



Making Space: Developing and Sustaining Affordable Artists' Studios and Creative Workspaces

EXECUTIVE SUMMARY

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Context and purpose of the study

Over the past 30 years, there has been significant growth in the provision of studios, makerspaces and creative workspaces in the UK, particularly in London. These spaces have provided essential support to artists and makers and their developing careers, providing a home to this growing and vibrant creative sector. Such creative spaces and communities have also been shown to have a wider economic and social value, helping to regenerate areas by stimulating local business growth and attracting inward investment and infrastructure development without, in the main, disenfranchising local incumbent communities.¹

However, the sector is vulnerable. Models of “find a space and occupy” have especially supported regeneration activity – as artistic communities have occupied under-invested sites and supported the redevelopment cycle. Yet such development cycles leave many workspaces and communities as vulnerable – on short term leases, undesignated and exposed to the broader dynamics of the property development process. Currently, few artist studios are owner-occupied or permanently designated for the creative community. A 2010 survey by the National Federation of Artists’ Studio Providers (NFASP) found that, nationally, 79% of studio spaces were rented and 21% owned. Many buildings were on short-term leases, with 64% on leases of less than five years.²

Studios, makerspaces and the artists that occupy them face increasing pressures, such as the growing demands for similar workspace by other more lucrative sectors, increasing property values and the loosening of regulation around residential building and related large-scale capital development programmes. This means that studio developers often find themselves competing with large scale, well financed residential and/or commercial property developers when looking to secure new space or renewing leases on existing property or unable to access the financial support needed to take on development opportunities.³

These pressures are particularly severe in London which dominates the provision of UK studio buildings; a GLA survey in 2014 found that over 30% of current London studios would disappear within five years, affecting some 3,500 artists.⁴ There is growing anecdotal evidence of artistic brain drain. London’s loss is becoming a gain for other regions, as regional hubs such as Birmingham and Bristol compete to combine home talent with a new wave of creative arrivals looking to establish new places and spaces in which to live and work. Nevertheless, access to London as a gateway to innovation and markets remains a substantial requirement for artistic and commercial success – and London’s potential artistic brain drain is a concern in itself.

The aim of this study has been to investigate the UK’s existing creative workspace provision, documenting on-going challenges to sustainability and identifying the emergence of new forms of provision and potential funding models. The study’s specific objectives were to:

- Outline the current challenges to the sustainable provision of studio space, especially in London;
- Identify how such provision is adapting, including the development of new innovative solutions – including potential solutions from overseas;
- Scope the emergent business models, funding structures and partnerships supporting development of, and opportunities for, workspace provision; and,
- Through the evidence collected support stakeholders such as policymakers, funders, studio providers and other agencies in their development of action plans and feasibility studies targeted at the continued development of studio and maker spaces.

¹ GLA (2014) Artists’ workspace study: Report and Recommendations, Mayor of London; DCMS (2016) The Culture White Paper

² <http://nfasp.org.uk/resources/information-statistics>

³ http://acme.org.uk/downloads/artists_studios_guide.pdf

⁴ GLA (2014) Artists’ workspace study: Report and Recommendations, Mayor of London

Study method

Following an initial literature review, the study undertook primary data collection, including around key emergent themes:

- **Literature review:** to analyse current provision, issues and challenges for the sector and past and emergent approaches to creative workspace support and development;
- **Stakeholder interviews and contributions:** interviewees included representatives from studio and workspace providers, property developers, local authorities, policymakers and education organisations. Topics covered included: issues and challenges; responses and adaptations; success achieved; future potential solutions. In addition, a Roundtable was held in December 2015 to explore the broader role of artists' studios in driving urban regeneration;
- **Creative workspace examples:** drawn from the UK and overseas, a wide range are identified illustrating existing and potential approaches to provision and partnership;
- **Review of finance and funding options:** building on the initial data collection activity, a Roundtable was held on potential options for creative workspace provision in January 2016. Briefing Papers were further commissioned around two particularly interesting options identified during this process.

Creative workspaces: a diversity of business models

Many examples of provision exist and are provided within this Report, with growing examples of innovative responses to current challenges.

Provider business models share a key and common mission: that space remains affordable for artists – although this often leads to limited reserves and low levels of accessible capital. Increasingly providers are also demonstrating innovative and hybrid models, seeking to hold to mission through the exploitation of diversifying funding and income streams.

'Pop-up' and 'meanwhile' space offer short-term opportunities, profile and artistic pipeline – but are not a solution.

For emergent, newer and smaller providers, the challenges of future development, creating permanency and / or becoming more ambitious providers include a series of considerations around: activities, income generation, space costs, ownership forms and partnerships. These considerations reinforce an often constant tension within creative communities – the balance and relationship between the commercial and non-commercial.

In London, and amongst the generally larger and more established providers, the key issue is the ability to act rapidly on property opportunities in the face of usually intense competition from commercial developers and other uses. In essence, to be able to access and draw down suitable funds with speed and affordability.

Mutually beneficial examples of studio collaborations and 'borrowed infrastructure' are growing also; connecting growing artistic communities with studios outside the capital and hubs across the country with the London gateway. Such collaborations, for example, can support high asset utilisation and access to markets and communities through temporary space opportunities (short term lets, artist hotels, studio exchange programmes, etc.).

Yet, more generally, whether in the traditional coming together of artist collectives or the opportunities of regional hubs and regeneration, providers are seeking support in finance and business skills to build asset management skills, instigate and secure opportunities and retain control of their future development ambitions, possibilities and pathways.

Developing and financing creative workspaces

For many studios and creative workspace providers, property ownership is an important long-term ambition as this is the only way they can safeguard their futures. This could be done on

their own or through co-investment in conjunction with property developers, local authorities, higher education institutions or others. These approaches offer possibilities to create long term security, financially benefit from their own positive effects on regeneration and retain stakeholder power.

However, the majority of these approaches still need access upfront to some form of capital investment or mortgage finance.

Given a focus on development and financing, Creative United has outlined three types of workspace provider structured by their stage in workspace development – **emerging** studio collectives, a **stabilisation** period for those creative workspaces that have an initial space and have been going for a year or two, and programmes designed for **established** providers.

The stages account for the differing skills needs as well as the creditworthiness of the providers at each stage but also ensure that there is a clearly defined path for studios to follow as they develop:

- **Emergent:** Many smaller emerging organisations are looking for support and signposting to opportunities which will allow them to set up in new spaces and become capable of accessing funds and protecting their own buildings. They are looking for access to skills, new partnerships, guidance and initial funding to help them maximise opportunities quickly as they arise;
- **Stabilisation:** Midscale providers are seeking skills, knowledge and the ability to strengthen business and financial models to enable growth. This predominantly involves finding the right company structure, defining aims and accessing funding to help stabilise and lay solid foundations for their futures; and,
- **Established:** Often larger providers predominantly looking for ‘fast access to cheap capital’ to enable them to compete with commercial developers when buying property, alongside undertaking high level partnerships and influencing public policy to ensure the right growth environment.

The models demonstrate pathways with the aim of enabling providers to access the finance and skills needed to compete in the market for key properties, and at an affordable rate (to enable them to keep the cost of rental as low as possible).

Such a process seeks to address a key prerequisite that prevents many providers from attracting funding through a straight forward mortgage / loans model; namely, that the perceived levels of risk (and perceived low ROI) associated with creative workspace organisational models are addressed in order to overcome major barriers for investors and lenders.

A ‘Stabilisation Trust Fund’ for UK studio provision

Given the key recognition that sector sustainability is inextricably linked with funding and finance for property ownership, the Report has further investigated the potential of two new forms of finance highlighted by stakeholders through a Roundtable process.

Based on San Francisco’s Community Arts Stabilization Trust (CAST) as the starting point, the Report provides a Briefing Paper on the potential of a ‘UK studio stabilisation fund’.

Prime Advocates develop an approach which outlines the use of an incubation model, and develops both a shared ownership model and a deposit fund approach which are aimed to support studios during their stabilisation process and for those who are established. To enable these to happen a funding pot would be developed and managed by a trust, supported through a multi-agency donor approach.

One potential is for the trust to partner with an existing studio provider to support the skills and expertise development programme.

A Peer-to-Peer funding approach for UK studio provision

A Briefing Paper was commissioned in to possible peer-to-peer lending schemes which could both generate incomes for the studio sector but also enable an investment pot for investors – targeting artists and creatives to enable the creation of future pensions and returns on earnings.

As a sector initiative based on an existing model currently used to support the building of environmentally sustainable properties, this could not only create a small pot to support sectoral growth and development but also provide a repository for artist pension development – a facility much needed in the sector.

In principle the approach could be combined with the stabilisation fund through, for example, the peer-to-peer lending pot feeding the trust fund, or for each to fund different parts of the incubation process.

Their feasibility in the UK context are yet to be studied and tested to determine new solutions to overcome the development and finance barriers to studio provision.

Development through partnership

As across all sectors of the economy where substantial funding sources include the public sector, funding cuts are driving (or forcing) innovative responses, new hybrid funding models and increased levels of collaboration and partnership. Increasing devolution of responsibilities and funding is adding further to the dynamic of partnership.

Such partnership implies the need for recognition of distinct organisational missions but also certain shared objectives – and the range of economic, social and cultural outcomes offered by creative workspace development opens up many such new and potential partnership opportunities. However, to take advantage of such opportunities will require additional support in business and legal skills to back studios and providers in these development relationships.

The Report identifies three particular partnership groups – developers, higher education institutes (HEI) and Local Authorities – and provides a number of illustrations of successful partnerships. In seeking to facilitate greater partnership:

- Outside of London, HEIs are increasingly becoming ‘the’ anchor institutions and drivers of development in cities and localities. Successful partnerships models exist, driven by the specific missions of individual HEIs, but many noted that they are seeking support in understanding and development of ‘the business case’ for creative workspaces, and subsequent support in developing and implementing proposals given existing good practice;
- For commercial property developers (particularly in London), charged with maximising shareholder returns, it was strongly stated by them that any major response to the issues facing creative workspaces would require substantial financial/ legal /policy intervention - small, incremental changes will not suffice. In contrast, development potential has been demonstrated with developers with broader sets of shareholders and stakeholders; for example, third sector provision and affordable housing schemes. Either way, it was argued that succinct and robust impact evidence needs to be produced to support developers in demonstrating the financial (and broader) value of studio and workspace provision in new development schemes;
- Local Authorities offer as strong a set of partnership opportunities as ever given the potential of creative workspace development to contribute to economic development, community wellbeing and place making. At a range of scales, there exist a number of potential policies and instruments that can be utilised in the LA realm in support of creative workspace provision – from strategies, plan making and zoning to planning legislation and gain, financial incentives and asset transfer. It was stressed that providers should be seeking strong engagement at the local level through the various

routes available – from making the case for workspace development in strategy making to bringing forward proposals and actively promoting their expertise and readiness to collaborate - to ensure support through the various statutory mechanisms and ad hoc schemes.

Recommendations

Despite the economic, social and cultural value and benefits of the creative workspace and studio provider sector, recent changes in funding regimes and market developments continue to highlight the vulnerability of the sector and its long term sustainability.

These challenges are evident across the organisational breadth of the sector and various organisational 'life stages' (for example, emergent, stabilisation, established) and locations. The following Recommendations seek to respond to this breadth.

Recommendation 1: Re-shape and launch a 'Creative Workspace Unit' to build national capacity in studio development and advocate for the broader sector.

The Unit would:

- Build national and stakeholder awareness of, and engagement with, creative workspace development, including development of the evidence base for the sector, its impact and 'business case' – attuned to the diversity of 'asks' of partnership opportunities;
- Bring forward a business development programme for the sector, recognising the need to build capacity and capability around business skills, finance skills and organisational development. The programme might be expected to recognise a combination of both generic business development requirements and, specifically, those connected to organisational life stage, such as emergence and stabilisation;
- Create an Opportunities Team – an expert, flexible and fast moving capacity tasked with identifying opportunities, brokering partnerships and supporting the process requirements of 'deal making' as requested (including signposting, business case materials, standardised documentation, case studies, etc.); and,
- Act as a collaborative representative and voice for the sector in maintaining a policy and business environment enabling of creative workspace provision.

After an initial period of re-creation and launch, the expectation would be that the sector moves to support the sustainable provision of the activities of the Creative Workspace Unit.

Recommendation 2: Commission feasibility studies and pilot programmes which test innovative new forms of funding and finance for creative workspace provision

This Report provides two possible examples:

- *A peer-to-peer funding model:* based on a model already used by Abundance to fund environmentally sustainable capital projects, there is strong potential to test and model a similar scheme for the arts sector, which would have the added benefit of creating pension pots for artists and independent practitioners.
- *A Trust model:* via the creation of a bespoke fund for studios. Further studies and testing need to be undertaken with partners to look at both the constitution of a Fund and the way in which it could be used to either fund outright sales, or to leverage in other funding – in either a shared ownership or deposit advancement model.

Recommendation 3: A Review of Borrowed Infrastructure Practices

Identify and document for the sector new business model developments around studio collaboration and 'borrowed infrastructure'. Connecting burgeoning artistic communities and hubs across the country and with the premier gateway of London, new digital and physical initiatives such as pop-ups, artist hotels, and studio exchange programmes are providing innovative more affordable channels to creative and commercial development.