

Southend-on-Sea Borough Council

**Agenda
Item No.**

Report of Corporate Director for Place

**to
Cabinet**

**(in its capacity as sole Trustee for the
Beecroft Art Gallery Trust)**

on

28th June 2016

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Development Manager: Culture

Former Beecroft Art Gallery Building – Artist Studios Feasibility Study

**Relevant Scrutiny Committee(s)
Executive Councillor: Councillor Ann Holland
Part 1 (Public Agenda Item)**

1. Purpose of Report

- 1.1 To provide the Beecroft Art Gallery Trustees with an update on the outcome of the feasibility study for using the Station Road, Westcliff building for artist studios and seek approval for further work to be undertaken.

2. Recommendations

- 2.1 **That Beecroft Art Gallery Trustees acknowledge the potential for a viable business case to support the creation and management of artist studios within the former gallery building.**
- 2.2 **That Beecroft Art Gallery Trustees agree to the preparation of a formal bid to Arts Council England's Capital Grant funds and other external funding sources to undertake the works.**
- 2.3 **That Trustees acknowledge the cost of producing a good quality bid for submission would be approximately £20k. The Trust does not have the financial resources to fund this and would require this one-off sum to be met as a contribution from the Council's contingency. This amount would need to be reimbursed in full by the Beecroft Art Gallery Trust and would initially be a direct cost to the Council.**

3. Background

- 3.1 The former Beecroft Gallery building, Station Road, Westcliff-on-Sea has been suffering from major structural issues for some time; consequently the building was closed in September 2013 and the Beecroft Art Gallery relocated to the former Library building in Victoria Avenue, August 2014.

- 3.2 Council officers investigated options for the future of the building on behalf of the trust and presented their recommendations in December 2015.
- 3.3 At Full Council 10th December 2015, in their capacity as sole trustee for the Beecroft Art Gallery Trust, Members agreed the following recommendations:-
- “That the Council acting as Trustees give permission for officers of the Council to investigate the viability of using the former Gallery Building as artist studios. (This option would further the objects of the Trust and merits further investigation to determine if it would be financially viable and therefore in the best interests of the Trust).
 - That, if the feasibility study finds that the conversion of the building into artist studios will not be viable the Trustees should proceed with one of the identified options for disposal (As set out in section 5.1.1 of the submitted report).”
- 3.4 It was acknowledged that the cost of undertaking the feasibility study would cost the Trust in the region of £25,000 and that the Trust would need the financial support of the Council, with the money being repaid at a future date once the Trust had sufficient funds to do so.
- 3.5 At the same time as the Trust has been considering the potential use of the former gallery building for Artist Studios, the Council, via Focal Point Gallery were considering creating affordable artist studios in Southend and wanted to determine the feasibility of doing so.
- 3.6 As a result of the synergies in both projects, a joint brief was developed for the project with a funding contribution of £10,000 from Arts Council England and £15,000 from the Beecroft Art Trust. **(See Appendix 1)**
- 3.7 Following a competitive process, Architects Manalo & White in partnership with Acme Studios were appointed in April 2016 to undertake the feasibility study to determine detailed analysis to meet the requirements of both parties, namely:
- Feasibility for Artist studios in the borough as a general business model
 - Feasibility of renovating and using the former Beecroft gallery as an appropriate location for the business model identified.

4. Feasibility Study Findings

- 4.1 The feasibility study sought to test out whether assertions made nationally regarding the demand for affordable Artist / Studio space, particularly in light of pressure for such space in London, are applicable to Southend-on-Sea. Subsequently, Demand Modelling has been a key component of the research undertaken as part of this study.
- 4.2 A Demand Survey was conducted in April / May 2016. This was accessed by a total of 157 respondents. The key findings from this survey are:
- 112 respondents said that they would consider a studio in Southend-on-Sea.

- 61 artists are interested in the former Beecroft Gallery building specifically.
- At a planned 23 units within the former Beecroft building, at a 1:3 ratio of units to specific demand, this confirms that there is sufficient demand for artists' studios.
- Most of the artists (about 100 of 112 total replies) responding to the survey currently live in London, therefore demand from this group would be dependent on artists moving from the city to Essex. Equally, respondents were aware that transport connections to and from London are very good but expressed concerns about travel costs. These could therefore present a barrier to realising this demand.
- 20 of the responding artists already have studios in Essex and would move studios if they were the right size and price for them. In addition, a portion of the people that submitted the survey would consider moving and living in Southend-on-Sea permanently.
- Artists already based in Essex are happy to drive to up to 50 minutes to get to their studios.
- Responding artists also confirmed that they perceived there to be a thriving art scene in the Southend-on-Sea. This added to the area's 'undiscovered beauty' – as described by one of the artists and makes Southend-on-Sea an appealing area for creative practitioners.

4.3 **Studio Sizes** - the plan for the former Beecroft Gallery building proposes 23 units with the following spaces/rents (per month) in the ranges below:

| 0 – 100sq ft | 100 - 200sq ft | 200 – 300sq ft | 300 – 400sq ft | 400 – 500sq ft | 500+sq ft |
|--------------|----------------|----------------|----------------|----------------|-----------|
| 3 | 4 | 7 | 5 | 2 | 2 |
| £0-70 | £70 - £141 | £141-£212 | £212 - £283 | £283 - £354 | £354+ |

4.4 The study shows that the most desirable studio size is 200-300 sq. ft. Followed by 300-400 sq. ft. and 400-500 sq. ft. The plan could fulfil these needs by offering 7 studios within the first range, 5 in the second and 2 in the last. The proposal offers 7 smaller units, which based on the demand study will be ideal for artists looking for smaller spaces. The building would offer a range of studios that will fit the needs of a wide range of artists both in terms of practice and affordability.

4.5 **Rent levels** – The all-inclusive rent level (£8.50 per sq. ft.) modelled within the feasibility study is in line with artists' needs in terms of affordability. The majority of responding artists would like to pay £100-£200 per month, followed by under £100 per month and finally £200-£300 per month.

4.6 The proposed design will meet all these needs by offering 7 studios in the region of £100-£200 per month, 7 studios in the region of £0- £150 per month and 5 studios in the region of £200-£300 per month. This leaves 4 studios for over £300 per month, however, from the demand feedback it has been determined that there are artists in Essex looking for 450+sq ft. studios that would be happy to pay rents of £300+ per month if the conditions (i.e. design and specifications) are right for them.

4.7 Feedback via the survey endorsed the fact that artists want to have their own spaces. The ability to create self-contained studios within the former Beecroft

building is an optimum feature of the proposed development and should help to ensure that demand for space within the building is high.

4.8 The survey also provided valuable information on the rankings artists applied to studio features from most important to least important as follows:

- Affordable rent
- Access for large objects
- High ceilings
- Wi-Fi
- Natural light.

5. Reasons for Recommendation

5.1 The former Beecroft Art Gallery building has been unoccupied since November 2013 with the Beecroft Art Gallery Trust considering the options for the future use of the building for some time. These options have included disposal, which was a prominent feature of a public consultation exercise undertaken during 2015. Through this consultation the concept of converting the building into artist studio space arose.

5.2 The feasibility study suggests that there is a business model that could be applied to the former Beecroft Gallery building and that there is sufficient potential demand both locally and from artists living in and around the London area.

5.3 Building a thriving creative economy is critical; the creation of artist studios at the former Beecroft Art Gallery has the potential to make a significant contribution to the local economy of the borough; at a basic level 23 new artists' studios will bring 23 new sole traders to the area.

5.4 The demand study has also identified a need for studios for graduates. The creation of these studios could make a significant contribution to retaining creative talent and skills in Southend-on-Sea. The retention of artists who might otherwise move to another area has two potential impacts – (a) the further development of Southend-on-Sea's art scene and attractiveness as a destination; (b) the further development of the local creative economy via the part-time and/or freelance skills that artists tend to supply the local economy in order to support themselves.

5.5 Working with similar individuals/organisations and sharing knowledge is really valuable for artists in maintaining and developing their practises. Working within a supportive community will remove some of the risks arising from business isolation and enhance wider awareness of this new local resource and expertise.

5.6 The artist studios will create a platform from which artists can pursue sustainable long-term careers, adding to overall employment and role modelling secure self-employment for the wider community.

5.7 The creation of the studios would contribute to culture-led 'place making' by contributing to the development of the area. The studios will contribute to

creating an image of a community that is vibrant, creative, innovative and exciting to live, work, visit and invest in. A thriving local creative economy has a direct positive impact on generating employment and business growth in all economic sectors.

- 5.8 Given the findings from the feasibility study, it would seem logical that the next steps for the Beecroft Gallery Art Trust to consider would be the development and a submission for capital funding to take the project further.

6. Implications for the Beecroft Gallery Art Trust

6.1 Financial Implications

- 6.1.1 **Appendix 3** provides indicative costs for conversion of the former Beecroft Gallery building to artist studios. In summary the Project / Development Costs are estimated at c£800,000 (including consultant's fees, 5% Development Contingency and VAT). Please note, this is a mean value. The Cost Consultant has estimated a lower level cost of £680K and an upper level cost of £910K subject to unknowns and variables such as design, site abnormalities, etc.

- 6.1.2 The Beecroft Gallery Art Trust does not have the resources to fund the costs of the renovation and would need to seek external funding for the project. The potential sources for capital funding are:

| Source | Amount | Deadline | More info |
|--|-------------------------------|---|---|
| Capital: Large Grants (Arts Council England) | £500,000 minimum | Opening 14 July 2016 for projects to run in 2017 – not clear when this closes | http://www.artscouncil.org.uk/capital-large-grants |
| Capital: Small Grants (Arts Council England) | Between £100,000 and £499,999 | Opening on 12 January 2017 | http://www.artscouncil.org.uk/capital-small-grants |
| Heritage Grants (HLF) | Over £100,000 and up to £2m | Deadlines: 5 September 2016 for a decision in December 2016 | https://www.hlf.org.uk/looking-funding/our-rant-programmes/heritage-grants |

- 6.1.3 Match funding requirements would need to be taken into consideration – Arts Council England (ACE) guidance implies that 15% match funding is required for Small Capital Grants and 30% for Large Capital Grants.

- 6.1.4 Arts Council England list other potential sources of funding that they would accept as match funding as:

- European Structural & Investment Funds
- Funding from public organisations such as Local Authorities or Universities
- Grants from other lottery distributors
- Donations of land, equipment or materials subject to suitable valuations
- Grants from trusts and foundations
- Public appeals and fundraising events
- A contribution from the organisation
- In-kind support

6.1.5 The HLF would also request a funding contribution towards the project. This can be made up of cash, volunteer time, non-cash contributions, or a combination of all of these. Some of the partnership funding must also be from the own organisation's resources. For grant requests below £1million, there is a minimum 5% of the costs of the development phase and 5% of the costs of your delivery phase. For requests in excess of £1million this rise to 10%.

6.1.6 The Beecroft Art Gallery Trust will incur costs in order to develop and submit good quality funding applications. The cost of producing a bid for submission would be approximately £20k and would initially be a direct cost to the Council.

6.1.7 Currently there is no budget separately identified for this bid and if Trustees were to proceed with the proposal then a one-off sum of £20k would need to be met as a contribution from the Council's contingency, which would need to be reimbursed in full by the Beecroft Art Gallery Trust.

6.1.8 If the proposal proceeds and before any work on the bid commences, a signed agreement will need to be in place between the Council and the Trust to cover the above funding arrangement. If the funding bids are not successful, the Trust will look to dispose of the building and will be able to reimburse the Council for this work.

6.2 *Legal Implications*

6.2.1 Whilst considering the recommendations of this report, it is worth noting that the trustees (The Council) are legally bound by the requirements of the Charity Act 2011.

- As sole Trustee, the Council is duty bound to ensure that the maximum value is received from the use or disposal of any asset held by the Trust.
- Any proceeds of sale will be a permanent endowment which means that the income received from the proceeds of sale (e.g. through investment) will be available to further the objects of the Charity.
- If any of the capital is to be expended rather than just the income, it would additionally be necessary to establish to the total satisfaction of the Charity Commission that this would be expedient in the interests of the Charity.

6.2.2 The conversion into artist studios would see the building used in a way which retained the original vision of Walter Beecroft “for the advancement of Art, Music and Literature”; however, it is likely to be necessary to make an application to the Charities Commission to alter the stated objects of the Charity as stated within the charity scheme (**Appendix 4**).

6.2 People Implications

6.2.3 The feasibility study suggests a range of governance options for the operation and management of the artist studio space. One solution would be for the Trust to work in partnership with Focal Point Gallery and for them to provide the day to day management of the project. The development of the funding application would investigate the governance arrangements in more detail and report back to the Trustees for a final decision. It should be noted that any future governance arrangements are likely to have a financial impact for the Trust.

6.3 Property Implications

6.3.1 This report directly addresses the property implications for the former Gallery Building and provides a proposition as to how the building could be renovated and reconfigured as Artist Studios, bringing the property back into use.

6.3.2 The Gallery Building is situated within a conservation area and consideration would need to be given to this in the plans for renovation. It is also likely that the Trust would need to apply for change of use for the building to be used as Artist Studio space. The change-of-use planning application would need to be made prior to the submission for grant funding.

6.4 Consultation

6.4.1 The findings from the feasibility study have been drawn from the consultation carried out during April / May 2016, which had 112 respondents. The outcome from the consultation has been used to inform the recommendations.

6.5 Risk Assessment

6.5.1 The main risks associated with this report are:

| Risk | Likelihood / Impact (Low / Med /High) | Mitigation |
|---|--|---|
| Insufficient funding to complete the project | M / H | External expertise will be sought to develop and submit bids to a range of appropriate funding sources |
| Proposed demand for artist studios is not realised | L / H | Maintain contact with those respondents from the consultation who expressed a direct interest in the Beecroft Studios |
| Beecroft Art Gallery Trust does not have the required skills to manage the artist studios | H / H | Work in partnership with Focal Point Gallery for the operational management of the studios. |

7 Background Papers

7.1 10th November 2015 Cabinet Report – Outcome of consultation on the future of the former Beecroft Art Gallery building, Station Road, Westcliff-on-Sea

8 Appendices

8.1 Appendix 1 – Feasibility Study Brief

8.2 Appendix 2 – Outline Draft Feasibility Study - Acme Studios

8.3 Appendix 3 – Indicative costs for renovation