

## Rother District Council

<b>Report to:</b>	Cabinet
<b>Date:</b>	28 February 2022
<b>Title:</b>	Beeching Road Studios, 18-40 Beeching Road, Bexhill
<b>Report of:</b>	Ben Hook – Director Place and Climate Change
<b>Cabinet Member:</b>	Councillor Bayliss
<b>Ward(s):</b>	All
<b>Purpose of Report:</b>	To seek approval from Cabinet to take the necessary steps to manage the Beeching Road Studios in-house on an initial basis while other options are considered.
<b>Decision Type:</b>	Non-Key
<b>Officer Recommendation(s):</b>	It be <b>RESOLVED</b> : That the Director - Place and Climate Change be authorised to enter into the necessary leases, licences and contracts to enable the Council to manage the creative studios at 18-40 Beeching Road, Bexhill.
<b>Reasons for Recommendations:</b>	To ensure the successful management of the Beeching Road Studios project following the withdrawal of Bexhill College as lead operator.

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### Introduction

1. In 2019, the Council secured £960,000 grant funding from the South East Local Enterprise Partnership (SELEP) to refurbish 18-40 Beeching Road, in order to provide accommodation specifically aimed at cultural and creative business. The Council has worked closely with a steering group of stakeholders, including the De La Warr Pavilion, Bexhill Contemporary Group, Bexhill College, Flatlands and others in bringing forward the project.
2. The vision for the project is that by 2025 Beeching Road Studios will be established as:
  - A distinctive, arts-led creative cluster of artists and makers, craft design and media businesses and their supply chains, specialist training and education providers and their students.
  - A hub that offers tenants, service users and visitors a variety of attractive, affordable and secure spaces; access to high-quality support services, facilities, learning and cultural experiences; and opportunities for collaboration, career development and business growth.

- Accessible and connected to local residents and businesses, other regional creative communities and workspaces, commercial, cultural, educational and civic institutions.
3. During 2021 a wholesale refurbishment of the premises has taken place, supported by the SELEP grant to reconfigure the premises to meet the project objectives. This work is now substantially completed.

### **Beeching Road Management Options**

4. Bexhill College was selected as the preferred Lead Partner to manage the Beeching Road Studios following a procurement process (Minute CB20/48 refers). Bexhill College have recently advised that whilst they remain committed to engaging with the project, they no longer wish to manage the scheme.
5. It is therefore proposed that the Council takes on the management of the project in order to get the studios up and running and set the foundations to realise the project vision. The option to seek a third party organisation to step in and manage the scheme remains open to the Council if deemed desirable at a later date.
6. Details of the proposed management arrangements are set out in Appendix 1. The project is expected to break even, and the budget forecast therefore adopts a 'net zero' approach.

### **Conclusion**

7. If the project is to proceed in a timely fashion the only realistic option is for the Council to take on the management of the scheme itself. A great deal of work is required to ensure that services, systems and legal documentation are in place as soon as practicable, to enable the premises to be occupied.
8. While it is the intention and policy of the Council to operate this as a Creative Arts Centre, it must be acknowledged that the refurbished premises would still be suitable for alternative uses, and therefore represents little overall financial risk for the Council.
9. Cabinet is recommended to authorise the Director - Place and Climate Change to enter into the necessary leases, licences and contracts to enable the Council to manage the Beeching Road Studios, and to recommend the addition of the operating budget to the Council's annual revenue budget.

### **Financial Implications**

10. The project is not expected to generate significant surpluses and the Council should adopt a 'break even' budget approach. The creation of over 30 new tenancies will also place additional workload on the Council's financial administration team. The budget forecast indicates that the annual running costs of the project will be in the region of £120,000 - £130,000 per annum, with income forecast in the first year in the region of £140,000 per annum.
11. Some initial set-up costs will be incurred to complete the fitting-out of the premises to enable occupation. These include commissioning EPC's and Risk

Assessments; purchase of fire extinguishers, CCTV equipment, intruder alarms and a door entry system. These costs are estimated to be in the region of £50,000 and will either be met from the current years' revenue budget or capitalised and met from the capital allocation for the project where appropriate.

12. The running cost forecast includes all maintenance costs for the fabric of the building and the management of services, as well as a provision for facilities management.
13. Income will be derived from rentals to be received from the occupiers of the workshops and studio spaces. The forecast assumes that all of the larger spaces will be fully let within the first year and allows for a 20% ongoing vacancy rate of the smaller studios. It will be necessary to monitor costs carefully and update forecasts on a regular basis.

### Legal Implications

14. The creation of over 30 new tenancies will also require significant input from the Legal Services department in preparing and completing the various tenancy agreements. Whilst many of these will be in a standardised form, this represents a significant volume of work to be accommodated.

### Human Resources Implications

15. It will be necessary to appoint a part-time post to provide capacity to manage the day-to-day running of the scheme.

### Risk Management Implications

16. The Council will put procedures in place to ensure that its statutory compliance obligations with regards to the management of the premises are met; including health and safety risk assessments, fire risk assessments, legionella checks, etc.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	Yes		

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Appendices:	1 - Beeching Road Studios - Management Arrangements
Relevant Previous Minutes:	CB18/67; CB20/48
Background Papers:	N/A
Reference Documents:	N/A

**BEECHING ROAD STUDIOS - MANAGEMENT ARRANGEMENTS**

1. The Studios have been refurbished to offer different opportunities for creative businesses at different stages of growth:
  - The two largest units will be self-contained and leased at a commercial rate. Although effectively 'stand-alone' premises, it is expected that the businesses occupying these spaces will contribute to the work of the hub by providing opportunities and support for new creative start-ups.
  - One unit has been divided to provide two smaller self-contained units offering accommodation for new or expanding creative businesses. Again, these will be leased at a commercial rate and the businesses will receive support through the project to develop and expand.
  - Two units have been combined and subdivided into 27 small serviced studios which form the heart of the project, creating a new artists' community that will help to develop new graduate and emerging artists. These will be leased at an 'all inclusive' rent.
  - The remaining unit fronting Beeching Road will be the reception and gallery space, forming the public face of the hub and where exhibitions and other public-facing activities will take place.
2. RDC will be the landlord and as such will be responsible for the day-to-day management and maintenance of the premises, along with all statutory compliance requirements. This will require input from Estates, Building Maintenance, Finance and Legal Services functions.
3. The Steering Group of stakeholders will continue to provide strategic oversight of the Studios project and to maintain the link between the project and other creative pathways. The members of the Steering Group all offer an important role in that ambition, with the college providing the link with students, the De La Warr Pavilion offering creative work experience and opportunities, and Flatlands offering exhibitions and understanding of the studio environment. The Council will act as landlords but also as the link with external funding and County wide initiatives in this area.
4. The Regeneration Officer will provide support to the steering group and liaise with the Steering Group members to support the emerging creative businesses.
5. It is proposed that leases will be on flexible terms, similar to the lease arrangements at Elva Business Centre. The larger, self-contained units will be able to break their leases on three months' notice, whilst the smaller studios will be able to break on one months' notice. The Council will retain responsibility for maintaining the fabric of the buildings. Tenants of the self-contained units will be responsible for their own business rates and utilities, but the small studios will be charged on an 'all-inclusive' basis to include utilities, business rates, and all servicing costs such as cleaning and maintenance of the common areas.
6. Flatlands will operate and manage the gallery/exhibition space and provide networking support and curation services to the artists/tenants at the project through a Service Level Agreement monitored through the Steering Group.