



Brighton & Hove City Council

Final Report: Executive Summary

Creative Workspace Study 2007-2017

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EXECUTIVE SUMMARY: **Creative Industries Workspace in Brighton & Hove 2007-2017.**

1. Introduction

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

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

The creative industries cluster in Brighton & Hove in 2007 provides nearly 16,000 jobs and 10.7% of employment in the economy. Approximately 1500 businesses are in the creative industries sector, a third of which are in the new media and digital sub-sector. It has grown at 4.4% between 2000 and 2005, making it the fastest growing sector in the city.

This success also brings with it issues which the city wishes to address. Firstly, questions of how best to support, maintain and grow it for the future. Additionally, the attractiveness of the city has led to extremely high land prices, both for residential and commercial properties. Brighton & Hove City Council (BHCC) has recognised for some time that the demand for affordable and appropriate workspace across the range of creative industries sub-sectors is ongoing and unsatisfied.

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

1.2 Summary of Quantifiable Data

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

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

Architecture	4%	60
Advertising	3%	45
Crafts	3%	45
Heritage & Museums	2%	30
Others (details unspecified)	6%	90
Total	100%	1505

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

The total number of freelance staff and sole traders located in Brighton & Hove and working in the creative industries is estimated to be 5,800 people.

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

On the basis of previous growth rates, it is suggested that a growth rate of between 2.5% and 5% in employment volumes and business numbers be adopted for planning purposes. Using a 5% growth rate, the city could anticipate for 2008:

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

At 2.5% growth, these figures will be halved.

Workspace Gap Analysis: Headline Statistics

If creative businesses are to be ideally housed, the following additional square footage will be required (based on research, and spatial statistics used by architects and surveyors).

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

Sub-sector	City percentage	Predicted annual job growth	Square foot per job	Additional total square footage requirement per annum
Digital media, software, leisure software and games	33%	263	150	39,450
Music and the performing arts	11%	86	150	12,900
Publishing and literature	9%	71	150	10,650

Visual arts and photography	9%	71	300	21,300
Design	8%	63	150	9,450
Arts and antiques	7%	55	150	8,250
Film TV and radio	5%	39	150	5,850
Architecture	4%	31	150	4,650
Advertising	3%	23	150	3,450
Crafts	3%	23	200	4,600
Heritage and museums	2%	15	150	2,250
Others	6%	48	150	7,200
TOTALS	100%	788		130,000

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

Additional creative workspace requirements at 5% growth to 2017 are:

- 850,000 square foot of office spaces, including production offices, flexible office spaces, high spec and small office units of various specifications.
- 340,000 square foot of studio spaces for visual artists and crafts practitioners.
- 170,000 square foot of communal facilities associated with the performing arts and music industries.
- 127,500 square foot of studio and office spaces for the design sector.
- 110,500 square foot of retail outlets and workshops for the arts and antique market.
- 102,000 square foot of "contingency space" to act as flexible spaces the exact purposes of which has yet to be identified, or the industry practices for which have yet to be developed.

Workspace types can be divided into four categories: *dedicated communal-user, dedicated sole-user, temporary, and visitor attractions.*

Sub-sector	Total square footage	Main accommodation types
Digital media, software, leisure software and games	39,450	<i>Dedicated sole-user:</i> production offices, office spaces
Publishing and literature	10,650	
Film TV and radio	5,850	
Architecture	4,650	
Advertising	3,450	
Music and the performing arts	12,900	<i>Dedicated communal user:</i> venues, theatres, rehearsal studios, creation space, storage and recording studios
Visual arts and photography	21,300	<i>Dedicated sole-user:</i> studios and workshop spaces
Crafts	4,600	
Design	9,450	<i>Dedicated sole-user:</i> studios and office spaces

Arts and antiques	8,250	<i>Dedicated sole-user:</i> retail outlets and workshops
Heritage and museums	2,250	Visitor attractions
Others	7,200	Demand not known – flexible provisions
TOTALS	130,000	

1.3 Summary of Supply & Demand Data

A questionnaire to local creative businesses and four sub-sector consultation meetings enabled both quantitative and qualitative data to be gathered.

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

1. The crucial importance of affordability and availability of appropriate workspace to the vitality, sustainability and financial well being of businesses in each sub-sector.
2. The added value to Brighton & Hove of high quality creative production and therefore the strategic importance of positioning our creative industries as innovative, risk-taking and engaged at the contemporary leading edge.
3. All sectors would find it beneficial to be structurally enabled to benefit from the temporary use of empty spaces for specific projects.

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

Almost one-third of all creative businesses in the city currently occupy residential accommodation, usually their own. The development of live/work schemes, particularly in the social rented sector, offers significant potential to secure workspaces long-term.

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

1.4 Summary of Policy Framework, precedents & contextual information

A number of lessons can be drawn from case studies and from independent evaluations of arts and regeneration initiatives internationally. Conclusions are:

1. Mixed-use developments offer the best opportunities for sustainable development, and are most likely to work effectively long-term.
2. Public subsidy driven regeneration schemes appear less likely to succeed in terms of the creative industries, because they distort the property market place, displace the more excluded, and fail to secure the mixed-use developments identified above as important for success.
3. Success criteria often requires the creative enterprises involved be present in regenerated neighbourhoods long-term, a factor overlooked in many public-sector led regeneration initiatives.

4. Displacement of more marginal economic activities also happens in mixed-use developments. It is important to create specific mechanisms to secure the future of creative activities, and use public and private financing mechanisms to achieve this.
5. All forms of investment programmes designed to benefit the arts and creative industries need to make investments in the people and not just the buildings. This is because investment in people creates economic capacity that in turn drives growth within the creative enterprise.

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

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

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

Summary of EU, regional & local policy positions

Policy frameworks now prominently identify the creative industries as one of the key economic sectors within Europe's new knowledge economy, and seek to support the ongoing development and growth in the sector.

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

However, Brighton & Hove's investment profiles, and those of SEEDA, must align themselves. SEEDA itself may need to broaden its investment priorities from simply high growth digital media companies into a broader creative sector approach.

Implementation activities need to be informed by the experiences of those projects, places and initiatives that have gone before. This allows lessons to be learnt and experience gained through the examination of previous initiatives.

1.5 Précis of recommendations

1. The current supply of creative workspaces must be increased and in the absence of industrial properties, they will need to be created from conversions or as new builds. For this to happen it is important that the **planning and local development aspects of the Local Development Framework (LDF) are in place to make this possible.**

2. Within many of the twenty major development sites planned in the immediate future, the city has considerable scope for additional volumes of creative workspaces. **The opportunity to**

review these sites to investigate potential to provide a range of creative industries workspace should be taken.

3. **Mixed-use developments have great potential to provide appropriate workspaces for creative businesses.** This should be reflected when developing briefs, site allocations and supplementary planning guidance. LDF policies encouraging mixed use developments should include reference to creative workspace.

4. Research indicates that public investors and policy makers should adopt three linked strategies. **(i) invest in mixed-use developments, (ii) ensure there are stakeholder opportunities for ownership and control long-term for the original change-catalyst businesses, and (iii) accept that investment for the development of small enterprises can be as successful and sustainable where it takes place in more prosperous neighbourhoods.**

5. **Workspace solutions that enable property ownership should be promoted and developed.** Examples include access to loan financing for property purchase, advice for structuring property-related developments as pensions and shared investment schemes, promotion of shared-ownership schemes, and very long-lease arrangements whereby properties are transferred in exchange for development commitments.

6. **A variety of artist-led initiatives operate quite successfully in the UK, and the mechanisms used by these should be explored.** Traditional developers should also be encouraged to incorporate artist-led developers within their development teams.

7. **A working group should be established to explore live-work accommodation.** This could provide one mechanism for defending and maintaining creative employment within changing neighbourhoods (such as BN1) and would also provide access to affordable accommodation and contribute to enterprise development.

8. **The definition of "employment land" needs examining and actioning,** with the specific objective of broadening the definition to include the reality of workspaces used by creative organisations and businesses. There needs to be formal recognition within the LDF that these types of properties are important as a source of creative industries workspaces.

9. **An expert officer within City Planning should be designated as a sector champion,** charged with communicating and embedding the sectoral aspects into the LDF and associated Planning documents.

10. It is important to recognise the synergies between tourism and the creative enterprises located in various tourist destinations in the city. **It is suggested that provision of suitable numbers and types of creative industries workspaces should be considered specifically within the tourism strategies for the city.**

11. **Higher education institutions should develop workspaces for creative enterprises within existing and new premises located on or near to campuses.**

12. The UK Treasury has recently initiated various new fiscal arrangements designed to encourage property development activities with a social focus. These initiatives include Community Land Trusts, Community Interest Companies, and changes to the Small Business Rate exemptions designed to encourage vacant properties to be passed into social ownership. These offer real potential to underpin the development of creative industries workspaces at scale in the city.

These should be examined in detail alongside the case study models. It is recommended that the city take advantage of these changes in the Business Rate system and establish a function whereby it either acts or funds another body as the brokerage.

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

14. Developer contributions (or section 106 agreements) are crucial for securing the necessary benefits through the planning process of a development. It is important **(i) that the scope for developer contributions to support the cultural sector be well demonstrated and (ii) reflected in the emerging Developer Contributions SPD.**