

Brighton & Hove City Council

For general release

Meeting: Housing Management Sub-Committee
Culture, Recreation & Tourism Sub-Committee
Policy & Resources Committee

Date: 4th September 2007
12th September 2007
27th September 2007

Report of: Acting Director Cultural Services

Subject: Bristol Estate Creative Studios Project

Ward(s) affected: All

1 Purpose of the report

- 1.1 To provide a clear description of the Bristol Estate Creative Studios project, which aims to convert four disused drying areas on the estate into seven artist's studios in partnership with the Bristol Estate Community Association.

2 Recommendations

Housing Management Sub-Committee only

For Members to:

- 2.1 Note the development and vision of the project and provide comments to be added to the report to be considered by the Policy & Resources Committee on 27th September 2007.
- 2.2 Recommend the report to the Policy & Resources Committee for approval.

Culture Recreation & Tourism Committee only

For Members to:

- 2.3 Note the development and vision of the project and provide comments to be added to the report to be considered by the Policy & Resources Committee on 27th September 2007.
- 2.4 Recommend the report to the Policy & Resources Committee for approval.

For Policy & Resources Committee only

For Members to:

- 2.5 Agree to add £220,000 of external funding to the Council's capital programme for the conversion of disused drying areas on Bristol Estate into creative studios and the capital expenditure as set out in paragraph 4.1.
- 2.6 Agree to the new creative studios being leased at a peppercorn rent for an initial period of 20 years to BECACiC, the community interest company formed for this and other purposes by the Bristol Estate Community Association (hereafter referred to as BECACiC).
- 2.7 Agree to delegate authority to the Acting Director of Cultural Services to appoint the contractor who has submitted the most economically advantageous tender, after tender evaluation has been carried out by our external consultants.
- 2.8 Agree to delegate authority to the Director of Finance and Resources, in consultation with the interim Director of Housing, to finalise the lease arrangements with BECACiC.

3 Information

3.1 Overview:

The Bristol Estate Creative Studios Project involves the conversion of disused drying areas on the ground floor of high rise blocks into creative industries workspaces. The basic idea behind the project is to provide studio space for the creative industries and at the same time enable further regeneration of the Bristol Estate by using 'surplus' rental income to fund an Arts & Community Engagement worker. The studios will be self-contained units with no access to the flats above.

- 3.2 The project will convert four unused ground floor spaces into seven low-cost artist studios. On the attached map (appendix A) these are Plot 4 (two studios), Plot 8 (two studios), Plot 14 (one studio, designed specifically for

wheelchair users) and Plot 15 (two studios). A total of 160 square metres of new workspaces will be created at the cost of £220,000 including fees.

Six studios will be 20 square metres and one will be 40 square metres. This is expected to lead to average annual inclusive rents of around £70 per square metre. Please note that for the purposes of this report, figures have been rounded up or down and that the final decision on studio rents will be made by BECACiC.

- 3.3 An application is currently with Arts Council England for a further £50,000. If successful, this will enable Plot 1 to be converted creating an additional two studios of 50 square metres in total. A decision is expected in early September.
- 3.4 The idea for the project emerged from a community based arts project on the Estate that involved the creation of artist designed signage for residential blocks, funded by the Brighton & Hove Arts Commission through the Urban Cultural Programme. The project was delivered in partnership with Bristol Estate Community Association and the Council's Neighbourhood Renewal, Arts & Creative Industries Unit (ACI) and Housing Team East. Residents participated in workshops run by local artists and worked with the Arts Council to select the artists to make the signs.
- 3.5 Residents on the Estate had expressed concern that the areas under the blocks would become areas for anti-social behaviour as the bin sheds are no longer used, and were rarely visited by residents. Residents were also aware of increasing anti-social behaviour taking place on the nearby Whitehawk estate in their disused bin-sheds and did not want to replicate the problem. Police have already responded to some homeless people using the space on the Bristol Estate.
- 3.5 The Arts & Creative Industries Unit commissioned a consultation of estate residents. A sample of at least 33% of all households on the estate was achieved, with 80% of responding households giving their support for the studios project.
- 3.6 A severe shortage of affordable studio space is a recognized issue for the creative industries within the City. At the same time there is a need to continue the regeneration of the Bristol Estate which is currently a Neighbourhood Renewal area and art based activities which are popular with residents of all ages. Current community development provision on the estate is funded by the Neighbourhood Renewal Fund, however it is due to end in March 2008.
- 3.7 Following a competitive tendering exercise, DRP Architects and MacConvilles undertook a feasibility study which confirms the potential to
Title: Bristol Estate Creative Studios Project. Date: 16th August 2007 Status: final

convert the disused spaces into creative studios. Drawings have been produced to the required level to achieve planning permission which was gained on 1st June 2007. (Current planning permission is sufficient to allow occasional selling of artworks, for example, during the Artist Open Houses weekends).

- 3.8 The project has secured £220,000 funding for the capital works through the SEEDA Single Programme and the Brighton & Hove Arts Commission.
- 3.9 The tender specification for the build will be prepared by MacConvilles. Shortlisting and awarding of the contract will be awarded in compliance with Contract Standing Orders. Contract administration and site management will be undertaken by Macconvilles/DRP Architects. We will consult on Heads of Terms of the lease with relevant Council officers.
- 3.10 BECACiC is a Community Interest Company, thus providing a legal vehicle for the Council to contract with.
- 3.11 BECACiC has grown from the Bristol Estate Community Association, which is made up of residents. The Community Association holds monthly meetings open to all residents on the estate and the artists' studios proposal has been discussed there and gained residents' support. The Neighbourhood Renewal Fund is currently paying for community development work to take place on the Estate, with a particular emphasis on capacity building within BECACiC. This is funded till March 2008. It is therefore expected that BECACiC will take on responsibility for lettings, lettings policy and management with support from the ACI Unit, from March 2008.
- 3.12 BECACiC has a track record of managing community space via the use of their Community Room. This is regularly used by twelve groups, ranging from resident and community led groups to statutory projects and partnerships. BECACiC has ensured security, cleaning, safety, managing bookings and lettings, and organised repairs and decorating. BECACiC has exercised these responsibilities for nearly four years and in that time has seen its revenue increase from hirings and has managed to balance and accommodate the different needs of the hiring groups.
- 3.13 Expressions of interest have been sought from artists to clarify demand and income potential for the letting of these spaces. Response suggests that the demand is present providing rents are set at an affordable level. Eighteen artists have expressed a clear willingness to take a space, work with the community and are able to pay at least the minimum rent suggested of £6.25 sq metre per month (equivalent to approximately £70 per square metre a year). Two artists already live on the estate and two others live very close by. This suggests that demand already outstrips supply.

- 3.14 It is expected that the lettings policy will be set by BECACiC and informed by the ACI Unit. An initial policy has been drafted by BECACiC. Selection of artists will take place by BECACiC and will be informed by the necessity to take due regard of noise and 'nuisance' issues. The Estate Management Team in the Property & Design Division advise that the use of an 'easy in, easy out' lease as used in New England House would be most appropriate, and have drafted a suitable Heads of Terms document.
- 3.15 Pay & display parking is available close to each studio, and the Estate is served by public transport. There is a disabled parking close to the studio designated for disabled artists. Therefore, no new parking space has been designed into the project.

4 Financial model

- 4.1 Funding for this work originates from external sources and is summarised as follows:

SEEDA		£210,000
B&H Arts Commission		£10,000
Total	£220,000	

- 4.2 The proposed financial model for running the studios is to use rental income to cover the management and maintenance costs of the premises and to use any 'surplus income' to pay for an Arts & Community Engagement worker.
- 4.3 Rental income has been estimated at a maximum of £11,400 per year (with full occupancy), with management and maintenance costs at 50% or lower i.e. £5700. The estimated surplus income available for the Arts & Community Engagement worker is estimated at £5700 per annum. £1000 from the maintenance budget has been designated as contingency funding, to cover any shortfall in rental income due to voids or non-payment, or the possibility of increased maintenance costs. Years when this contingency and/or maintenance is not spent, the balance will be held by BECACiC to build up reserves for the project.
- 4.4 The council owns the freehold of all the blocks in which the conversions will take place. However, Finance & Property advised that the best model will be to lease the studios to BECACiC at a peppercorn rent. This will give them control and autonomy to run the spaces, while limiting BHCC responsibilities and exposure to risk, and conserving staff resources.

- 4.5 The proposed project model will have no additional revenue or capital cost implications with respect to the council's general fund or the Housing Revenue Account. Capital costs will be externally funded and rental income is forecast to give a surplus after management/maintenance and contingency costs have been deducted.
- 4.6 In addition, it is likely that BECACiC will be able to apply for other grant funding over the coming years, to support the project and/or other community based work that will build and sustain this project.
- 4.7 This financial model has been chosen in order to enable financial viability and independence in the medium and long-term. It is hoped that this will contribute to the long term sustainability of the project, benefiting the residents and the artist-tenants for many years ahead. The project is not designed to be a revenue creating stream for BHCC or the HRA. It is designed to give a 'designated revenue stream' for the benefit of Bristol Estate as detailed throughout this report.
- 4.8 In order to account for inflationary costs associated with maintenance and wages, it is expected that rents will be reviewed annually and increased as appropriate in line with the Retail Prices Index.
- 4.9 Despite anticipated demand for these spaces, it is possible that there will be periods of short-term voids in one or more studios. It is also possible that once the studios begin ageing that maintenance costs will increase. This will impact on the money available for maintenance and the Arts & Community Engagement post. A contingency to cover this of £1000 per annum from the maintenance budget has therefore been built into the surplus income budget. Additionally, the Arts & Community Engagement post will run as a freelance contract, giving flexibility to BECACiC in terms of reducing hours according to the cash-flow forecast.

5 Arts & Community Engagement Worker

- 5.1 While details of job description and person specification necessarily need to be negotiated with BECACiC, it is envisaged that BECACiC will engage an Arts & Community Development Worker on a freelance contract at an appropriate hourly rate of pay (approximately £10 ph). The postholder will be responsible for their own PAYE and National Insurance contributions, and will report to BECACiC.
- 5.2 A freelance contract has the benefits of less administration, fewer statutory obligations and greater flexibility for BECACiC. It is also a common and accepted form of employment in the arts and voluntary sector, with many artists, especially those whose practice is community based, being very

experienced in working within communities to freelance terms and conditions.

- 5.3 It is anticipated that £5700 per annum will be available to pay for the post. This is equal to a contract of approximately 1.5 days (11.5 hours) a week.
- 5.4 Community engagement activities could include the following: series of workshops and classes by resident artists; talks and presentations in the community room; studios participating in other communal projects on the Estate studios participate in May and December Open Houses programme. Other duties can be set by BECACiC and are likely to include delegated management responsibility for the studios.
- 5.5 The Neighbourhood Renewal Team and ACI Unit will support BECACiC with drawing up the job description, person specification, advertising, shortlisting, interviewing and appointing for the post.

6 Conclusions.

- 6.1 £220,000 of external funding has been raised towards the capital build and the project has strong support among Bristol Estate residents. It also goes some way to meeting demand for quality studio space in the city and provides a positive use for spaces that residents fear may otherwise fall into anti-social use.
- 6.2 Once established and evaluated and if the project proves successful the model will have potential for replication on other estates, further contributing to positive social, community and workspace outcomes.

7 Further information

- 7.1 This is an unusual and innovative project that has potential to address community, social and creative workspace issues. The project is aligned with relevant policy areas as detailed in Appendix B.

8 Risk Assessment

Type of Risk	Comment	Level of Risk	Risk Management
Cost of conversion work exceeds estimates given in feasibility study.	This happens regularly and would be a serious problem. Professional advice will be taken about the type and level of guarantees that can be extracted from contractor to mitigate against this.	Medium-high	Preference will be given to the most cost effective tender. If absolutely necessary, the number of conversions will be scaled down.
Revenue demands placed on council's budgets	Project financial model uses lettings income to cover management and maintenance costs and forecasts a 'surplus' to be used for benefit of Bristol Estate residents.	Low	A £1000 per annum contingency fund has been built into project with any underspend used to build up financial reserves.
Income from lettings is less than projected.	This would have some impact on the surplus income available for maintenance and the provision of the Arts & Community Engagement worker. However, it is expected that there will be some tolerance within these budgets and that voids would be short-term only.	Low - medium	Contingency built into budget to lessen financial impact. ACI Unit would use their expertise to fill voids asap.
Maintenance costs higher than expected	As the studios age, maintenance costs are likely to increase. However, given the initial work will be guaranteed, it is likely that reserves can be built in the first two - four years of the project.	low	There is a reasonable maintenance budget built into project that is likely to be underspent in the first 3-4 years, allowing reserves to be built. Additionally there is a £1000 yearly contingency built into the project.
Failure to secure tenants for the creative workspaces	High demand exists for affordable creative workspace. Key premises such as Phoenix Studios known to have extensive waiting lists. There are currently 18 artists who have expressed interest suggesting over-subscription even at this early date.	Low	Keeping rents at affordable levels will be key to sustaining demand for the spaces.
BECACiC does not have capacity to manage spaces.	It is essential for the medium and long-term success of the project, that BECACiC is able to manage the spaces. Their failure to do so will have a high impact	Low - medium	The NRF team is already working with BECACiC to build capacity. BECACiC currently manage a well used Community Room. ACI Unit will support BECACiC as required.

9 Consultation

In addition to consulting of Bristol Estate residents and artists in the city, the views and input of relevant officers across the Council have been sought.

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Additionally, the local ward members have been consulted, Cllrs Gill Mitchell, Warren Morgan and Craig Turton.

COMMITTEE REPORT APPENDIX



Meeting/Date	<i>Policy & Resources Committee 27th September 2007</i>
Report of	<i>Acting Director Cultural Services</i>
Subject	<i>Bristol Estate Creative Studios Project</i>
Wards affected	<i>East Brighton</i>

Financial implications

The total expected capital cost of £220,000 will be funded from external contributions, at no cost to the Council as follows:

SEEDA	£210,000
B&H Arts Commission	£10,000
Total	£220,000

An additional £5,000 of SEEDA funding and £10,000 Neighbourhood Renewal Funding has been spent on feasibility work. Approximately £10,000 of in kind support provided by council staff, brings the total cost of the project to £245,000.

The works are expected to be completed this financial year, which is in keeping within the funding conditions and so will be included in the 2007/08 capital programme. It is proposed that the units are leased to BECACiC at a peppercorn rent and so there will be no rental income stream to the Council.

Research suggests that there is demand for these spaces and provision has been made for the on-going revenue costs, including the earmarking of a contingency sum, should income or expenditure levels differ to those anticipated.

There are no financial implications for either the HRA or the council's general fund. Capital works will only be undertaken using external funding secured specifically for the project. The creative workspaces are forecast to generate sufficient income to cover management and maintenance costs and also to generate a 'surplus'.

Finance Officer consulted: Patrick Rice, Head of Finance, Corporate & Culture / 7th August 2007

Legal implications

The letting of the contracts in relation to this project have and will be let in compliance with the Council's Contract Standing Orders. The value of the construction contract is below the EU threshold. The full EU procurement directive therefore does not bite. However the letting of the contract will have to satisfy the EU advertising requirement and the construction contract will therefore be advertised on the Council's web-site.

General Consent E3.2 of the General Housing Consents 2005 enables the council to dispose (including granting the 20 year lease) of this land for a consideration determined by the council, provided that the council is able to show that the consideration is reasonable in the circumstances.

The Council must also take the Human Rights Act 1998 into account in respect of its actions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the subject matter in this report.

Lawyer consulted: Dianne Bates...../8th August 2007.....

<p>Corporate/Citywide implications Brighton & Hove City Council Priorities: (a) Develop a prosperous and sustainable economy. (b) Develop a healthy city that cares for vulnerable people and tackles deprivation and injustice. Proposal aligns with 2020 Community Strategy, Brighton & Hove Economic Strategy 2005/06, SEEDA Regional Economic Strategy.</p>	<p>Risk assessment Financial risks associated with (a) capital costs to council – low – all work externally funded. (b) the maintenance and management of additional premises – low (rental income from premises will produce a surplus/'designated fund' and high demand for space exists). (c) Failure to secure all external capital funding –low –funding is secured.</p>
<p>Sustainability implications (a) Positive impact on social sustainability – community development, environmental improvements funded as a result. (b) Economic sustainability – additional creative industries business space created. (c) Environmental sustainability – to be designed into building specification.</p>	<p>Equalities implications Positive implications. Outcome of capital project is to facilitate community self-determination.</p>

Implications for the prevention of crime and disorder

Positive. Outcomes of capital project include removal of disused spaces (associated with anti social behaviour). Provision of community and arts development and environmental improvements.

Background papers [Part 1 reports only]

1. *Feasibility Study. Bristol Gate Estate Brighton. MacConvilles Surveying and DRP Architects. October 2006.*
2. *Turning Bristol Estate into an Art Form, (Community Consultation), Serendipity Enterprising Solutions. November 2006.*

Contact Officer

Dany Louise, Creative Industries Manager 01273 292535

Appendix A: Map of Bristol Estate and Studio Design

Appendix B: Strategic Fit

Appendix B: Strategic Fit

Brighton & Hove City Council Priorities

- Develop a prosperous and sustainable economy.
- Support innovation and entrepreneurship and the development of our local knowledge economy.
- Develop a healthy city that cares for vulnerable people and tackles deprivation and injustice.
- Tackle poverty and disadvantage by targeted regeneration schemes and projects designed to ensure more equal life chances for all our residents.

2020 Community Strategy

- An Enterprising City – ‘... make better use of sites to meet demands of businesses’
- An Inclusive City – ‘... develop a sense of community’. The Project aims to help create a mixed economy on the estate and to involve local residents in the development of an ongoing annual arts programme involving the artists renting creative studios.

Brighton & Hove Economic Strategy 2005/06

- ***Strategic Priority 1: Supporting Business Competitiveness and Innovation.***
Priority 1a: Support initiatives that provide targeted assistance to the creative industries
Priority 1b: Ensure there is a supply of suitable flexible and affordable workspace...
- ***Strategic Priority 2: Renewing the Urban and Physical Environment***
Priority 2a: Make the best use of derelict brownfield and greenfield sites for commercial and housing use
Priority 2b: Identify and bring forward business start up premises including workspace for the creative industries

SEEDA Regional Economic Strategy

- Objective 2: Smart growth
Target 1: Enterprise – Invest to ensure higher business start up and survival rate
- Target 1.7: Support new and growing businesses in the creative and tourism industries.

Creative Industries in Brighton & Hove (David Powell 2000)

Put in place the support to sustain and develop Brighton and Hove's creative economy - Putting Creative Businesses to work in Regeneration and the design of the City. Target – (to develop) a supply of work space that matches the demands of the creative market.

COMMITTEE REPORT APPENDIX

