

<b>Title of meeting:</b>	Culture, Leisure and Economic Development Decision Meeting
<b>Date of meeting:</b>	10 February 2023
<b>Subject:</b>	Hotwalls Studios Update
<b>Report by:</b>	Director of Culture, Leisure and Regulatory Services
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

- 1.1 To update the Cabinet Member for Culture and Economic Development on the work and activities of the Hotwalls Studios over the 12 past months.
- 1.2 To update the Cabinet Member for Culture and Economic Development on the work and activities of the Hotwalls Studios planned for the financial year 2023/24.

## 2. Recommendations

It is recommended that...

- 2.1 The achievements of 2022/23 are noted.
- 2.2 Some work to support the tenants at the end of their maximum tenancy continues but the focus will now turn to recruiting a diverse selection of new creative tenants for those spaces.
- 2.3 A reduction to the length of studio leases and changes to the rate model are approved.

## 3. Background

- 3.1 The Hotwalls Studios development is a historic regeneration scheme of the 19th Century Point Battery arches in Old Portsmouth into 13 workspaces and an eatery, providing a dedicated artistic and cultural hub and securing a sustainable future for this Scheduled Ancient Monument and its listed buildings.

- 3.2 The city council manages this award-winning site which supports both the development of creative businesses in the city and the sustainable re-use of these historic assets. The development provides incubator space to support local artists and it addresses the lack of affordable studio space in the city. The development has become a hub for the city's creative community.
- 3.3 The full list of actions to be carried out in 2023/24 is shown in Appendix 1, the Plan on a Page.
- 3.4 The last update of Hotwalls Studios activities was provided in November 2021.

#### **4. Reasons for recommendations**

##### **4.1 Achievements 2022/23**

The last 12 months have been a productive period for Hotwalls Studios. This is despite significant changes in the management team. Management of Hotwalls Studios moved to sit within the museums service under the supervision of the Museums and Visitor Services Manager. The Events and Operations Officer acted up to the role of Development Manager from February to September and was then made permanent in that position. A new Events and Operations Officer was appointed in September.

- 4.2 **Occupancy** Hotwalls Studios continues to be a very attractive option for creatives seeking affordable workspace in the city and the team regularly receive new enquiries and applications. Only 2 studios have become available in the past 18 months, both of which were filled very quickly.

- 4.3 **Events** From February to September 2022 there was no Events & Operations Officer in post while Harry Scott assumed the role of Acting Development Manager. Despite the reduced capacity, a strong programme of events was delivered over the last 12 months including:

- 11 monthly Open Studios days (September event cancelled for national period of mourning)
- Creative Market
- Christmas Market
- Within These Walls group exhibition
- Hotwalls Studios takeover event at Pallant House Gallery, Chichester
- Big Jubilee Lunch (Cosham) family engagement activity delivered in partnership with Aspex
- Lizzie Cornelius solo exhibition
- Alice Hume and Hollie Thornley collaborative solo exhibition

Alongside the events programme there are also various workshops organised and delivered independently by Hotwalls artists in their studios and in the Round Tower, all of which are listed on the Hotwalls Studios website.

The events programme is also bolstered by private hires and subsidised community use of the Round Tower. Over the last 12 months this has included:

- Anglepoise pop-up sample sale
- Your Voice 2 workshops and exhibition delivered by Motiv8
- New Apollo Theatre performances
- Portsmouth Potters exhibition

**4.4 Facilities** Over the last 12 months several projects have been delivered or are in progress:

- Consultation continues with HNBS regarding the possible need to replace non-compliant electrical cabling across the site.
- Areas of the decking between Studios 7 and 13 have been repaired as has the decking on The Canteen terrace.
- Works to resolve water ingress issues which have caused a heavy leak in Studio 10 and an unpleasant odour in Studio 11 continue.
- Ongoing repairs to the fire alarm system continue which has a recurring fault due to water ingress.
- The final phase of the Parade Ground paving capital scheme (started in 2021) is due. This will see damaged paving replaced with new materials better suited to the environment.

Being in a scheduled historic monument and in a coastal environment, it was always anticipated that the Hotwalls would be a complex site to maintain.

**4.5 Digital** The new Hotwalls Studios website launched in January 2023. It was developed thanks to funding from the Cultural Recovery Fund. The redesign has made the site easier to navigate and is mobile responsive. The original bid included the construction of a separate online gallery/marketplace which would give the studio artists an online platform to sell their work. Consultation with the Hotwalls artists showed that there wasn't an appetite for this as they all have means to sell their work through their own websites or through well-established platforms such as Etsy. The remaining funds have been budgeted towards future development and maintenance of the website.

**4.6 Moving On**

At the end of 2021, the 6 remaining tenants from the original 2016 cohort were told that their tenancies would not be renewed when they reach the maximum term of 6 years. Following an appeal, these tenants were granted a 1-year extension due to Covid. Their leases will now end in July 2023. One of the six affected studios has since ended their tenancy.

**4.7** Thanks to funding from Creative Network South, the artists have received 121 tailored support from a creative business mentor. As well as helping them to look for alternative workspaces, the mentor encouraged the artists to explore new revenue streams, making their businesses more resilient for their lives post-Hotwalls. At present, two of the effected tenants have applied to rent spaces at Portsmouth

Museum & Art Gallery. The others are in discussion to take on a space as a collective elsewhere in the city.

4.8 The Hotwalls Studios management team will continue to support the outgoing tenants over the coming months while attention must now turn to the recruitment of a diverse selection of new tenants to move into the vacant studios.

#### 4.9 **Changes to the rate model and leases**

In 2023 the five remaining tenancies from the original 2016 cohort will come to an end, making these spaces available to more of the city's creative community. It is important that lessons are learned from this first chapter and that any adjustments to the model and lease are agreed early so that they can be in place for the new cohort of incoming tenants. The proposal is to:

4.10 **Reduce the maximum tenancy term from six years to five years.** It is felt that the current six-year maximum tenancy is too long. Over time, some tenants have come to rely upon the subsidised rates at Hotwalls and so are unprepared for moving on to other studios or commercial spaces. Consultation with similar studio providers and with an independent creative business mentor have supported the decision to reduce the term. The new five-year maximum tenancy would be split into an initial three-year lease followed by a two-year lease. There would be a review at the end of the third year and the final two years would be treated as a 'transitional period' with some support to prepare the tenant with moving on. Reducing the term means a higher turnover of tenants, providing more opportunities for local creatives to benefit from these spaces. It also ensures that Hotwalls Studios continues to be an attractive and relevant destination for visitors as the site renews and evolves with changing tenants.

4.11 **Replace the two-tiered rate model with a single tier.** Currently the studio rental rates are calculated by square footage and charged at either a higher rate for 'developed businesses' or a lower rate for 'new businesses'. For context, a 194 sq. ft. studio costs £249.20 p/m on the higher rate vs. £199.50 p/m on the lower rate. This is not necessarily the fairest set up; not all creatives are business-led, and they don't expect to be growing their income year-on-year. An established artist may well generate less annual income than a graduate artist. It is proposed that the higher rate (which is still subsidised well below commercial rates) is applied to all future tenancies. Current tenants on the lower rate (5 tenants, 3 of which will vacate in July 2023) will continue at the rate agreed in their lease. The lower rate will then be phased out. Phasing out the lower rate will provide a boost to Hotwalls Studios' resilience in the face of price rises across the board. The lower rate has been there for an important reason, to ensure Hotwalls Studios is accessible to emerging creatives. Instead of offering the lower rate, Hotwalls Studios will have a commitment to allocate at least two studios to be shared spaces, as outlined in point 4.12.

4.12 **Allocate at least two studios to be shared spaces for emerging artists.** The Hotwalls Studios team receive enquiries and applications every month from creatives looking for workspace. It is not only the cost that some emerging artists find prohibitive but also the requirement to use the space for a minimum of 30 hours per week. This is often because emerging creatives and creatives from lower socio-economic backgrounds need to maintain part-time employment to sustain themselves while they establish their creative business. It is proposed that, in place of the lower rental rate, there is a commitment to allocating at least two studios to be shared spaces each by a pair of emerging artists, dividing the cost and time commitment 50/50. For someone moving into one of these spaces this would mean a minimum commitment of 15 hours per week and a monthly rent of around £185. The intention is that tenants in the shared studios could grow their businesses and move on to a solo studio as and when one becomes available. This has worked successfully for two of our current tenants who now each have a studio of their own.

**5. Integrated impact assessment**

5.1 An Integrated Impact Assessment is attached at appendix 2

**6. Legal implications**

6.1 The proposed changes to the Hotwalls rental and leasing model are consistent with the Council's statutory duty under section 123 of the Local Government Act 1972 in relation to the disposal of land/interests in land.

**7. Director of Finance's comments**

7.1 Phasing out of lower rents will increase overall rent achieved and aid resilience against rising costs so there is not expected to be any impact overall to the budget.

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Signed by:

**Stephen Baily**

**Director of Culture, Leisure and Regulatory Services**

**Appendices:**

Appendix 1 - Hotwalls Studios Plan on a Page 2023/24

Appendix 2 - Integrated Impact Assessment

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:  
**Cabinet Member for Culture, Leisure and Economic Development**