Lighting to make building and area less threatening at night

Indoor campsite!

- Good signage
- Roof garden
- Exhibition space - inc corridors

- Venue
- Building social space
- Picnic balconies
- Plants
- Space for private calls
- Activity stations
- Screen break stations
- Sculpture/art
- Paint?/lighting
- Cinema/screening area
- Divide big spaces
- Community space
- Garden
- Composting/recycling
- Accurate info of who is in which unit - poss on line
- Website
- Dumping room/freecycle space
- NEH evening
- Bar
- Different food - soup, salad, healthy, fresh food

- Bringing more people from city into building
- Open house - shout
- Lighting at night and inside
- Film project within dark space - uni and workplace
- Barcamp
- Hack day
- Competition for 3 years rent free
- Website for NEH

Allow un-used spaces to be used for talks, events, etc

Removing tenants who only use space for storage not for useful stuff

Entrance via southern end, west elevation loading bay with no other improvement

Stop people using main loading bay

Wifi whole building

Mixing Knowledge Business Know How

- Flexible but not a pub
 - Film/animation
 - Glue?
 - Presentation area
 - Drinks / seats
 - Range of events
 - Arranged by 3rd party (eg Wired Sussex)

- 'Freelance Gumtree' database, etc

- Access to Facilities
 - studios
 - render

- Physical Central Hub for Media
 - meeting point
 - focal point

- Café

- Stairways / meeting points

- Showcase HE/innovation

- City Centre presence

- Incubation

- Relationship with Sussex Innovation Centre

- Follow on space

- Grubby sinc

- Shared space / sharing

- Academics based here?

- Not geeky

- Have Uni presence to help strengthen brand

- Business Development presence

- Uni front door? For business

- Networking events eg 'Curious'
- Outward facing to student community
- Consistency of engagement
- Space which pulls strands together

SU

Brighton Uni

Digital

Content:
Café
Events
Exhibitions

- Management
- Marketing
- Open studios
- Messy
- Better identity
- Brand
- (Entrance)
- Groovy, organic?
- Incubating space with anchor + resident m/makers
- Formality + opp for ad hoc
- Use NEH as platform
- Showcase
- TED events
- Need to be able to use shared / corridor spaces
- Communal areas
- Run courses from NEH?

- Soulful
- Agile flexible
- Project space
- Pop up spaces
- Break cultural divide NB Chamber of Commerce?
- Focus around specific field of knowledge?
- Enhance collaborate opps
- Not like SINC
 - Closed doors
 - No interaction
 - No sharing / group events
 - No community
- Open spaces
- Cross - over spaces
- Events eg Barcamp, Likemind UX Brighton Skillswap
- Physically : not much change required - wifi
- Access
- Community of users
- Opps for HE to mix
- Don't over programme
- 'Creative Network'
- Informal events and networking
- Play to strengths of building
- Facilitate natural behaviours

What spaces work?

ENTRANCE

Set your expectations for rest of building

First impressions IMPORTANT

Could be a little 'soulless' (cf with Truman Brewery cold LBI but cool) but it will have gravitas - can host cool events

I disagree a big grand formal lobby would be great

NOT just a walk through

A wifi café meeting space - club

SKIFF cf co-working The Works Media Centre

CONFUSED WAYFINDING

COMPANY IDENTITY

By lifts to promote knowledge among tenants

By entrance

Outside?

Loading bays or obscure entrance

Need an atrium here

SOCIAL SPACES

- presentation space
- near lifts obvious
- shared floor kitchen
- hot desk large shared by whole building
- small meetings with windows
- large event spaces

Like web design

'do you have a 'home' landing space or do you throw people straight in?'

'Straight into what?'

café?

Cf Innovation Centre

Tenants not connected if you try not allowed it is messy

Cf Malmo - 40 or 50 companies know each other, regular presentations to each other

Atrium - you can see activity

Design version of prison but nice!

Why the spaces don't work ...

Not client friendly

Still isolated

Station close but not sufficiently impressive of

Lanes character places to have lunch

Library ... shops

Unfriendly especially in the evening even the corridors gloomy

Scary ... Not SAFE

Not rational feeling ...

Horror movie location esp round the back

Not quickest route home but only safe way

Needs cafes back - fronts

Back unsafe

Caging round stairs to protect from break in - knee jerk reaction? Suicides 2 or 3

VICIOUS SPIRAL less space less people

Cf North Lanes where you can wander

In NEH doors are closed, no motivation to open up

Need SCULPTURE PARK on the roof cf Truman Brewery, Watershed

Break down barriers between PUBLIC + BIZ PEOPLE BUT

security is an issue

cf Skiff = orientation space not just workspace

DO WE NEED A LOADING BAY?

Maybe not?

'diving boards staircase'

This is where the hip stops or a block before

By the time you've got here you have given up on that

Hideous car park

Train brings clients train views

Garden lift

Vertical circulation

UNIFYING ELEMENT

Spanish steps??

Community

Notes from Audio Tapes

1039 :

- The University is quite far from the city centre and it is important to show students that there is life in the town. A talent pool is missed because students don't go into town.
- There is currently a big turnover of staff at the University but the arts is seen as a growth centre. It is difficult to see how the University will transform - quite difficult to know how students will contribute to the city with the changes in education.
- Need to advertise the spaces as available for students; no one currently makes links with the city - need to have whole floors where students can have the opportunity to come into town.
- Suggestion of using the loading bay area for electronic systems - offered to use this space for a community of like minded folk but never heard back.
- Building needs a business plan as much as an architectural plan.
- Could get great stuff happening. Need to work cooperatively, collaboratively, responding to need in a transparent and accountable way - non of the words in this sentence can apply to Brighton & Hove City Council.
- Needs Wired Sussex to make it happen - an anchor tenancy as the beginning.
- Mentality in Brighton to use space differently, people like buildings to have things going on.
- Tenants have love for the building, passers by don't.
- Need to use the roof space - stunning views.
- Green spaces around the building.
- Attract visitors onto the roof.
- There are 2 facades - a visual link to the city.
- No-one in their right mind will walk up the back after dark.

1040 :

- There is an honesty about the building that might be able to play on. Reminds me of Berlin 15 years ago where buildings were used in interesting ways.
- Sell stuff in the corridors.
- Needs love.
- The building works in spite of itself - there is a good community but no communal spaces. There is a Dunkirk spirit to the community.
- Lacks after dark economy. Building is threatening, sometimes even in the day in the corridors.
- Traffic, lighting, isolation make it threatening after dark.
- Entrance doesn't feel like a public entrance. Outdoor café at the entrance would be nice - inside/outside space.
- Introduction of businesses that are evening based (gyms) would change the feel.
- London Road is full of empty spaces and underused. Good transport links but connection with the building unfriendly, traffic is always backed up.

- The 2 facades of the building are prominent - could make something interesting of that.
- Sculpture garden on the roof.

1041 :

- The building can be seen on the skyline when you get to the station, it wouldn't take much to make it more noticeable.

1042 :

- No social life in the building, corridors not used, no communal spaces.
- Red Roaster - nice café with loads of creatives there.
- Building has an amazing shadow.
- People in the building should be able to use the empty spaces - should be more accessible.
- Cheap to rent here.

1045 :

- The lower level works better for community, not for business.
- Stairs are important in NEH.
- Vertical slicing to create different atmospheres at different levels - this is a very generous use of space.
- Flexibility of space is important.
- Art shows on ground floor.
- Important for the business case in the building to try and work out the *raison d'être* of the building.
- Give students space - students can use space and it is hard for them to get a foot in the creative industries. If they use space, they get familiar with the building and this part of town and then they don't go to London when they graduate.
- Put tables upstairs and let people use the space.
- Building needs role models - need Jonathon or Sciff attitude to come in. People are constrained by bureaucracy
- Building equidistant between road and rail entrances to the city.
- Balcony of Brighton.
- Strong message : ultimately there is a big cultural divide between the Universities and the digital and creative businesses in the city and both sides are losing out as a result. Clear sense that don't overcome the divide by having a building but there is a strong sense that the building can play an important role in creating a shared space. Over time a space where students, graduates and enlightened teachers may want to be because of the programme of events. There are places across Brighton that do this but would be good to think that NEH might be the place where some of these things happen.
- There are spaces which can be exploited - space that lends itself to being the home for knowledge exchange.

- Combination of programming, curating, lease arrangements and lack of bureaucracy are critical things. Needs someone to take a proactive role - a trusted third party to facilitate this.
- Strong sense of playing to the building's strengths.
- Needs signage and branding to change the appearance of the building.
- Orientation of the building : make a clear entrance space or throughway.
- Café - some people thought the café could attract people into the space but others that there wasn't enough footfall. The café is important as a communal space.
- Open up corridors, sort out acoustics, provide seating.
- Digital media is an international community and the building needs to connect to a wider community, not just Brighton.
- Reception point - it is a digital building so use touch screens to find where people are and what events happen; don't need people to tell you this.



Appendix 4

Photographs of Palais de Tokyo

Appendix 4 - Palais de Tokyo Photographs

Potential building treatment

