# Research Brief: Creative Industries and Historic Buildings

**Organisation:** National Heritage Memorial Fund

**Title of procurement:** Creative industries and historic buildings

**Brief description of supply:** Scoping exercise to identify why relatively few Heritage Enterprise applications have featured the re-use of historic buildings for creative industries uses.

**Estimated value of tender:** £15,000

**Estimated duration:** 4 months

**Name of HLF contact:** Ben Greener

**Timetable:** • Response deadline – 22/6/2015

 • Confirmation of contract – 6/7/2015

 • Final report – 1/11/2015

# Heritage Lottery Fund (HLF)

HLF was set up in 1994 under the National Lottery Act and distributes money raised by the National Lottery to support projects involving the national, regional and local heritage of the United Kingdom. We operate under the auspices of the National Heritage Memorial Fund (NHMF). We are the largest dedicated funder of heritage in the UK and, since 1994, have awarded over £6bn to more than 37,000 heritage projects across the UK.

# Introduction

That innovation, new products, new services – indeed, new economic growth – might fundamentally depend on cities possessing a good stock of old, distinctive buildings was an idea coined by the American urbanist Jane Jacobs over 40 years ago:

 *“Old ideas can sometimes use new buildings. New ideas must use old buildings.”*

Jane Jacobs - The Death & Life of Great American Cities

As Jacobs outlined, old buildings are adaptable, and available in the different scales, sizes and compositions that start-up and growing businesses need. They are cheaper to occupy than new builds and so are attractive to innovative, risky businesses that need to keep costs down. They can often be taken on easily and quickly. And they provide character and interest for companies wanting to carve out a distinctive image.

In 2013 HLF published ‘*New ideas need old buildings’*. This research demonstrated - for the first time - that heritage is a major driver of positive economic results, highlighting that:

* Commercial businesses based in historic buildings generate more wealth than is the average, at £308,000 GVA per annum.
* Across the UK, the businesses based in listed buildings are highly productive and make an estimated annual contribution to UK GDP of £47billion.
* Businesses based in listed buildings across the UK employ approx. 1.4m people.

It also proved that historic buildings in our major towns and cities have a greater concentration of businesses linked to the **creative and knowledge economy**, the most productive sector of the UK economy. It highlighted the fact that historic buildings and the historic quarters of major towns and cities are the very places where new ideas and new growth are most likely to happen. In England, for example, creative industry businesses are 28% more likely to be found in listed buildings.

The UK has the largest creative sector of all EU countries, and the largest in the world in terms of GDP. The UK government defines this sector as: *‘Those industries based on individual creativity, skill and talent with the potential to create wealth and jobs through developing intellectual property’.*This research is especially interested in the potential to explore relationships with the emerging ‘createch’ sector. HLF believes that historic buildings help to provide diversity in the nature and affordability of commercial and industrial floorspace and are crucial to the development of the creative industries and the knowledge economy. Many creatives seek premises near like-minded enterprises, often in mixed-use, independent, adaptable, flexible spaces offering attractively-low rents. Some good examples include:

* Set in 15 acres of restored Victorian factories, just five minutes’ walk from the Bullring, the Custard Factory is at the heart of **Birmingham**’s vibrant creative and digital district. It’s the UK’s leading destination for creative and digital businesses, independent shops and alternative culture outside London. This revitalised industrial building is helping to make Birmingham an innovative, globally competitive city.
* **Bradford** is no longer a mighty economic powerhouse, but has a fine legacy of buildings that originated in its more prosperous industrial past. It has rich concentrations of listed buildings in the city centre, including Little Germany, an area of imposing warehouses built by Jewish cloth merchants. This is now a place where professionals and creative industries mix with bars and restaurants.
* **Manchester**’s Garment District and its Victorian warehouses and workshops are a haven for contemporary shopping. The area has emerged as an archetypal city centre ‘village’ where many live and work, surrounded by interesting shops and places to eat, drink and stay. 80% of local businesses are independents, and the area hosts many professionals’ offices with a slant towards those in the creative industries, offering an economic blend that has been central to the city’s revival.

# Purpose of the research

In April 2013 HLF launched a brand new funding programme to tackle ‘problem buildings’ which may have lain vacant or derelict for some time: **Heritage Enterprise**. It directly addresses the kind of ‘market failure’ experienced by many vacant historic buildings, by providing the gap funding needed to make this type of project economically viable. Since then, we have awarded over £55m to 22 projects across the UK.

Recent DCMS figures show that the creative industries are now worth £76.9 billion per year to the UK economy. HLF is interested in understanding and connecting with creative industry partners; especially those closely linked to the emergent ‘**createch**’ (creative, digital and technology) industries. Growth in this particular field is led by enterprises whose output is increasingly digital/technology led. These include advertising and marketing companies; film, TV and video producers; IT, software and computer service companies; and social media companies. They have been growing at three times the rate of the UK economy as a whole and are set to reach 12% of UK GDP by 2016.

Some of the projects we have funded through Heritage Enterprise do seek to house creative uses in underused historic buildings, such as:

* £3.7m to Harvey’s Foundry (Cornwall) to create office spaces for high quality jobs in ICT, marketing, graphic/digital design and other creative industries
* £4.5m to Ancoats Dispensary (Manchester) to provide workspace for creative and knowledge-based companies.

However, **we have not received either the quantity or quality of Heritage Enterprise applications to deliver projects like this that we would like to see** (given the potential for historic buildings to house creative industries uses).

We aim to understand why this might be, and to identify any barriers preventing creative industries projects from progressing. We need to develop an understanding of these issues which goes beyond the anecdotal.

# Methodology

This research will be primarily desk-based, involving some telephone interviews with participants. It should provide detail on the following three groups:

1. **Creative industry businesses/individuals** **(especially the createch sector)**

To understand their needs and the best way to engage with them in the future to house creative industries in derelict or vacant historic buildings.

1. **Property developers and investors**

To find out what would encourage them (and what might be discouraging them currently) to invest in/redevelop heritage assets as creative industries/createch hubs.

1. **Owners of derelict/vacant historic buildings and community/not-for-profit groups working with owners to find new uses for such buildings**

To identify how best to connect them with creative industry partners and encourage them to house commercial, creative enterprises in their historic buildings.

This research should attempt to understand why HLF receives relatively few applications from creative industries-focussed applicants. Specifically, it must:

* Engage with commercial property developers and investors, to: learn more about their capacity to develop new creative clusters; pinpoint the geographical location of creative industries across the UK; highlight evidence of demand for new spaces (ie: waiting lists of businesses looking for space); and understand the potential for growth in this area – ie: spot future employment models or ways of working which may emerge within a creative industries context in coming years.
* Hear from creative industry businesses and individuals, and better understand their needs, to: Learn more about the types of building they may be interested in; understand their specifications and needs – ie: building size, location, age, services offered, costs, nearby amenities or facilities; and explore the potential for growth in this area.
* Talk to owners of derelict/vacant historic buildings and community/not-for-profit groups (such as trusts) working with building owners, to: find new uses for such buildings; and identify any the barriers or obstacles preventing/discouraging them from using their buildings to house creative industries uses.

The research needs to help HLF to understand why Heritage Enterprise programme applicants are not, on the whole, applying to deliver creative industries-focussed projects.

HLF therefore expects this research to detail the current levels of partnership, engagement and understanding (ie: of the opportunities they each present to one another) between the three groups listed directly above.

Additionally, the report should address the following areas of interest:

*Policy context*

* Highlight any policy context for the re-use of historic industrial buildings - such as recent changes in planning policy (ie: permitted development) – which may make such buildings more attractive to creative industries businesses.
* Outline both opportunities and threats presented by a move towards encouraging creative industries businesses to use historic buildings.
* Explore the challenges presented by other new uses, for example residential, and any threats these pose to re-use of historic buildings by creative industries.
* Identify relevant case studies, highlighting both successes and failures (and explaining the reasons behind success/failure).

*Practice*

* Explore how, why, where and when creative industries clusters arise. And note the impact that historic buildings have on this process (if any).
* Pinpoint established/nascent clusters of creative industries businesses in the UK, highlighting their geographic location and any proximity to vacant/derelict heritage.
* Analyse the economic viability of converting historic buildings for creative industries use. For example, how do rents for similar enterprises compare in redeveloped historic building to other local spaces?
* Understand the motivations behind those creative industries businesses which have chosen to locate in historic buildings. Focus on what drives this choice: price, quality, location, flexibility, identity?

*Role of Heritage Enterprise*

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* Recommend improvements/changes the HLF’s Heritage Enterprise scheme, outlining the rationale behind these and any potential impact.
* Flag up any barriers to engagement that commercial developers and historic building owners have with Heritage Enterprise.

# Outputs

The following outputs will be required:

* a draft final report;
* a final written report; and
* a set of research data, to be stored in a readily accessible electronic format such as Excel.

All reports to include appendices as agreed between HLF and the contractor. The contents and structure of the report to be agreed in advance of writing. All reports to be supplied in both hard copy and electronic format.

4.2 Reports and other documents produced under this contract should adhere to HLF’s accessibility and formatting guidance (appended). Consultants are required to adhere to all appropriate regulations and guidelines on the collection, storage, transmission and destruction of personal data (MRS/SRA, Data Protection Act 1998: Guidelines for Social Research, April 2013).

4.3 The results will be confidential to HLF. HLF may prepare or commission summary reports and other materials for subsequent wider distribution, based on the results.

# Research management

We expect the research to begin on 6 July 2015 and be completed by 1 November 2015.

The research will be managed for HLF on a day-to-day basis by Ben Greener.

# Procurement

* 1. The proposal for undertaking the work should include:
* a detailed methodology for undertaking the study;
* details of staff allocated to the project, together with experience of the contractor and staff members in carrying out similar projects. The project manager / lead contact should be identified;
* the allocation of days between members of the team;
* the daily charging rate of individual staff involved;
* a timescale for carrying out the project;
* an overall cost for the work.
* one or two examples of previous research.

6.2 As part of our wider approach to corporate social responsibility the National Heritage Memorial Fund/Heritage Lottery Fund prefers our business partners to have similar values to our own. We pay all of our staff the living wage (in London and the rest of the UK) and we would like our suppliers and contractors to do likewise. Please highlight in you proposal/tender/bid whether you do pay your staff the living wage.

6.3 The anticipated budget for this research is £15,000 to include all expenses and VAT. The contract will be let by the National Heritage Memorial Fund under HLF terms and conditions.

6.4 The procurement criteria for this competitively-tendered piece of work will be.

* extent to which the tender demonstrates an understanding of the research issues;
* appropriateness of methodology and methods of data analysis;
* previous experience of similar research;
* proposed team composition, expertise and management;
* the number of days allocated to the research;
* the extent to which the tender is clearly written;
* cost.

6.5 HLF reserves the right not to appoint and to achieve the outcomes of the evaluation through other methods.

6.6 The procurement timetable will be:

* Completed proposal to be returned to HLF by 22/6/15.
* Confirmation of award of contract by 6/7/15.

6.7 Proposals can be sent to the following address or emailed:

Ben Greener

Heritage Lottery Fund

Holbein Place

London

SW1W 8NR

ben.greener@hlf.org.uk

* 1. Please visit the [HLF website](http://www.hlf.org.uk/Pages/Home.aspx) for further information about the organisation.

# Appendix 1: Accessibility and formatting guidance

Reports and other documents created for HLF need to be clear, straightforward to use, and ready to circulate internally, externally and online, as well as suitable for use by screen reading software. Best practice in accessibility is summarised below:

## Readability

In the final report, consultants should ensure that:

* the size of the font is at least 11pt;
* there is a strong contrast between the background colour and the colour of the text. Black text on a white background provides the best contrast. This also applies to any shading used in tables and / or diagrams;
* Italics are only used when quoting book titles for citations and items on the reference list should be arranged alphabetically by author; and
* colour formatting and use of photos should be of a resolution size that is easily printable and does not compromise the printability of the document.

For further guidance on ensuring readability of printed materials, please refer to the RNIB Clear Print guidelines. These can be found on the [RNIB website](http://www.rnib.org.uk/Pages/Home.aspx).

## Accessibility

Reports should adhere to the following guidelines:

* **Formatting**

Headings and content in your document should be clearly identified and consistently formatted, to allow easy navigation for users. Heading Styles should be used to convey both the structure of the document and the relationship between sections and sub-sections of the content.

* **Spacing**

Screen readers audibly represent spaces, tabs and paragraph breaks within copy, so it is best practice to avoid the repetitive use of manually inserted spaces. Instead, indenting and formatting should be used to create whitespace (e.g. use a page break to start a new page, as opposed to multiple paragraph breaks).

* **Alternative text**

Alt text is additional information for images and tables. This extra information is essential for both document accessibility (screen reading software reads the Alt text aloud) and for the web. Alt text should be concise and descriptive, and should not begin with ‘Image of’ or ‘Picture of’.

* **Images**

These should be formatted inline with text, to support screen readers. Crediting pictures may be necessary, usually in response to a direct request from a third party.

* **Tables**

These should be for used for presenting data and not for layout or design. They should also be simple, and include a descriptive title.

**Additional documents**

Any additional information, separate to the report, for example pro formas and transcripts that may be used as standalone documents must be fully referenced to the piece of work being submitting and therefore dated, formatted and numbered appropriately.

**Acknowledgement**

All reports should acknowledge HLF. Our logo can be found on the [HLF website](http://www.hlf.org.uk/grantholders/acknowledgement/Pages/Logosandacknowledgement.aspx).

# Appendix 2: Supporting creative industries through investing in heritage

Recent [DCMS figures](https://www.gov.uk/government/news/creative-industries-worth-88-million-an-hour-to-uk-economy) show that the Creative Industries are now worth £76.9 billion per year (£8.8 million per hour) to the UK economy. In order to encourage this trend, this proposal outlines the economic case for investment and the economic benefits from regeneration. The following case studies demonstrate that there is an economic case for successful occupation of historic buildings by the creative industries.

**Custard Factory, Birmingham, West Midlands**

Status: Completed

Development cost: Unknown

Developer: Private entrepreneur

Summary: The conversion of the former Bird’s factory began in 1989 when the area was described as an ‘industrial wasteland’. Slowed by lack of access to capital, the redevelopment has been gradual and finished in 2011. The area is now revitalised and the site is home to a large number of small businesses within the creative sector.

**Dulcie House, Manchester, North West**

Status: Completed

Development cost: £0.35 million, including a grant of £100,000 from the Development Corporation

Developer: Urban Splash

Summary: The redevelopment of this former petticoat factory began in 1993. The project has contributed to the regeneration of an area now described as a ‘burgeoning creative sector in Manchester’. The building is now successfully let to a film production company. Urban Splash comment that this development was successful because: ‘a permanent home in edgy architecture suited creative businesses’.

**Tobacco Factory, Bristol, South West**

Status: Completed

Development cost: Unknown

Developer: Private entrepreneur

Summary: This former Imperial Tobacco Factory was derelict and under threat of demolition before purchase. The owner was not able to secure a loan large enough to complete the whole building, so was forced to develop gradually using a number of small loans. The development has created a mixed-use cultural centre for the creative industries.

**Murrays Mills, Manchester, North West**

Status: Under development

Development cost: £11.8 million (to date)

Developer: Ancoats Building Preservation Trust

Summary: Originally a cotton spinning mill, this Grade II\* listed building is in an area of ‘economic deprivation’. The trust has carried out significant shell repairs. This site now represents an opportunity to regenerate the area and bring about a proposed mixed-use scheme to include creative industries.

**The Station, Richmond, Yorkshire and the Humber**

Status: Completed

Development cost: Unknown

Developer: Richmond Building Preservation Trust

Summary: A former railway station, the building was acquired and redeveloped with help from a number of public agencies. The building has become a centre for the local community and offers community space for hire. There are a number of creative uses including a graphic design studio, exhibition space and community cinema.

**The Ropewalk, Barton-upon-Humber, Yorkshire and the Humber**

Status: Completed

Development cost: £1.7 million

Developer: Co-operative, private and public partnership

Summary: Once a rope factory, the renovation of this Grade II listed building began in 2000 using public and private funds. In 2009 the development finished, providing 29 units for small creative industries and a large event space. Significant investment, including in creative industries, is now planned for the surrounding area.

**Missed opportunities**

**Healy Royd Mill, Burnley**

Status: Demolished

Summary: This weaving mill, part of one of the finest remaining concentrations of historic mills, was lost because of the difficulty of creating a viable development.

**Future opportunities**

**Stanley Docks, Liverpool**

Status: Derelict

Summary: This group of listed former warehouses offer a vast area of un-used floor space in an attractive, central location. Some schemes have been proposed but the Docks still hold huge unlocked potential. Most of the buildings are brick built, regular and strong. The regeneration of this area would spur the growth of Liverpool and the North.

**Sheffield Cultural Quarter**

Status: Derelict and partly under threat

Summary: Sheffield Cultural Quarter is in the centre of the city and includes many listed buildings partly occupied by creative industries. There is a growing campaign in the area to prevent the demolition of this cultural area and revitalise the existing buildings.