

Demand Study: Kilmarnock Creative and Community Arts Space

Final Report

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Creative Services (Scotland) Ltd



with



Contents

	<i>Page</i>
Executive Summary	2
1. Introduction	5
2. Demand	10
3. Needs	21
4. Potential buildings	27
5. Business Case	35

Appendices

A	Community Arts sector – survey detail	39
B	Creative Industries sector – survey detail	48
C	Kilmarnock Academy proposed dev't	59
D	Options Appraisal Scoring – Template	62

Executive Summary

This Study was undertaken for East Ayrshire Council to assess the demand for new spaces for creative and cultural activity in Kilmarnock.

Nature of the Sector

Within East Ayrshire (2015/16), there are currently:

- 700 people employed within the CIs (2% of total employment); and
- 185 registered CI businesses (6% of total businesses).

Growth in the CI sector in East Ayrshire has been driven in recent years by Software and Electronic Publishing and Design. The main sources of sub-sector employment in East Ayrshire are:

- Fashion and textiles
- Software/electronic publishing
- Writing and Publishing

it is anticipated CI sector employment within the local authority area may **grow by c. 40 jobs per year** (both new and replacement positions), totalling c. 400 jobs over the next ten years or so (120 new, 280 replacement).

Per capita provision of cultural facilities by the public sector is excellent in Kilmarnock, primarily delivered through East Ayrshire Leisure. However, the visible community arts sector (companies, practitioners, festivals and events) is relatively low, as is provision of space and opportunities by the commercial arts sector (recording studios, dance schools, galleries), and suggests that the sector may require some development, as was identified and outlined during Kilmarnock's hosting of the Creative Place award.

Sectoral Surveys

In a survey of the community arts sector over two thirds of the sample identified that they need **access to some form of dedicated premises** or space for their cultural activities. 75% would be **interested in accessing a purpose-built facility for the cultural sector**.

Respondents thought a dedicated hub should provide good digital connectivity, and **space for artists and exhibiting were identified as being particularly important**. The main considerations for relocating include the costs and availability and suitability of premises – respondents would only relocate if they could access the 'right' premises at the 'right' cost

Half of the CI sector sample currently operate from home and only two out of every five operate from within Kilmarnock town centre. Two thirds of the respondents reported **they had at some point considered relocating to other premises** with a view to growing their business.

The **costs and suitability of premises was the main factor** for businesses that had considered relocation. **Half the sample indicated that they would be interest in relocating to a purpose-built CI hub**, with a further 26% unsure at this stage.

Need for Creative Space

The recent performance and forecast growth of the CI sector therefore suggests a potential **opportunity to develop new or refurbished space to meet demand and help grow the CI sector**. There appears to be some level of demand for a dedicated CI hub. However, this would have to be targeted and pitched appropriately i.e. at sole traders and micro businesses.

The demand for premises is moving away from more traditional models such as serviced workspaces with a fixed layout and fixed and inflexible lease terms. Based on the high-level need assessment, the **future demand for new CI floorspace is estimated at 2,000 sqm – 4,000 sqm**.

Community arts demand for space was focused primarily on **studio and exhibition space for visual artists and makers**, most closely aligned to the type of provision Wasps currently provide and operate in Irvine and other locations in Scotland.

Overall, there are six types of space that are required:

Type of space identified	
Incubator	Affordable; access to dev't support
Maker spaces	Areas allow construction/storage; access to water
Studio	Natural light preferable; storage; 24 hour access
Co-working space	Affordable shared touchdown/longer-lease office
Managed workspace	Serviced office space; central services e.g. admin.
Exhibition	Temporary/seasonal; location - good footfall /central

Potential Buildings

When the potential demand for floorspace is set against the supply of commercial premises, the data shows that there is a **limited supply** of good quality, affordable, and suitable commercial premises options within close proximity to the town centre.

Refurbishing an existing property may be the most commercially viable option to meet current and future projected demand. The **public sector will likely have to intervene** in some form to support the project

Overall demand suggests that there would be merit in exploring specific space/s for both cultural and CI use. It would be prudent to **look for a short-medium term solution that allows future expansion**.

Clarifying the strategic civic aspirations of the town will help focus where any new cultural and creative space/s might be best located. Depending on the outcome of this, six current properties have been identified for further consideration that could meet the demand/need assessment wholly or in part:

- Former Bank of Scotland (riverbank)
- Former Lauder’s Department Store
- Belford Mill

- Former Kilmarnock Academy
- Ingram Enterprise Centre
- No.1 Dunlop Street

Business Case

If EAC and their partners wish to develop both the creative industries sector and the community arts sector the **development of clear strategies** that address both separately is recommended. Within these, property has two strategic roles - to **accommodate current demand; to stimulate and grow future demand.**

Any new spaces for either sector is most likely to require intervention by the public sector, most likely led by EAC, but **joint ventures for delivery should be sought** with partners in the public, private and third sectors.

Options for both **governance and operation** are most likely to require a combination of public sector, private sector, social enterprise, cooperative, and/or an independent body established specifically for the new space.

In the short term, **a single site development is the most likely to pursue**, but with a longer-term plan to develop as the market evolves.

This demand study should inform a **follow-up feasibility assessment**, and it is recommended that this incorporate business planning as a core component.

1. Introduction

1.1 Background

This Study was undertaken for East Ayrshire Council to assess the demand for new spaces for creative and cultural activity in Kilmarnock. The initial brief outlined the basic proposition to be tested through desk research and consultation:

The **Kilmarnock Community Arts Space and Creative Space** are intended to provide a range of spaces that encourage and support the creative and arts communities, including: event space, studio and office space to people working in the cultural and creative industries including visual arts, film, music, performance, design and digital development. There will be supporting facilities for digital innovation, small business incubator units, and business support services. The building is proposed to house workshops, artist studios, a gallery, a café, and flexible business spaces, and plans to provide a supportive, nurturing environment to allow ideas to be realised in the visual arts, creative industries, technology and digital media.

The project proposals for the Kilmarnock Community Arts and Creative Spaces were intended to be further developed following the outcomes of this study and, therefore, there was a requirement for an assessment of likely demand that will inform future feasibility study and business planning. Based on full consultation with the community arts and creative industries sector in the area the study objectives included:

- Assess demand for community arts space/s in Kilmarnock
- Identify the needs of the sector in the context of East Ayrshire
- Explore potential community uses and potential community participation
- Identify potential buildings within East Ayrshire, their ownership and score for suitability.
- Establish a solid basis for the development of a business case for one or a number of creative spaces within the town

1.2 Definitions

The principal we have employed to differentiate between Creative Industries and Community Arts is that the former category includes individuals, groups or companies that earn their primary source of living from their involvement in the activity, and the latter are engaged in activities primarily in a non-earning capacity, often for leisure, learning, or social purposes. No value or qualitative judgments are applied in this differentiation.

We have used the Scottish Government's Standard Industrial Classification (SIC) definition of the CIs. Business within the CIs are increasingly becoming cross sectoral, and the SIC assessment may underestimate the wider range of activities. Therefore, this can present challenges as SIC codes classify companies based on their main area of business activity, so a degree of flexibility is required when interpreting data.

The CIs, using the Scottish Government's SIC definition, are made up of 16 sub-sectors:

- Advertising
- Architecture
- **Visual Arts**
- **Crafts and Antiques**
- Fashion and Beauty
- Design
- **Performing Arts**
- **Music**
- **Photography**
- **Film and Video**
- Computer Games
- **Radio and TV**
- **Writing and Publishing**
- Libraries and Archives
- Software/Electronic Publishing
- **Cultural Education**

As can be seen from these categories there is some overlap with those that might be included within the term Community Arts. For the purposes of this study we have assumed that those in bold, above, are likely to be the more popular categories of Community Arts activity, although we have not restricted our research to practitioners in those disciplines.

1.3 Strategic Contextual Issues

A key contributor to the contextual overview of the current cultural and regeneration strategic aims in Kilmarnock is the Urban Development Plan (UDP). The UDP identifies various development zones, or 'quarters', including a cultural quarter in the area near the Dick Institute. At time of research Keppie Design were providing additional work on this and our discussions with them have informed this Demand Study.

Several key strategic issues were noted in early discussions, including:

- Ayrshire College and Kilmarnock Academy site – some preliminary consideration underway over how these sites might connect
- Expectation that improved cultural offer will contribute to improving the night time economy
- There is no current cultural strategy for the area, although East Ayrshire Leisure (EAL) has a Business Plan
- EAC Councillors generally supportive of objectives of cultural quarter

It was noted that East Ayrshire has several current cultural strengths e.g. in music theatre, but may be considered less well provided in other areas e.g. literature, music and crafts. Several key elements of current/past cultural provision were noted, including:

- Successful 3-year Artist in Residence scheme
- 4 temporary galleries in 3 spaces (managed by East Ayrshire Leisure)

- Strong exhibition programme – e.g. Rachel McLean, Nathan Coley
- Music theatre strength (CentreStage; Kilmarnock Amateur Opera)
- Successful crafts project across three Ayrshire authorities involving 100 makers
- Strong secondary school art departments
- Previous work with Ayrshire Open Studios
- Wasps have 18 artists on their books from the area
- Creative Place projects – including two shop conversions

1.4 Our Approach

We undertook a combination of desk research, questionnaire, and consultation interview to inform this study. However, there is an acknowledged ‘data challenge’ within the creative and cultural sectors nationally.

Some of the information in this report is based on secondary research, i.e. accessing and collating available data from multiple sources. This approach, therefore, relies for its accuracy and depth on the quality, and existence, of relevant source data.

This presents a challenge on several fronts. Firstly, there is sometimes inconsistency in the interpretation of ‘creative industries’ in source data (where a definition is provided), and this may have led to disparities in the findings of previous assessments of the sector. This was demonstrated to us through reports into the sector commissioned by Scottish Government and Creative Scotland/Scottish Enterprise in 2009¹ and 2012², one of which estimated the total GVA of the sector nationally to be £2,438m and the other £3,690m.

Such a disparity may in part be caused by deciding which disciplines are included in the definition ‘creative industries’ (one of the national reports, for example, did not account for the digital games sector). In essence, the disparity indicates the difficulty in providing accurate, commonly agreed metrics for data provenance and collation. In addition, the measurement within each of these disciplines – architecture, design, visual arts, etc. – can vary, and the measurements are not taken on a consistent set of metrics or approach to data collation.

Other agencies have adopted their own approach to collate and present data on the creative industries sector. For example, using travel-to-work areas, NESTA has produced an interactive map of the geography of creativity in the UK³, based on 2014 available data. We found no basis on which to assess the veracity of the figures or compare them with those which we have gathered, as NESTA have not provided their source material or their approach to collating the data.

¹ <http://www.gov.scot/Publications/2009/11/24133819/0>

² http://www.creativescotland.com/_data/assets/pdf_file/0011/21404/ECS-Executive-Summary-June-2012.pdf

³ <https://www.nesta.org.uk/blog/interactive-map-geography-creativity-uk>

Therefore, for this report we have chosen to follow the definition of creative industries provided by Scottish Government as this allows measurable data on a consistent definition that enables meaningful annual comparison.

We have also undertaken some primary research, through distributed e-survey questionnaires to targeted databases, to some of the disciplines in the SIC creative industries definition, and also to community artists, in the East Ayrshire area.

We have relied on access to databases collated by external agencies and the constitution of these, naturally, reflect the emphasis and purpose of the agency, i.e. economic development, promotion of theatre/literature, WASPs, architectural practices, and such like. Therefore, there is no consistency, or guaranteed 100% penetration, in how these databases are compiled or maintained, whether they can be considered authoritative, or whether presence in the database is self-selecting, advised, or a legal obligation. They are, however, representative of certain disciplines and as such are illustrative rather than definitive of creative industries activity.

In the text we have endeavoured to keep the two types of dataset separate: considered together they should present a reasonable indication of creative industries activity.

Finally, it is acknowledged that in East Ayrshire (and, likely, elsewhere in Scotland) there is a quantity of activity that is not registered on any of the measures we have used (some sole traders and unregistered companies, for example).

Similarly, the lack of a comprehensive single database of community arts practitioners is not unusual in Scotland, but as it has been identified by the client as a key constituency it wishes to support we would strongly recommend that such a database is compiled for future use.

All of the above suggests there would be merit in establishing a systematic, agreed means of quantifying creative industries and cultural activity in a particular geographic area, acknowledging, and trying to mitigate, some of the challenges we have encountered. We feel this is an area that government, and/or its agencies, may feel some ownership of and be in the best-placed position to address. Current Data Protection legislation prevents collation of extant database sources, so some further primary research would be of benefit and it may also be appropriate for either EAC or EAL to undertake or commission some aspects of this.

2. Demand

This section assesses the potential demand for new space/s and facilities by determining the extent of current activity in both the Creative Industries and the Community Arts sectors.

2.1 Creative Industries Sector

To provide an overview of the CIs sector in East Ayrshire and likely future trends, we have examined how the sector has been changing over the last five years. For comparative purposes Ayrshire (covering East Ayrshire, North Ayrshire and South Ayrshire) and Scotland have also been examined.

The data in this section has been rounded to account for potential sampling errors and disclosive data. CIs are one of six key sectors of the Scottish economy identified as having growth potential and where Scotland's Economic Strategy (2015)⁴ states that Scotland has a competitive advantage.

The Economic Contribution of the Arts and Creative Industries in Scotland Report (2012)⁵ estimates that the sixteen sub-sectors that comprise the CIs accounted for a Gross Value Added (GVA) of between £3.2 billion and £3.7 billion and accounted for direct employment of 84,400 people in Scotland.

Within East Ayrshire (2015/16), there are currently:

- 700 people employed within the CIs (2% of total employment); and
- 185 registered CI businesses (6% of total businesses).

Given these figures, this would indicate that there are a number of smaller CI businesses operating within East Ayrshire.

2.2 Overview

East Ayrshire is home to c. 185 registered CI businesses, an increase of +42% from 2011, **Table 2.1**. This accounts for 2% of all CI businesses in Scotland and 6% of all businesses in East Ayrshire. The sector has experienced steady growth in East Ayrshire over recent years (outstripping growth at the regional and national level), albeit from a relatively low base, however, the CIs still represent a lower proportion of the business base than in Ayrshire and Scotland as a whole.

⁴ <http://www.gov.scot/Topics/Economy/EconomicStrategy>

⁵ <http://www.creativescotland.com/resources/professional-resources/research/creative-scotland-research/economic-contribution-study>

Table 2.1: CI Registered Enterprises (2011-2016)

Area	2011	2016	Change	% Change	% of CI Scotland	% of Total Bus. Base
East Ayrshire	130	185	+55	+42%	1%	5.9%
Ayrshire	485	630	+145	+30%	4%	6.4%
Scotland	11,495	15,420	+3,925	+34%	100%	9.0%

Source: Scottish Government Growth Sector Statistics Database

Note: Registered enterprises captures data relating to businesses that are VAT or PAYE registered

2.3 Creative Industries

Growth in the CI sector in East Ayrshire has been driven in recent years by [Software and Electronic Publishing](#) and [Design](#):

- Software/Electronic Publishing accounts for 40% of CI businesses in East Ayrshire (similar to Ayrshire and Scotland); and
- this is followed, but to a lesser extent, by Design (20%), Fashion and Textiles (11%) and Architecture businesses (9%).

Table 2.2: CI Sub-Sector Breakdown, % of Total Enterprises (2016)

CI Sub-Sector	East Ayrshire	Ayrshire	Scotland
Advertising	3%	4%	10%
Architecture	9%	8%	7%
Computer games	0%	0%	1%
Craft and antiques	0%	0%	3%
Cultural education	0%	1%	0%
Design	20%	24%	15%
Fashion and textiles	11%	8%	3%
Film and video	0%	0%	2%
Library	0%	0%	0%
Music	0%	1%	1%
Performing arts	6%	4%	3%
Photography	0%	2%	2%
Radio and TV	3%	3%	2%
Software/electronic publishing	40%	35%	41%
Visual art	6%	6%	4%
Writing and publishing	3%	4%	5%
Total	185	630	15,420

Source: BRES

Compared to Scotland, East Ayrshire has:

- a higher proportion of design, performing arts, fashion and textiles and architecture businesses; and
- a lower proportion of advertising, writing and publishing and craft and antique businesses.

Four CI sub-sectors in East Ayrshire have experienced growth in the number of businesses over the last five years, albeit to varying degrees. **Table 1.3** looks at sub-sector changes.

This ranges from +50% for architecture businesses to +133% for design companies. The software/electronic publishing sector has experienced strong growth over the period, doubling in number from 35 to 70 businesses.

Table 2.3: East Ayrshire Sub-Sector Enterprises, % Change (2011-2016)

Sub-Sector	2011	2016	Change	% Change
Advertising	5	5	0	0%
Architecture	10	15	5	50%
Computer games	0	0	0	-
Craft and antiques	5	0	-5	-100%
Cultural education	0	0	0	-
Design	15	35	20	133%
Fashion and textiles	25	20	-5	-20%
Film and video	0	0	0	-
Library	0	0	0	-
Music	0	0	0	-
Performing arts	5	10	5	100%
Photography	5	0	-5	-100%
Radio and TV	0	5	5	N/A
Software/electronic publishing	35	70	35	100%
Visual art	10	10	0	0%
Writing and publishing	10	5	-5	-50%
Total	125	175	50	40%

Source: UK Business Count. Figures rounded to nearest 5 due to data disclosure restrictions.

The writing and publishing, photography, craft and antiques and fashion and textiles sectors have all experienced a decline in number of registered enterprises - however, the area has a low base/representation in these sub sectors.

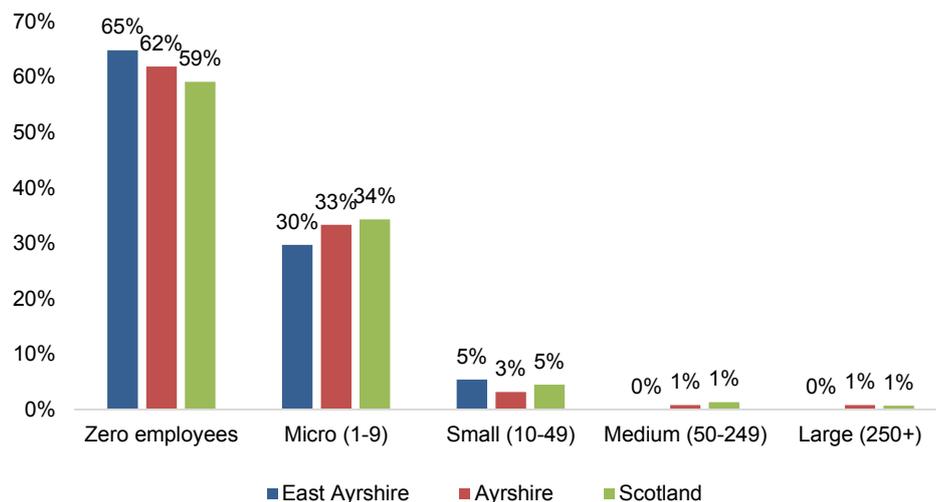
2.4 Business Size

The Scottish Government Growth Sector Statistics database breaks down businesses by size (i.e. the number of employees), as follows:

- zero employees (i.e. self-employed, sole traders and businesses that make use of freelancers and contract staff);
- micro (0-9 employees);
- small (10-49 employees);
- medium (50-249 employees); and
- large (250+ employees).

The CIs sector is dominated by businesses employing less than 10 employees – at a local, regional and national level, **Figure 2.1**. The CI business base in East Ayrshire is similar to both Ayrshire and Scotland, although with a slightly higher proportion of zero employee businesses and fewer micro businesses.

Figure 2.1: Size of CI Businesses (2016)



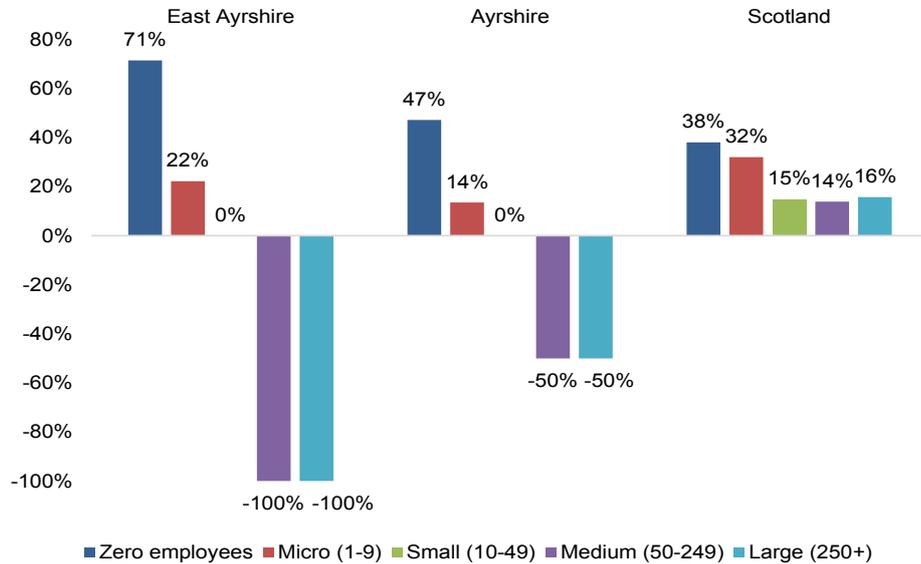
Source: Scottish Government Growth Sector Statistics Database

Over the period 2010 to 2015, growth in the CI business base in East Ayrshire was driven by a steep rise in the number of zero employee businesses, which increased by +71%.

The number of micro businesses also increased (+22%), although at a lower rate than in Scotland (+32%). While no change was recorded in the number of small businesses, the number of medium and large businesses declined. However, some caution should be attached to this finding, as numbers are very low and have been rounded to the nearest five – **Figure 2.2**.

Overall, across the CIs there is a trend towards businesses using freelance and contract staff and a move away from more ‘traditional’ models i.e. labour pool of permanent staff.

Figure 2.2: % Change in CI Business Base by Size (2011-2016)



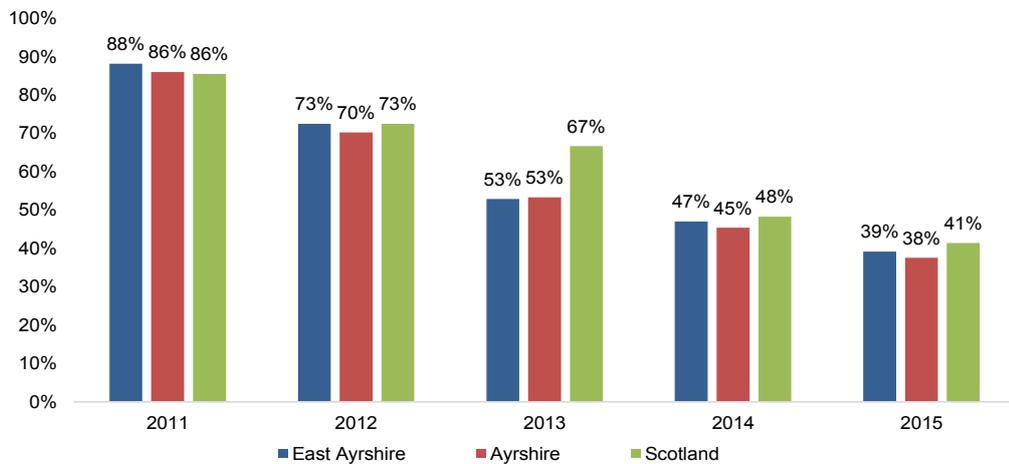
Source: Scottish Government Growth Sector Statistics

2.5 Business Survival Rate

Business demography data is not available by sector at local authority level, meaning it is not possible to calculate the survival rate of CI businesses.

Figure 2.3 shows the survival rate of all businesses that were newly registered in 2010. The survival rate of businesses in Ayrshire is broadly similar to Scotland, however the data shows a significant drop in three years survival rates compared with Scotland.

Figure 2.3: Survival Rate of Businesses Born in 2010



Source: Office for National Statistics, Business Demography

2.6 Employment

There is a total of 700 people employed within the CIs in East Ayrshire (2015). This represents 1% of all people employed within the CIs in Scotland, and 1.7% of total employment in East Ayrshire. In comparison, CIs represent 5.9% of the business base in the area – more than triple the proportion of the employment base.

Table 2.4: CIs Employment (2010-2015)

	2010	2015	Change	% Change	% of CI Scotland	% of Total Employment
East Ayrshire	800	700	-100	-13%	1%	1.7%
Ayrshire	2,600	2,100	-500	-19%	2.8%	1.6%
Scotland	71,900	73,600	+1,700	+2%	-	2.9%

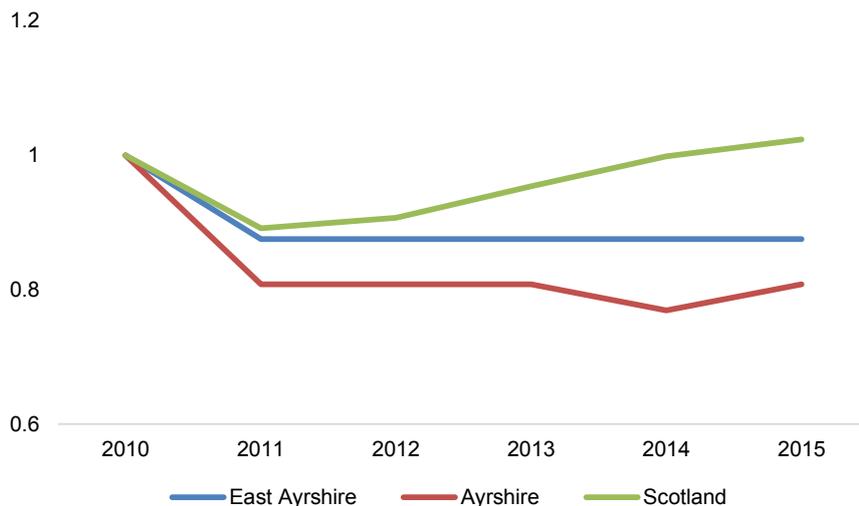
Source: Scottish Government Growth Sector Statistics Database

The number of people employed in the CI sector in East Ayrshire declined by -13% between 2010 and 2015, in contrast to a slight increase the national level (+2%).

This decrease in employment is considered in the context of annual employment change within the sector, **Figure 2.4**.

This indicates that employment fell sharply in East Ayrshire, Ayrshire and Scotland in the post-recession years, but quickly levelled out. While employment has recovered at the national level, this has not yet been felt in East Ayrshire or Ayrshire.

Figure 2.4: Annual Change in CI Employment (2010-2015, 2010=1)



Source: BRES

Over the 2010-2015 period, there has been wide fluctuations in CI employment across Scotland's 32 local authorities, with:

- 20 registering an overall decrease in employment between 2010 and 2015, including the three Ayrshire local authorities;
- seven have seen no change from 2010; and
- five have seen growth in CI employment compared to 2010 – Glasgow, Edinburgh, Aberdeenshire, Highland and Stirling – which has driven the national increase.

Table 2.5 provides details of the CI employment base in East Ayrshire and comparator areas by sub-sector.

Table 2.5: CIs Employment Sub-Sector % (2015)

	East Ayrshire	Ayrshire	Scotland
Advertising	1%	2%	7%
Architecture	3%	5%	8%
Computer Games	0%	0%	1%
Craft and Antiques	1%	10%	4%
Cultural Education	0%	0%	1%
Design	6%	13%	8%
Fashion and Textiles	39%	30%	11%
Film and Video	4%	2%	3%
Library	0%	6%	5%
Music	4%	1%	0%
Performing Arts	6%	4%	6%
Photography	0%	0%	1%
Radio and TV	1%	1%	4%
Software/Electronic Publishing	18%	14%	31%
Visual Art	2%	3%	2%
Writing and Publishing	17%	10%	9%
Total	905	2,725	77,520

Source: BRES. No sector weighting has been applied so employment totals appear higher than in Scottish Government Growth Sector Database figures used elsewhere in this report.

The main sources of sub-sector employment in East Ayrshire are:

- Fashion and textiles (39%, 350 jobs);
- Software/electronic publishing (18%, 165 jobs); and
- Writing and Publishing (17%, 150 jobs).

Fashion and textiles is overrepresented in East Ayrshire compared to Scotland. There are a number of well-established businesses operating in this sector, including MYB Textiles based in Newmilns, and Lochaven of Scotland and Culzean Textile Solutions, both based in Stewarton.

Table 2.6 details the sub-sectoral employment change from 2010 to 2015. As highlighted earlier, CI employment has decreased over the period, and the table below shows that seven of the 16 sub-sectors have experienced a decrease in employment.

The employment decline experienced in East Ayrshire has been driven by significant falls in Libraries (-100%, loss of 100 jobs) and Writing and Publishing (-30%, loss of 80 jobs). However, the dramatic reduction in Libraries employment is likely the result of a change in how these jobs have been recorded. Although the number of library jobs may have declined (in line with the restricted public sector spending over this period) it would be surprising if the decrease had been to this extent.

Performing Arts has, however, experienced growth (+267%, growth of 40 jobs), as has Software/Electronic Publishing (+32%, growth of 40 jobs).

Table 2.6: East Ayrshire Sub-Sector Employment % Change (2010-2015)

	2010	2015	Change	% Change
Advertising	0	5	5	N/A
Architecture	35	25	-10	-29%
Computer Games	0	0	-	-
Craft and Antiques	0	5	5	N/A
Cultural Education	0	0	-	-
Design	40	50	10	25%
Fashion and Textiles	380	350	-30	-8%
Film and Video	50	40	-10	-20%
Library	100	0	-100	-100%
Music	30	40	10	33%
Performing Arts	15	55	40	267%
Photography	5	0	-5	-100%
Radio and TV	10	5	-5	-50%
Software/Electronic Publishing	125	165	40	32%
Visual Art	5	15	10	200%
Writing and Publishing	230	150	-80	-35%
Total	1,025	905	-120	-12%

Source: BRES. No sector weighting has been applied so employment totals appear higher than in Scottish Government Growth Sector Database figures used elsewhere in this report.

2.7 Gross Value Added

Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the UK. We have considered both the economic activity/output generated through the sector, measured as GVA at basic prices, and also the

productivity of the sector, measured as GVA per employee – this will help understand the relative economic ‘value’ of jobs in the sector.

Firstly, **Table 2.7** details GVA at basic prices

Table 2.7: GVA at Basic Prices for CIs (2009 – 2014) - £m

	2009	2014	Change	% Change
East Ayrshire	21.5	28.7	+7.2	+33%
North Ayrshire	25.4	36.2	+10.8	+43%
South Ayrshire	22.5	24.9	+2.4	+11%
Scotland	2,747.8	3,709.3	+961.5	+35%

Source: Scottish Government Growth Sector Statistics. Data presented for individual local authorities.

This shows that the total GVA output for East Ayrshire increased by +33% between 2010 and 2014 (to £29 million). This level of growth is slightly below the national average. The CIs in East Ayrshire account for 2.8% of total GVA generated in the local authority area, and 0.8% of GVA generated by the CIs in Scotland.

GVA per head shows that East Ayrshire has a lower level of productivity per head of employment than the two other Ayrshire local authorities and Scotland, **Table 2.8**. The growth in productivity over recent years has also been less pronounced.

Figures for East Ayrshire show that the average productivity across the sector is over **£42,800 per employee**. There is likely to be considerable variation in the productivity level of employees in different sub-sectors, however, this information is unavailable at sub-sector level.

Nonetheless, anecdotally, higher value sectors tend to include professional services such as Advertising and Architecture, Computer Games, and Software/Electronic Publishing - all sub sectors where East Ayrshire has a lower proportionate employment representation than Scotland.

Table 2.8: GVA per Head Employment for CIs (2009 – 2014) - £m

	2009	2014	Change	% Change
East Ayrshire	36,135	42,818	+6,683	+18%
North Ayrshire	35,850	59,856	+24,006	+67%
South Ayrshire	34,281	47,481	+13,200	+39%
Scotland	40,188	56,268	+16,080.0	+40%

Source: Scottish Government Growth Sector Statistics. Data presented for individual local authorities.

2.8 Turnover

The CIs accounted for £59.4 million (2.4%) of total turnover in East Ayrshire in 2014, and 1% of total CIs turnover in Scotland. Turnover in East Ayrshire increased by +43% over this period, a higher growth rate than nationally.

Table 2.9: Total Turnover for CI (2009 – 2014) - £m

	2010	2014	Change	% Change	As % of CI Scotland
East Ayrshire	44.3	59.4	+19	+43%	1.0%
Ayrshire	127.4	164.7	+50.7	+40%	2.8%
Scotland	4843.8	5739.4	+1,621.1	+33%	-

Source: Scottish Government Growth Sector Statistics / Scottish Annual Business Statistics

2.9 Forecast Employment

The Creative Industries Skills Investment Plan (SIP)⁶, developed for Skills Development Scotland in 2014, forecast the CIs in Scotland would generate new employment of c.2% per annum over the course of 10 years, equivalent to 13,000 new roles in total.

In addition, it was anticipated that replacement demand would be c. 30,000 over the same period. Combining the two figures results in a total of 43,000 new and replacement roles that will be required within the CIs sector – pro rata this equals 4,300 per annum.

East Ayrshire currently accounts for 1.8% of CIs employment in Scotland. By applying this proxy, it is anticipated **employment within the local authority area may grow by c. 40 jobs per year (both new and replacement positions), totalling c. 400 jobs over the next ten years or so (120 new, 280 replacement).**

The 120 new jobs would see sector employment growing by around +2% annually over 10 years.

This is a broad forecast and we need to consider both a sensitivity analysis, sub sectoral opportunities and external influences, including:

- overall performance of the sector – East Ayrshire has seen strong growth in the number of CI businesses, particularly micro and small businesses, but productivity lags behind Scotland and employment is dominated by three sectors (fashion and textiles in particular, plus software/electronic publishing and writing and publishing, which together account for 73% of CI jobs);
- increased competition from other centres, in particular Glasgow and Edinburgh where there is a big public sector CI push. Additionally, Paisley – 20 miles north of Kilmarnock – is in contention for UK City of Culture 2021 and marketing itself as a creative destination;

⁶ Skills Investment Plan For Scotland's Creative Industries) sector:
https://www.skillsdevelopmentscotland.co.uk/media/35670/creative_sip_digital_v4.pdf

- ongoing regeneration work in Kilmarnock town centre (winner of Scotland's most improved large town at SURF Awards 2015) and the Kilmarnock Creative Quarter;
- the new William McIlvanney Campus, merging two local secondary schools, which will open in spring 2018;
- activity at the new Ayrshire College campus in Kilmarnock, which opened in 2016. However, it should be noted that the college's CI courses and facilities are concentrated at the Ayr and Kilwinning campuses, rather than Kilmarnock.

2.10 Community Arts Sector

We have considered provision for community artists as distinct from current arts provision generally with Kilmarnock. There are excellent facilities currently managed and operated by East Ayrshire Leisure, such as the Dick Institute, the Palace Theatre, and Dean Country Park, that provide an annual programme of exhibitions, events and entertainment. The level of per capita cultural provision in the area in this regard is excellent, and was clearly a contributory factor in the Creative Place award from Creative Scotland in 2013. However, although services and support are provided by EAL for the community arts community the practitioners in this sector do not have access to dedicated space provided by either the public or for rent/lease from commercial sector.

Our consultation suggested that most practitioners were solo rather than groups and, for cost reasons, worked largely from home. This is consistent with the rest of Scotland where artists, writers and musicians also tend to operate from home. The availability and affordability of cheap, but high quality, recording and editing software has made this an increasingly popular option, particularly for those involved in music and video.

The community arts sector as we have defined it (i.e. practitioners not earning their primary source of income from it) is characterised by personal enthusiasm and commitment, and the extent and frequency to which practitioners engage is invariably governed by other external influences and circumstance. This results in inconsistent levels of demand e.g. an artist may be unable to commit to a long-term lease of studio space as their opportunity to practice is governed by family and work commitments that restrict their flexibility at that time.

Levels of community arts activity are frequently hard to ascertain as individual practitioners tend not to advertise their practice unless they are hosting a public event – performance, exhibition, or product launch. The commercial sector is often a helpful indicator of arts activity in a town: currently there are few commercial galleries (3), dance schools (2), or recording studios (3) in East Ayrshire. This is in part a consequence of the level of population and what it can sustain, but proximity to Glasgow also skews this provision. Individual practitioners will often be involved with a local group or network, however, our research found it challenging to identify many arts organisations of significance beyond CentreStage, Kilmarnock Amateur Operatic Society, and Open Studios Ayrshire. In The List's annual Guide to Festivals in Scotland, none were identified taking place in Kilmarnock. When considering levels of future demand for spaces the summary above should be considered as a helpful indicator rather than a definitive position on current levels of activity.

3. Sector Needs

An important element of the research was to engage directly with the creative industries and cultural businesses and organisations that operate from East Ayrshire – a self-completion online survey for each sector was distributed via EAC to creative businesses and cultural organisations during the summer months of 2017.

The surveys sought to gather information about the potential demand for workspace and/ or a creative industries centre in Kilmarnock and, if there was demand, to ascertain what the critical services/facilities are that should be provided.

In total, we received 40 responses broken down as follows:

- cultural organisations – 17 responses received; and
- creative businesses – 23 responses received.

The full detailed survey feedback is presented in Appendix 1, with the key findings considered below.

3.1 Cultural Organisations

Responses were received from a broad cross section; however, three quarters were involved in visual arts either as their main area of activity or one of multiple areas that they operate across.

Three out of five respondents had aspirations to grow over the next couple of years, with a further one in five anticipating only small levels of growth. The drivers for this forecast growth include:

- growth within the national art sector in Scotland - lots of new emerging talent/project opportunities; and
- opportunities for collaboration within and outwith the sector.

Respondents also identified a broad consensus of challenges that may negatively impact their growth aspirations, which they identified as:

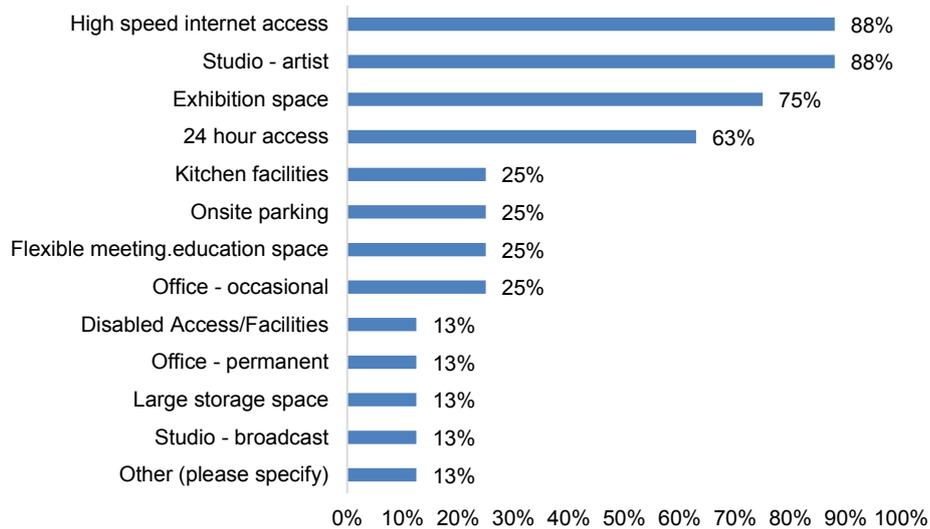
- finding local studio space that is suitable/affordable; and
- the current economic/political climate e.g. uncertainty surrounding Brexit, etc.

With regard to specific needs for new space: over two thirds of the sample identified that they need **access to some form of dedicated premises** or space for their cultural activities, however, currently only one third access this form of space – either community/events or some form of professional space. The remainder of the respondents operate from their home.

Only one quarter of the sample access space in Kilmarnock town centre – two out of five travel outwith the region to access premises/space – potentially pointing to limited availability of 'suitable' and affordable space.

The type of facilities and services that respondents thought a dedicated hub should provide are highlight below – good digital connectivity and space for artists and exhibiting were identified as being particularly important.

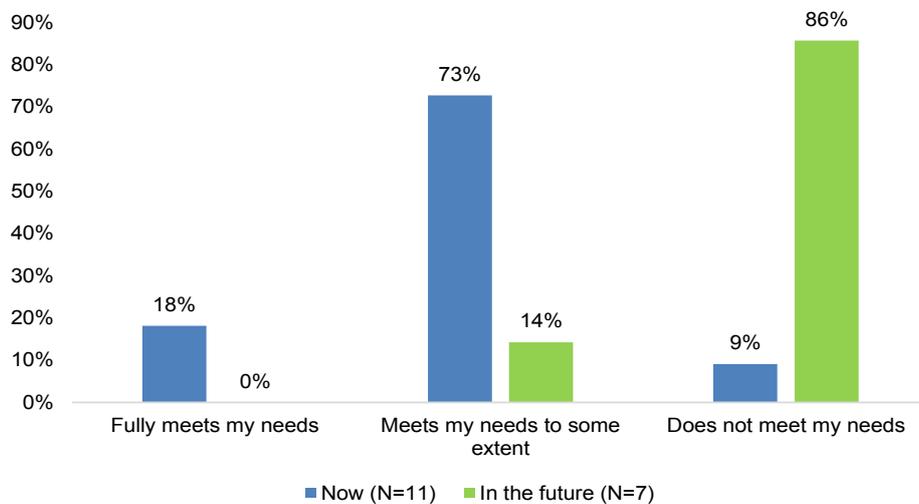
Figure 3.1: Facilities/services needed to successfully operate



N=8. N.B. Multiple responses possible.

Only one in five respondents indicated that their current premises fully meet their needs now, with the majority (73%) reporting that it only meets their needs to some extent. Of note, six out of seven respondents identified that their current premises would not be suitable for their needs in the future, see below.

Figure 3.2: Suitability of current premises

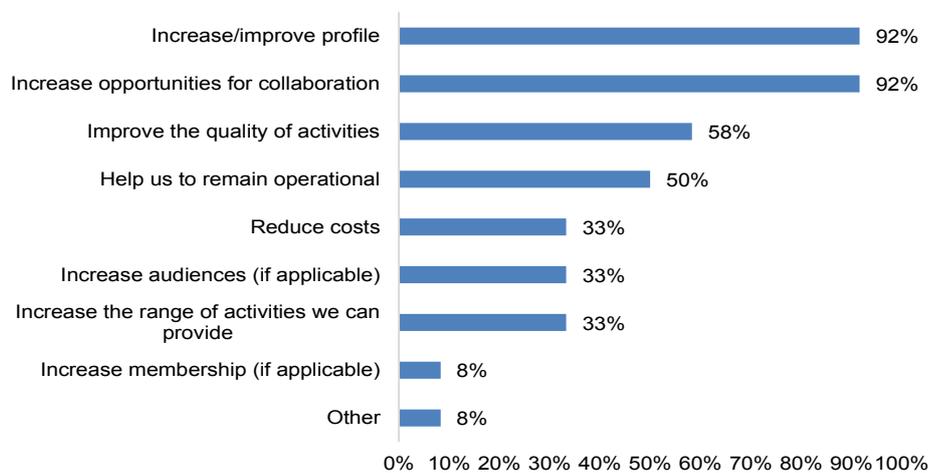


As a direct consequence of this, three quarters indicated that they have considered relocating, and the same proportion of respondents (75%) would be **interested in accessing a purpose-built facility for the cultural sector**.

The main considerations for relocating include the costs and availability and suitability of premises – respondents would only relocate if they could access the ‘right’ premises at the ‘right’ cost.

The range of benefits and impacts that respondents felt could be generated through relocating are highlighted below.

Figure 3.3: Anticipated benefits/impacts of relocating



N=12. N.B. Multiple responses possible

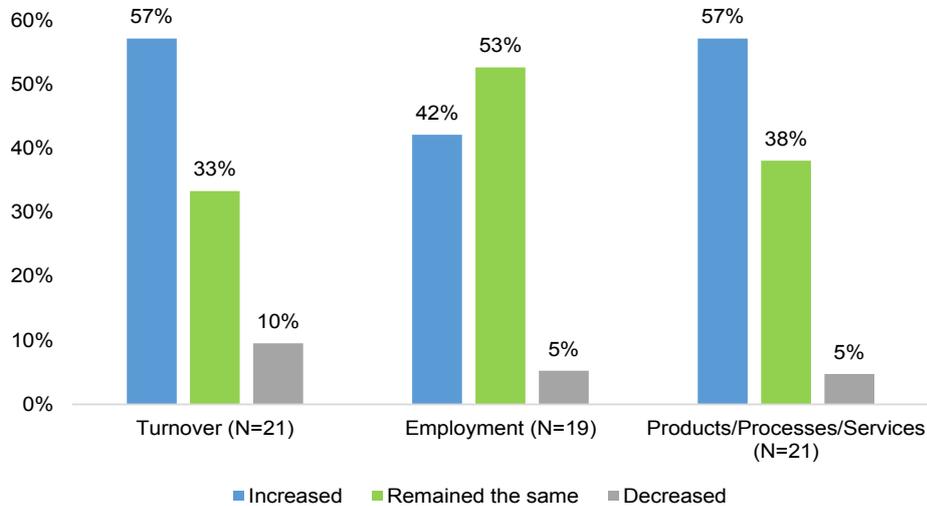
Overall, the survey feedback shows that there is potentially demand for some form of dedicated space, particularly studio and exhibition space – organisations would appear to be ‘making do’ with their current premises/facilities. Nonetheless, the costs of hiring/leasing any facility will be a key consideration.

3.2 Creative Businesses

The detail of the online survey to the Creative Industries databases are detailed in Appendix B. The majority of the respondents (70%+) were micro businesses – with an annual turnover of less than £100,000 and less than 10 employees. Two out of five respondents were sole traders. There was no clear sub-sector focus for the respondents – they covered a broad spectrum across the CIs.

Feedback on recent performance showed encouraging levels of growth with increased turnover and productivity, as the summary table below demonstrate:

Figure 3.4: Business operation changes in the past three years



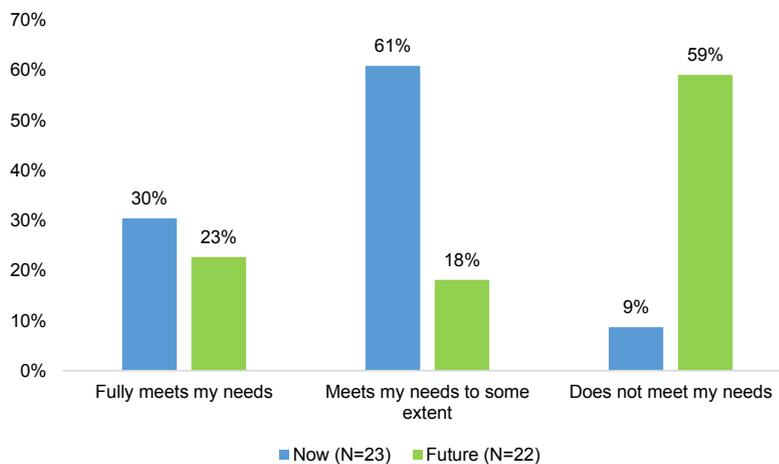
Also, three quarters of the sample anticipated that the sector would continue to grow over the next couple of years, with over half the sample indicating that they had significant growth aspirations (i.e. more than double their current levels of employment/turnover).

3.3 Space Requirements

Half of the sample currently operate from home and only two out of every five operate from within Kilmarnock town centre.

Around one-third of respondents reported that their current premises fully meets their needs, with a further 60% reporting it meets their needs to some extent. Looking forward, **three out of five businesses reported that their current premises is unlikely to meet their future needs** - see below.

Figure 3.5: Suitability of current premises



Two thirds of the respondents reported **they had at some point considered relocating to other premises** with a view to growing their business or in the case of home workers, operating from more professional premises to improve their working practices.

Similar to those looking to access cultural space, the **costs and suitability of premise was the main factor** for businesses that had considered relocation. This is unsurprising as the majority of businesses have a turnover of less than £100,000 per annum and a high proportion operate from home (where there will be limited revenue costs related to their premises).

Half the sample indicated that they would be interest in relocating to a purpose-built CI hub, with a further 26% unsure at this stage.

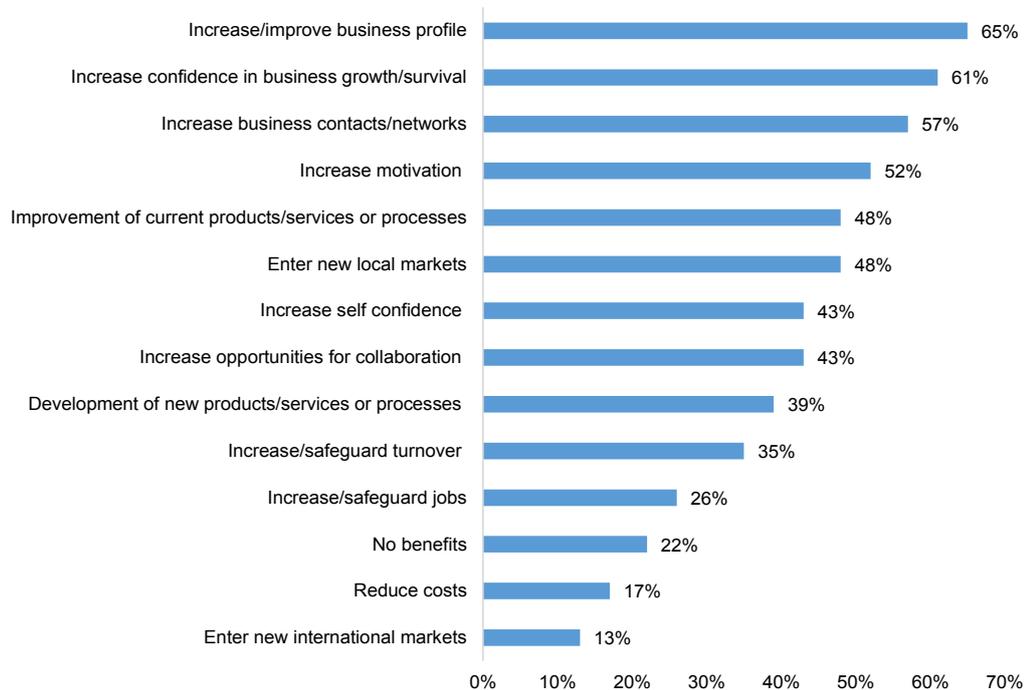
A breakdown of both the critical and desired facilities/services that a CI hub should provide is detailed below.

Table 3.6: Critical and desirable services/facilities

	Critical (%)	Desirable (%)
High speed internet access	94%	6%
Onsite parking	67%	28%
Kitchen facilities	61%	33%
24 hour access	56%	44%
Break out space	33%	33%
Meeting rooms	33%	50%
Short and flexible lease units	33%	50%
Disabled access	28%	56%
Support for networking and collaboration	22%	56%
Event/exhibition space	22%	44%
Conference and media equipment	22%	44%
Access to business support	11%	56%
Reception services	0%	78%
Hot desking	0%	61%

The range of benefits and impacts that respondents felt could be generated through relocating are highlighted below:

Figure 3.7: Benefits and impacts of relocating business



N=23. N.B. Multiple responses possible.

Again, there would appear to be some level of demand for a dedicated CI hub. However, this would have to be targeted and pitched appropriately i.e. at sole traders and micro businesses, therefore need to consider both the costs and flexibility with regards tenancy. There are likely to be sustainability issues for a CI Hub whose primary focus is on early-stage or small CI companies, due to the comparatively low levels of rent/lease that will be required to attract tenants.

In summary, we believe the needs analysis suggest the following six types of space are required (Section 4 considers what current properties are available in Kilmarnock that may be suitable as space/s that match the needs identified by both sectors, above):

Type of space identified	
Incubator	Affordable; access to dev't support; largely office
Maker spaces	Areas allow construction/storage; access to water
Studio	Natural light preferable; storage; 24 hour access
Co-working space	Affordable shared touchdown/longer-lease office
Managed workspace	Serviced office space; central services e.g. admin.
Exhibition	Temporary/seasonal; location - good footfall /central

4. Potential Buildings

Based on the types of space identified in the section 3, this section provides an introduction to the potential suitable buildings in Kilmarnock available in the property market at time of writing.

As development of the CI and cultural sectors is likely to be a mid/long-term project we have also identified trends in both the supply and demand for premises, to allow an assessment of the potential demand for a new creative and cultural space in that timeframe. The data has been sourced from East Ayrshire Council and property search engine CoStar.

The overall findings can be summarised as:

- demand is strong for industrial and light industrial space, which has had both the highest level of take-up over the last five years, and which is virtually all occupied;
- the vacancy rate for retail has remained largely unchanged over the last five years (c. 5%), although average rents have fallen -17% since 2011;
- there is greater availability of office space, although much of this is in older stock; and
- overall, take-up is highest for newer properties in the town, and the vacancy rate for older stock is relatively high, suggesting it is not meeting the needs of potential occupiers.

4.1 Supply and Demand

CoStar compiles a database of property market data and intelligence that is informed by professional agents and property owners, including information on total stock, availability, floorplates, rents, trends, etc.

While CoStar might not contain a comprehensive listing all commercial properties in Kilmarnock (as it relies on external agents to update), it does provide a useful overview and indication of the current state of the market and trends over recent years. **Table 4.1** details the volume of floor-space and current vacancy rate.

Table 4.1: CoStar Floorspace Inventory

	Inventory - buildings	Inventory – Sq. Ft.	% Vacant 2017
Office	72	330,155	12.5%
Industrial	102	2,336,586	0.5%
Retail	245	1,810,415	5.4%

Source: CoStar

Table 4.2 below shows the breakdown of the inventory by the age of the property (where this has been provided). Across office, industrial and retail premises, availability is highest among older stock. There is very low availability for the newest industrial and retail floorspace, although this is slightly higher for office space.

Of note, there has been little in the way of new offices built since 2000 – three properties comprising 10,200 sq ft.

Table 4.2: Floorspace by Age (Year built or major refurbishment)

	Before				
	1900	1901 - 1950	1951-1980	1981-2000	2001+
Office					
Floorspace (sq. ft.)	60,352	59,156	49,732	57,290	10,187
% of floorspace*	25%	25%	21%	24%	4%
% available	46%	10%	3%	10%	16%
Industrial					
Floorspace (sq. ft.)	-	16,485	934,845	821,276	144,592
% of floorspace*	0%	1%	49%	43%	8%
% available	-	22%	3%	19%	0%
Retail					
Floorspace (sq. ft.)	91,750	175,609	443,716	320,151	491,531
% of floorspace*	6%	12%	29%	21%	32%
% available	24%	15%	5%	6%	1%

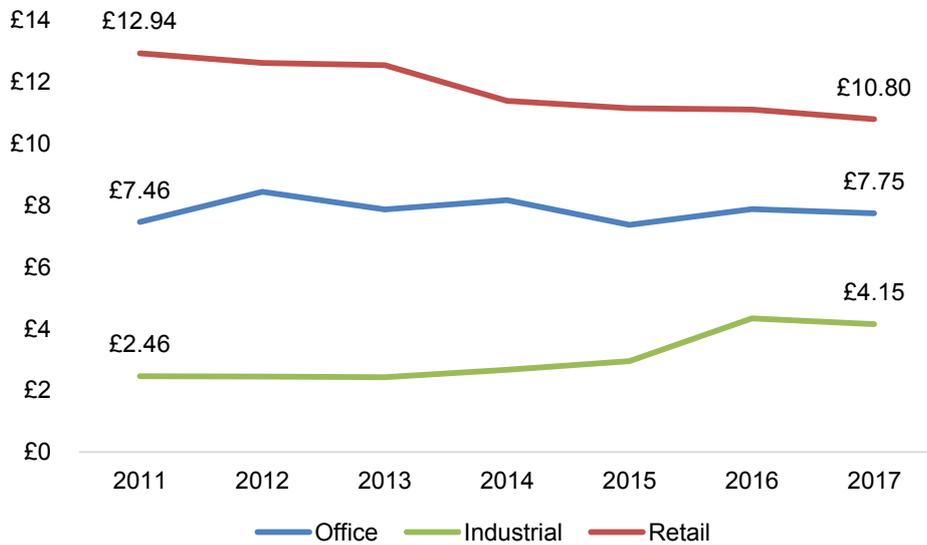
*Excludes properties for which there is no age data.

As illustrated in **Figure 4.3**, the data indicates that there has been pretty mixed performance.

The average retail rents in Kilmarnock have been declining, reaching a six year low of £10.80 psf in 2017, despite the relatively low vacancy rate. Average rent for office space has been subject to slight fluctuation over the last six years, with a marginal increase between 2011 and 2017. Nonetheless, this has still been some way behind the rate of inflation – if rents had kept up with inflation from 2011 onwards, they would have reached £8.34 psf in 2016.

However, industrial rents have risen rapidly, increasing from £2.95 psf in 2015 to £4.15 psf in 2017. This is likely a reflection of the very low vacancy rate for industrial floorspace.

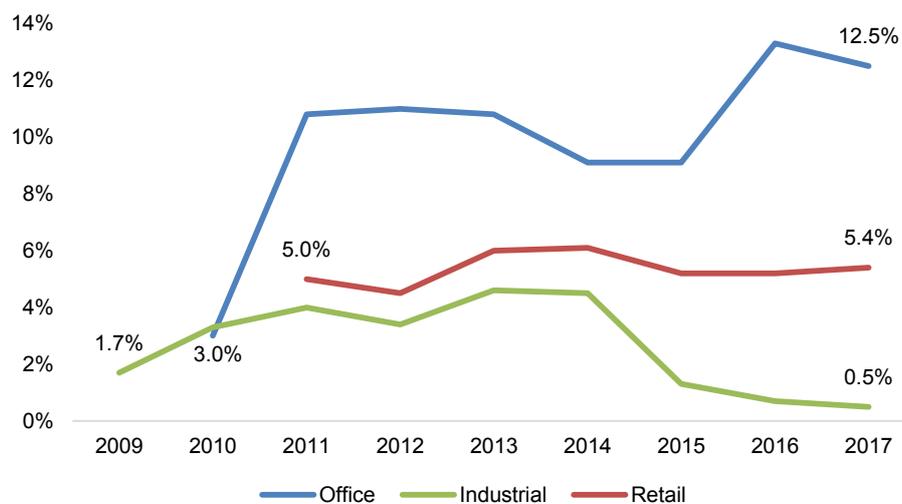
Figure 4.3: Kilmarnock Average Rent (per sq. ft.)



Source: CoStar

The vacancy rate for retail floorspace in Kilmarnock has been consistent over the last six years at around five to six percent, while the vacancy rate for industrial floorspace is currently at the very low rate of just over 1%. The proportion of office floorspace which is vacant has been subject to greater changes, with just over 12% vacant in 2017. The sharp increase in vacancy which occurred in the fourth quarter of 2011 came just ahead of the closure of Diageo facility in Kilmarnock and was perhaps a knock-on effect (however, the facility itself – demolished and now the site of the college campus – is not included in the data).

Figure 4.4: Kilmarnock Vacancy Rate

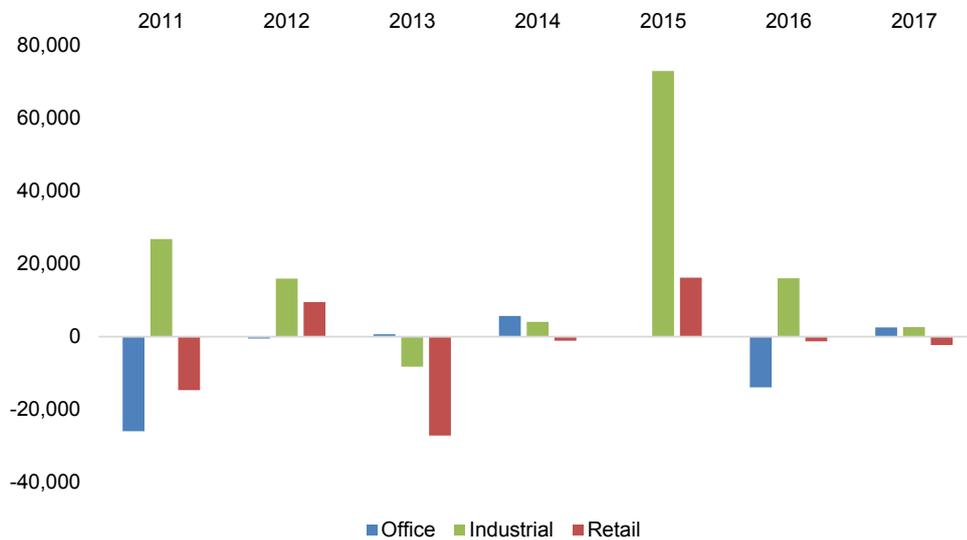


Source: CoStar

Net absorption is the net change in occupied space over a given period of time, calculated by summing all the positive changes in occupancy (move-ins) and subtracting all the negative changes in occupancy (move-outs). **Figure 4.5** below show the net changes each year in floorspace take-up.

Taking the six years shown in the chart together, move-outs outweigh move-ins for both office (by 31,596 sq. ft.) and retail (by 20,870 sq. ft.) floorspace. However, for industrial floorspace, move-ins outweigh move-outs by 130,449 sq. ft.

Figure 4.5: Net Absorption (Sq. Ft.)



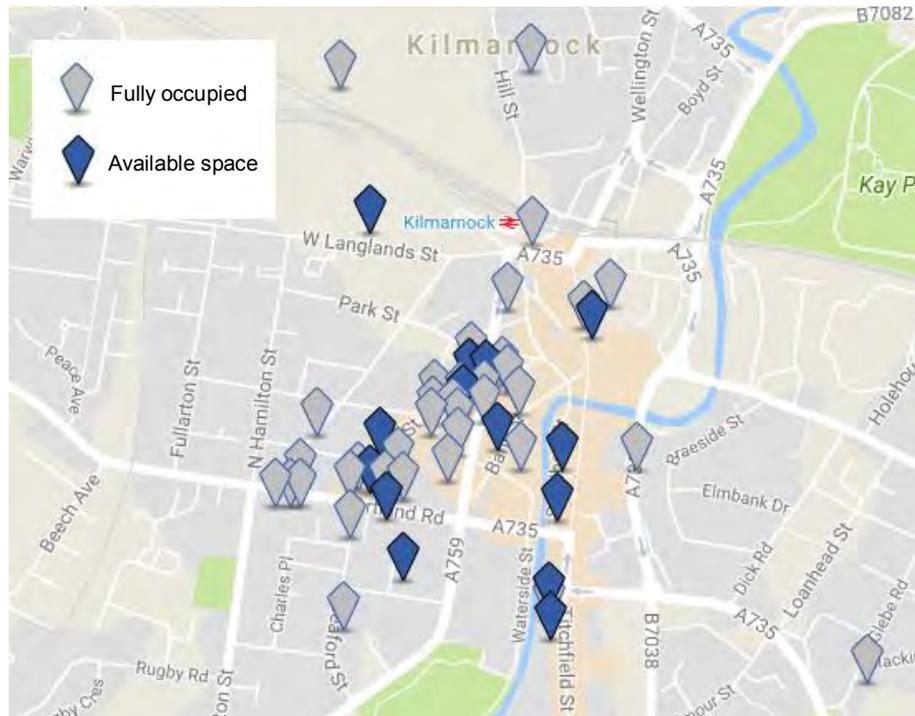
Source: CoStar

4.2 Available Stock

Outlined below is an overview of the type of offices available in Kilmarnock that may be suitable for small creative businesses in terms of their location, size, affordability and availability.

Both CoStar and letting website NovaLoca show there are a range of offices currently available in Kilmarnock town centre, with a number of town centre units situated on the first and second floor above retail/other uses.

Figure 4.6: Office Availability in Kilmarnock Town Centre



Long List of Property Options

Based on a review of available property, we have identified those that may provide suitable accommodation for the Cis, considered below:

- **Mayfield Centre:** 2-3 person furnished offices available from £65 + VAT per week, inclusive of all services. Located in Hurlford around 2 miles from the town centre, with private parking. Has some availability;
- **Munro Business Park:** a number of offices split over two floors, located on the north side of the town about 20 minutes' walk from Kilmarnock station. Rents starting at £80 + VAT per week, inclusive of all services. Includes meeting room. Has some availability;
- **10 Grange Place:** modern office suite of 1,800 sq. ft. in the heart of the town centre. Currently fully leased;
- **High Glencairn St:** currently available for use as either one commercial unit or two office units. Furnished and located centrally; and
- **Belford Mill,** a four-storey former mill building around 10 minutes' walk from the town centre that provides a large volume of workshop/office/studio space (up to 20,000 sq. ft., with leases starting at 500 sq. ft.).

There are also several potentially suitable properties within the [Kilmarnock Town Centre Heritage Database](#):

- **No 1 Dunlop Street** (an outline feasibility study for the redevelopment of the B-Listed property into a business hub was prepared in 2016)

- **Royal Liver Assurance**, 72-84 John Finnie Street – office property compromised of 3 dwellings and 6 commercial units
- **Bank of Scotland** (riverbank), 44-48 Bank Street – recently vacant offices
- **Former Lauders Dep’t store**, 45-55 King Street – ground floor commercial units
- **Kilmarnock Academy**, 15 Elmbank Drive – former school building (recently closed due to the merger of Kilmarnock and James Hamilton Academies)
- **Ingram Enterprise Centre**, 30 John Finnie Street – incubator and start up offices (supported through RCGF and Kilmarnock THI).

4.3 Future Demand

With the majority of CI businesses in East Ayrshire being sole traders or micro businesses, demand is likely to be for small office/studio/maker spaces. We have estimated (based on future forecast data from SDS) that the local authority area could see **120 new CI jobs over ten years** (see section 2.9, above).

It should be noted that the 120 jobs is a low level gross estimate for floorspace – it does not consider the replacement demand (some of these replacement demand jobs will currently operate from premises that become obsolete over the next ten year and therefore require access to new premises).

Table 4.7 below estimates the floorspace required to accommodate these 120 new jobs, based on the average employment density of different types of small business workspace.

Table 4.7: Meeting Employment Growth

Type of small business space	Density per employee (m ²)	Assumptions on future breakdown of employment	Potential space required (m ²)
Incubator	30 - 60	15%	540 – 1,080
Maker spaces	15 - 40	40%	720 – 1,920
Studio	20 - 40	15%	360 - 720
Co-working space	10 - 15	15%	180 – 2,170
Managed workspace	12 - 47	15%	216 - 846
Total			2,000 – 4,000

Source: Employment Density Guide, UK Govt., Nov 2016

Note: the assumptions on the future breakdown are based on estimates informed by the current sub-sector breakdown of CIs

Based on the high-level assessment above, the **future demand for new CI floorspace is estimated at 2,000 sqm – 4,000 sqm**. Through the research there was some demand identified for temporary or seasonal exhibition space – however, this was considered to be ‘desirable’ and not ‘critical’ for a CI focused development.

If we consider the **potential demand for floorspace** set against **the supply of commercial premises**, the data shows that there is a limited supply of good quality, affordable, and suitable commercial premises options within close proximity to the town centre of Kilmarnock.

This, alongside the recent performance and forecast growth of the sector therefore suggests a **potential opportunity to develop new or refurbished space to meet demand** and help grow the CI sector.

Based on the use of the six types of space (as outlined in the table at the foot of page 26) **Table 4.8** provides a high-level ‘traffic light’ assessment of the long list of properties and their current suitability for various uses, where the following applies:

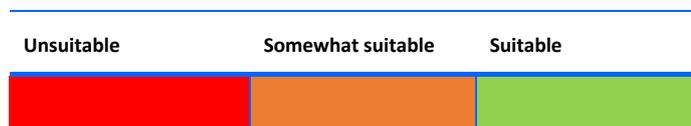


Table 4.8: High Level Options Appraisal – Long List of Property

	Incubator	Maker spaces	Studio	Co-working space	Managed workspace	Exhibition space
Mayfield Centre						
Munro Business Park						
High Glencairn St						
Belford Mill						
No 1 Dunlop Street						
Royal Liver Assurance building						
Bank of Scotland (riverbank)						
Former Lauders Dep’t store						
Kilmarnock Academy						
Ingram Enterprise Centre						

The appraisal shows that some of the long list options would be more suited to certain uses, for example the business centres at Mayfield or Ingram Enterprise Centre would be appropriate for ‘professional CI services’ for example, software and computer games – making and studio space would not be a good fit with these Centre’s current operations.

Nonetheless, there are properties (such as No.1 Dunlop Street and Belford Mill) that could be more easily developed and adapted to accommodate a range of uses on-site. The plans for the development of Kilmarnock Academy are the most advanced of any existing building we have considered (other than EAC’s Ingram Street development) and are therefore provided

in Appendix C as an example of how a possible space, or spaces, might be accommodated in one of the currently available properties. As the table in 4.8 shows, the Ingram Enterprise Centre (the development that is closest to completion currently) would also accommodate several, but not all, of the spatial requirements.

Please note that at this stage we have not undertaken a detailed analysis of individual properties, however, we have provided a template options appraisal model within **Appendix D** that could be used to help support future decision making.

4.4 Commercial Viability

We would highlight that there are commercial challenges associated with delivering and operating a successful workspace or incubator for CIs. The **demand for premises is moving away from more traditional models** such as serviced workspaces with a fixed layout and fixed and inflexible lease terms.

Occupiers across the **CI sector are looking for flexible, easy-in and easy-out premises** that has space (and support) for encouraging and supporting networking - helping to build and develop a community – people sharing ideas and experiences, being open to new ways of working, innovating, and collaborating, etc.

However, the **market remains price sensitive**, particularly as the vast majority of CIs are sole traders, freelancers or micro businesses and therefore the rental income that can be achieved is limited. On top of this, providing flexible leases etc. adds a degree of uncertainty in terms of income returns for an operator/owner – this therefore increases the risk and could restrict investment.

Although a detailed financial appraisal has not been part of the brief for this work, it is challenging to see how a bespoke, new-build facility could deliver a commercial return (on the capital investment) and be sustainable over the longer term. This, therefore, suggests that **refurbishing an existing property may be the most commercially viable option** to meet demand as the capital costs will likely be significantly less (assuming no abnormal build or revenue costs).

Given these commercial challenges, the **public sector will likely have to intervene** in some form to support the project - likely to come from a combination of sources for both capital and revenue funding.

However, public sector support is not limited to funding, and further intervention could include a programme of in-kind support, for example, business development support, facilities management role, or in the case of refurbishing a public sector owned property, provide rent regimes that are sensitive to the specific market.

5. Developing a Business Case

5.1 Summary

As outlined above, we believe that the **overall demand suggests that there would be merit in exploring specific space/s for both cultural and CI use.** However, the market is likely to require some development and support in initial years. There is a degree of uncertainty about what scale of operation may be required to ensure a sustainable operation – our research suggests it may be prudent to **look for a short-medium term solution that allows future expansion.**

We are aware of the **broader context to develop a Cultural Quarter** area around the Dick Institute and, strategically, if this is taken forward then there would be benefits in consideration of the Kilmarnock Academy redevelopment proposal from Centrestage.

We are also conscious of the desire to diversify the cultural offer and opportunity within the town and this may favour considering another location, perhaps nearer the centre of town. Some consultees suggested that a retail presence in the town centre would be valuable for artists (i.e. a space to sell their work), although this may be more of a seasonal opportunity and not fulfil the development aspect of the brief as effectively as other options. However, there are buildings, such as the former Lauder's Department store and the Bank of Scotland (riverbank), that would be appropriate to consider for this.

Clarifying the strategic civic aspirations of the town would help focus where any new cultural and creative space/s might be best located.

5.2 Issues

There are several important issues that any future work informed by this study should address. These include:

Strategic Growth and Development: If EAC and their partners wish to develop both the creative industries sector and the community arts sector then we recommend the development of clear strategies that address both separately. Appropriate premises will be an element of each strategy (including the potential of shared space/s), however, development of property without a clear long-term broader purpose of which it is an identified part of the solution is not advised.

The sector strategies will determine the role that property will play in the development of each sector; most frequently it has **two strategic roles - to accommodate current demand; to stimulate and grow future demand.** In the case of the latter we have shown how the CI sector is likely to grow in the next decade, based on recent trends. In the case of the former, we have shown there is sufficient current demand to address a modestly-sized development that would have the capacity to grow further if and when the sector is developed.

It is less easy to predict the growth of the community arts sector as this invariably depends on key activists being present in a community, and that is very difficult to legislate for. There

is a 'build it and they will come' philosophy which has been shown to work in some communities and with some sectors, however, we believe that there is little current evidence to suggest this applies to the community arts sector and, given the current uncertainty over public sector funding and international markets, we believe would be unwise to use a basis for providing provision in the CI sector.

Delivery: Delivery of any new spaces for either sector is most **likely to require intervention by the public sector**. Because of the size of the current market it is difficult to see a commercial operator prioritising provision for either of these sectors, underlined by the comparatively low return from the likely tenants compared to the higher yield from other sectors for the same type of space. EAC has commissioned this Demand Study and it is therefore likely that they will need to take leadership in these sectors if they are to be pursued and developed further, viewing it as being of future economic and social benefit to the town to pump-prime and assist in the development of these sectors.

Governance and Operation: Next-stage business planning should identify options for both governance and operation – these are most likely to be public sector, private sector, social enterprise, cooperative, independent body established specifically for the new space, or a combination of the above e.g. public sector owned but contracted to a third party to operate.

During our consultation we spoke to two bodies that could be considered in this capacity. **Wasps is one of the UK's largest not-for-profit studio providers**, specialising in providing accommodation for artists and makers in affordable workspaces in Scotland. They have been in discussion previously with EAL regarding establishing a space in Kilmarnock and already have a small database of interested artists in the area. They don't believe there is currently sufficient interest to enable them to undertake a development of scale in the town – they tend to focus on opportunities that minimise risk and work with existing demand. However, they would be willing to consider operating a facility for artists and makers if the risk to them was minimised i.e. if they were not responsible for the capital conversion, and could focus on managing a space for, say, up to 20 visual artists.

Similarly, the company behind the proposed **Kilmarnock Academy re-development** (outlined in Appendix C) has indicated their willingness to sub-let relevant areas of the new building to an outside party, such as Wasps, to manage as a space for studio and exhibition provision. They have identified an area on the top floor of the main Academy building for this purpose, should it be required. Also, part of their development plans for the Academy campus includes spaces outwith the main building that might be appropriate for office space for start-ups, or as generic incubator spaces. We understand that the ethos behind CentreStage would be supportive of small, creative and cultural practitioners and businesses and it is likely they would consider rents/leases on terms that would be considered affordable to this market.

The **Ingram Enterprise Centre (IEC) provides another operational model to consider**. It has been designed to a high-spec that would suit more established companies and provides easy access to support from enterprise experts. This profile might limit the demand from the current CI market (although not all) and is likely to be of no interest to the community arts market. However, we understand that an adjacent building owned by EAC may be available for future development. Its central location, and proximity to the enterprise services of the

IEC, may create a strong case to consider a lower-spec version of IEC specifically targeted to the CI sector. Again, we do not believe this is likely to appeal to the community arts sector.

Space, or Spaces: The 5 types of space identified by our research are not found combined in any of the current available properties, although some have 3 or 4 out of 5. An ideal solution might therefore be the development of two properties, however, the pragmatism of likely available public-sector investment to enable this is unlikely. This suggests that, in the short term, **a single site development is the most likely to pursue**, but with a longer-term plan to develop as the market evolves. Public sector strategic priorities for the CI and community arts sectors will determine which of these should be phased first.

Some of the properties we considered might provide interesting single sites that could accommodate the '5-types' but recognising that some of the accommodation within it would not be ideally suited for all purposes. The **Belford Mill and the Bank of Scotland building by the river could become interesting 'creative centres'** that provide accommodation for both sectors, as well as some limited public access to exhibition space and would be worth considering in this regard. The other single site option that has a degree of versatility is Kilmarnock Academy, because of the range of types of space it has – this would have the additional merit of being part of the proposed Cultural Quarter area, but is less central with potentially less footfall from the public.

5.3 Next Steps

This demand study should inform a follow-up feasibility assessment, and we recommend that this incorporate business planning as a core component, effectively combining two development stages in one. This overarching Business Case should include:

Vision, Mission and Objectives: clear articulation of the purpose of a new development including its role in the strategic development of the sector/s

This Demand Study: identifying markets, needs, and likely demand

Spatial Outline: to RIBA stages 1 and 2, outline assessment based on the information in this Demand Study; options for configuration of spaces; describe essential, desirable, and preferable elements

Preferred Location: informed by the previous sections, and clarifying whether one or more spaces; use assessment grid provided in Appendix of this Demand Study

Governance: outline options for governance, including: public sector; private sector; independent trust; consider charitable status and dis/benefits of options within it; governance structure and relationship with key partners

Operation: outline key elements; staff structure – roles and responsibilities; consider options for third party sub-contracting

Capital Costs: outline principal costs; identify likely sources of funding

Revenue Costs: 5 year incomes and expenditure projections

Feasibility Assessment: cost-benefit analysis that considers initial objectives and desired outcomes against practicalities of implementation

Delivery: schedule; roles and responsibilities

Risk Analysis: key factors in delivery and build period, and future operation.

The Business Case should be commissioned with the explicit intent of a) testing the feasibility, b) preparing a business model for the development that is pragmatic, sustainable and realisable, and c) informing (or becoming) a prospectus that will interest and attract investors from the public, private and third sectors.

Appendix A: Sector Space Demand Survey

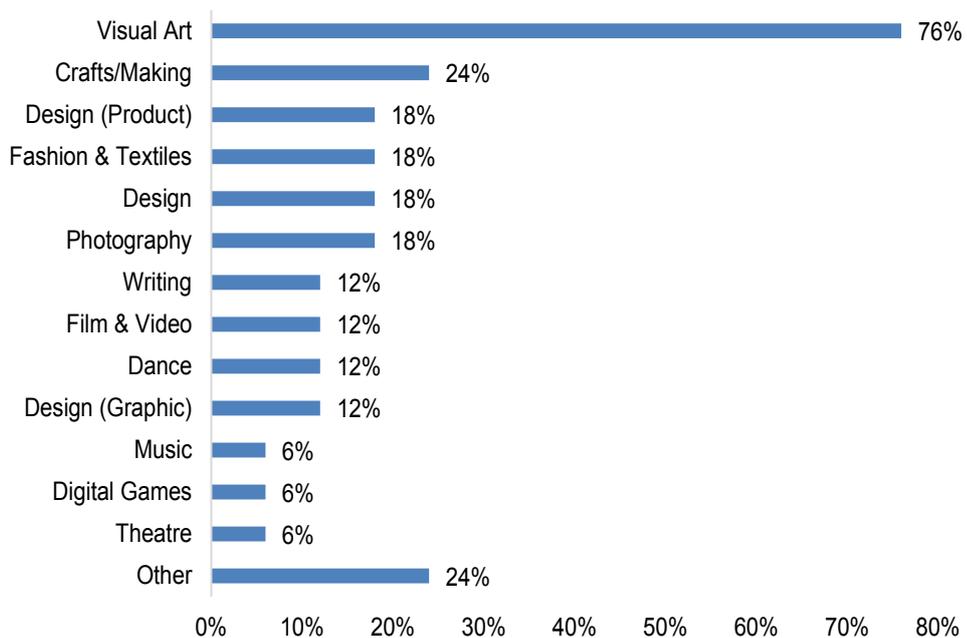
Introduction

A short online survey was distributed by East Ayrshire Council to cultural business and organisations that are active within Kilmarnock and wider East Ayrshire region. The survey sought to gather information about their current and future needs for premises or cultural space. We received a total of 17 responses.

Background Business Information

More businesses operated in following sectors: visual art (76%), crafts/making and other (both 24%) - see **Figure A.1**.

Figure A.1: Main area(s) of activities

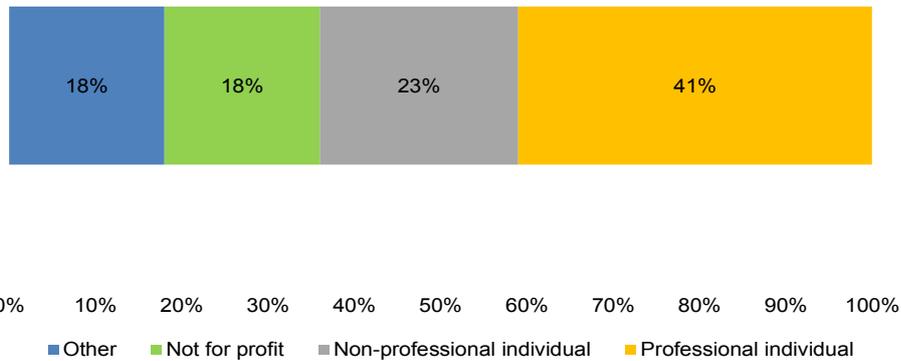


N=17. N.B. Multiple responses possible.

Those who indicated ‘other’ were involved in architectural drawing, and business support.

When asked how they would describe themselves/their business, a higher proportion reported that they were professional individuals (41%), with a further 23% being non-professional individuals – **Figure A.2**.

Figure A.2: Description of businesses

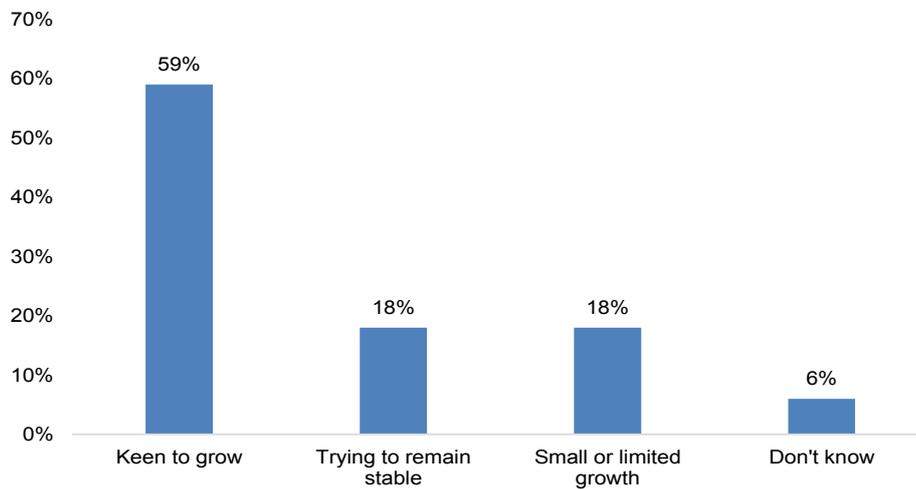


N=17.

Of those who indicated 'other', these were as follows: artist, final year art student and Social Enterprise.

The majority of respondents (59%) indicated that they are interested in growing their business in the future – [Figure A.3](#).

Figure A.3: Future development plans



N=17.

Almost half of respondents (47%) indicated that they had plans for development in the future, these included finding a more permanent location for their business and exhibiting/selling more of their work.

Businesses identified the following to be their main opportunities for growth:

- the national art sector in Scotland is thriving with lots of new emerging talent/project opportunities (four responses);
- to continue practicing/sharing their creative activities (three responses); and
- the development of creative education in the form of workshops and classes (two responses).

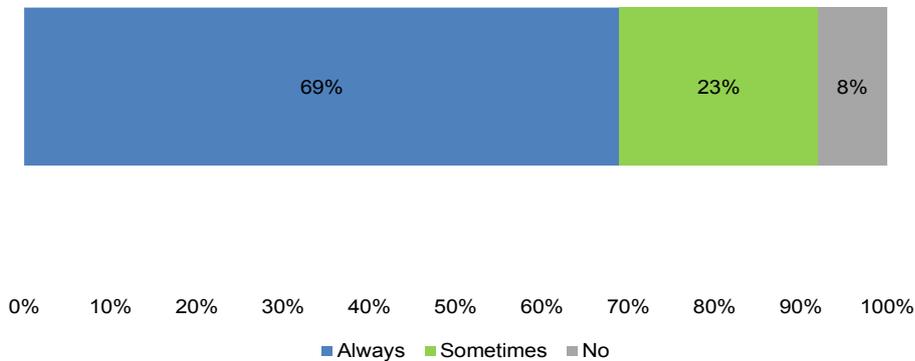
The main challenges for their business are considered as:

- finding local studio space that is suitable/affordable (eight responses); and
- the current economic/political climate (five responses).

Current Premises

The majority of respondents (69%) indicated that they always require access to premises/facilities in order to carry out their creative activities – [Figure A.4](#).

Figure A.4: Need for premises/facilities



N=13.

Two thirds of respondents work from home (67%) – considerably higher than the proportion of those that work from either a professional or community space/venue (both 13%) – [Figure A.5](#).

Figure A.5: Current location of businesses



N=15.

Less than one third of businesses operate from within Kilmarnock town centre, with a further 38% in the wider region. Two out of every five respondents are located within a close proximity to Kilmarnock. – [Figure A.6](#).

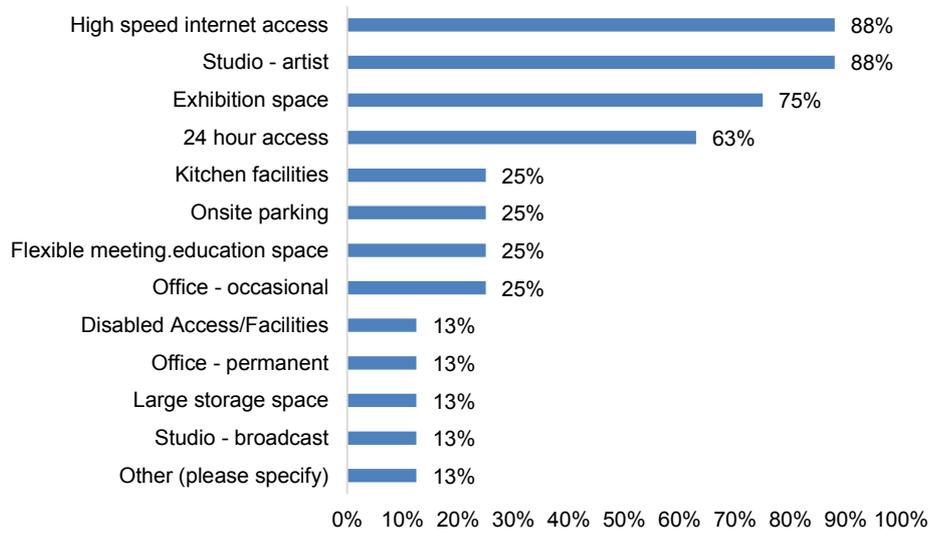
Figure A.6: Current location of businesses within Kilmarnock



N=8.

The type of facilities/services that respondents indicated were important for their business to operate successfully included: high speed internet access, artist studio space, exhibition space, and 24 hours access – see [Figure A.7](#) for more details.

Figure A.7: Facilities/services needed to successfully operate

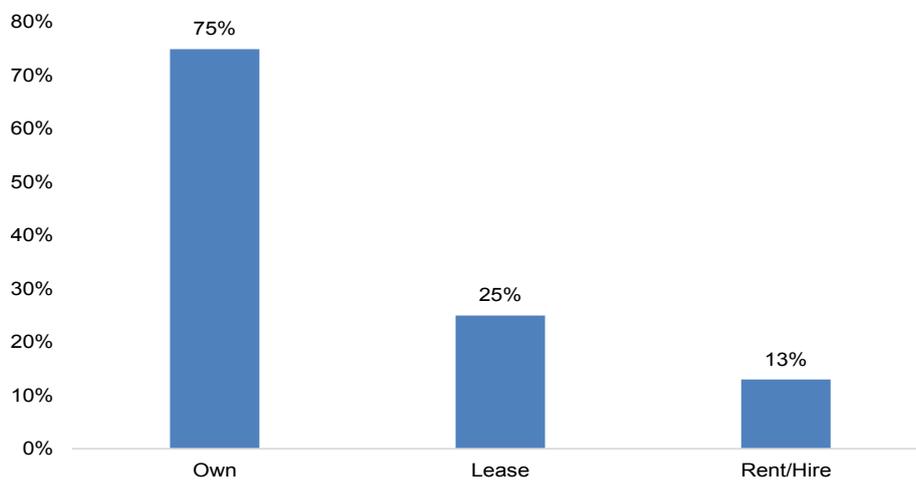


N.B. Multiple responses possible.

Those who indicated 'other' required meeting places, social areas and revolving gallery space.

Of those that don't work from home, the majority of respondents own their current premises - **Figure A.8.**

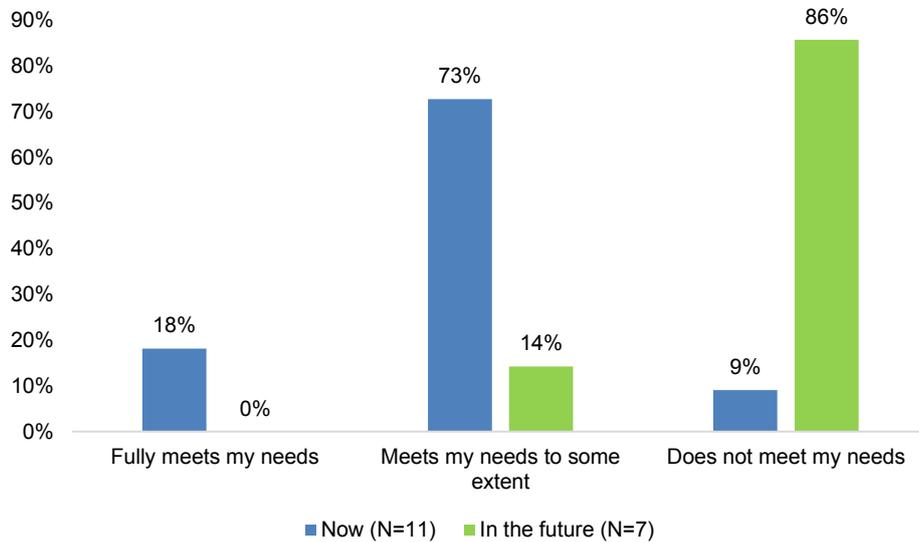
Figure A.8: Status of current premises



N=8. N.B. Multiple responses possible.

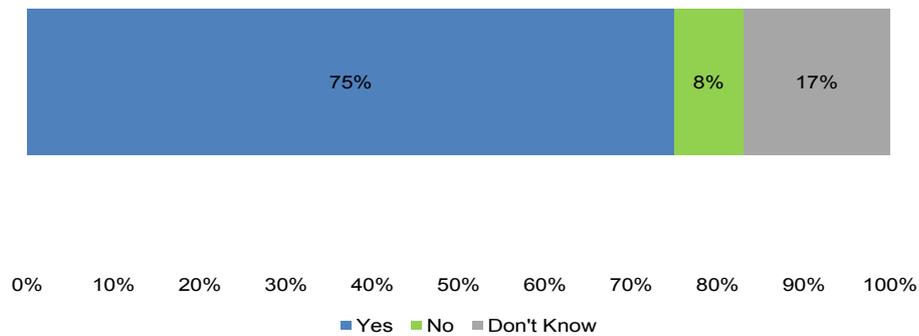
Only one in five indicated that their current premises fully meets their needs now, with the majority (73%) reporting that it only meets their needs to some extent. Of note, six out of seven respondents identified that their current premises would not be suitable for their needs in the future - **Figure A.9.**

Figure A.9: Suitability of current premises



Most respondents (75%) indicated that they had already considered relocating to other premises – [Figure A.10](#).

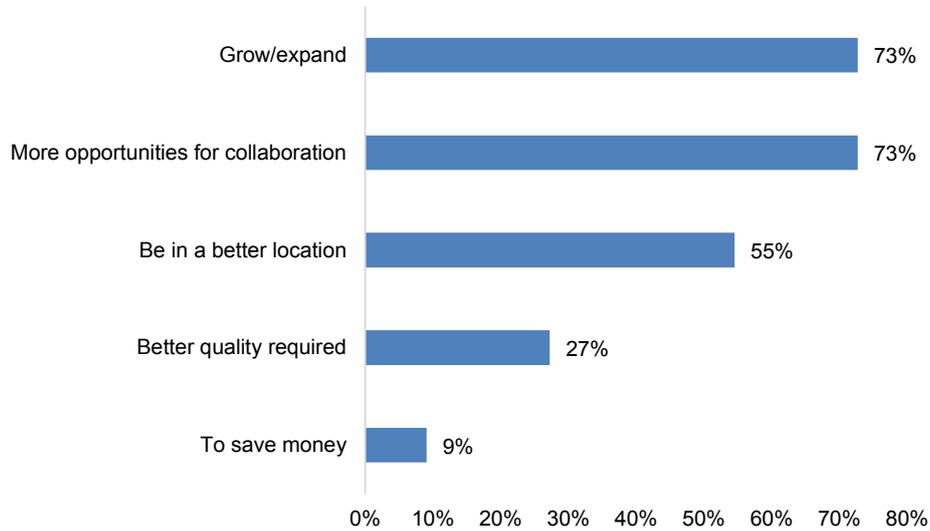
Figure A.10: Considering relocation



N=12.

The main reasons why respondents would relocate included: being able to grow/expand their business and to be nearer to similar businesses where opportunities for collaboration may arise. See [Figure A.11](#) for more details.

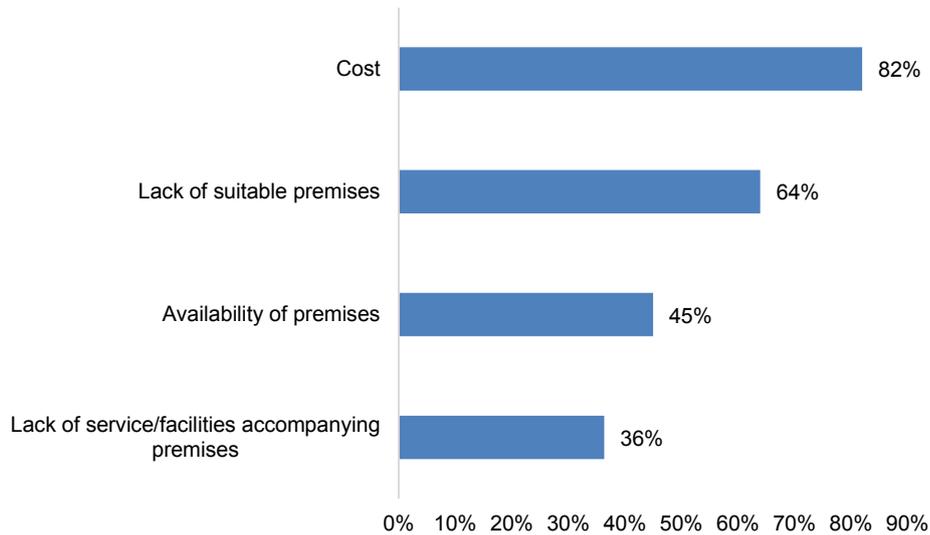
Figure A.11: Main reasons for relocating



N=11. N.B. Multiple responses possible.

Issues with cost and a lack of suitable and available premises are some of the challenges faced by respondents which have prevented them from relocating – [Figure A.12](#).

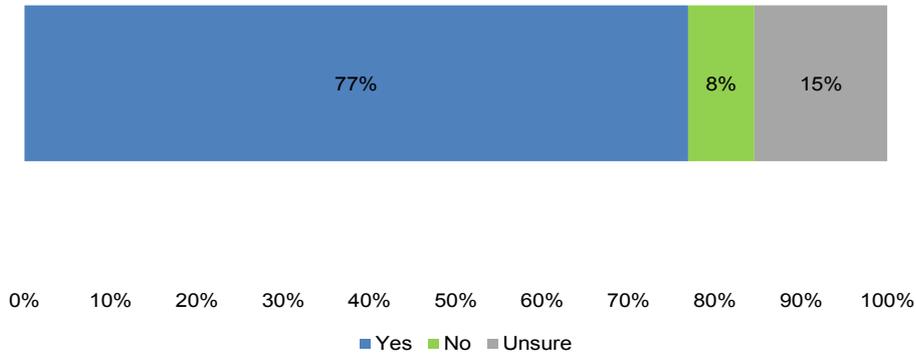
Figure A.12: Challenges in relocating



N=11. N.B. Multiple responses possible.

The majority of businesses (77%) would be interested in relocating to a purpose built facility - [Figure A.13](#).

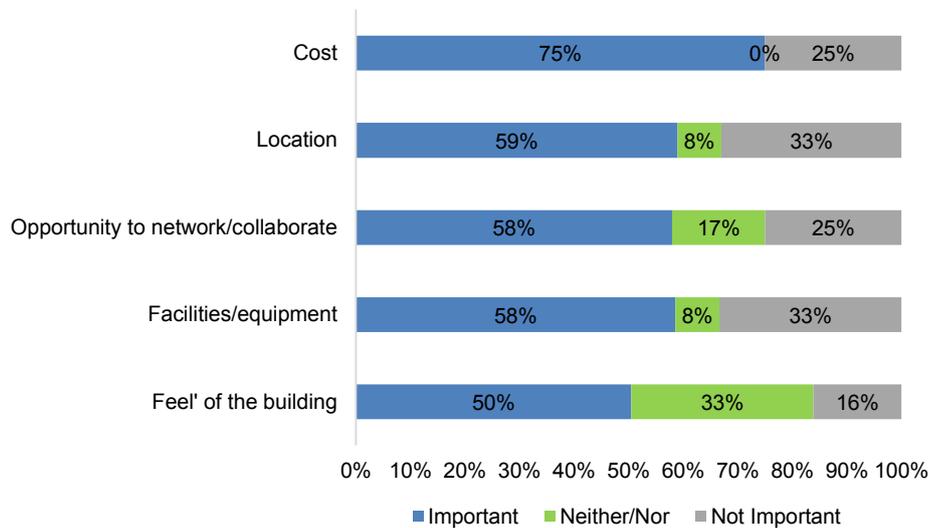
Figure A.13: Interest in relocation to purpose built facility



N=13.

Respondents were asked how important they felt the following factors were in making a decision to relocate. The majority of respondents (50% and above) believed all of the factors were important, with the most important being cost – Figure A.14.

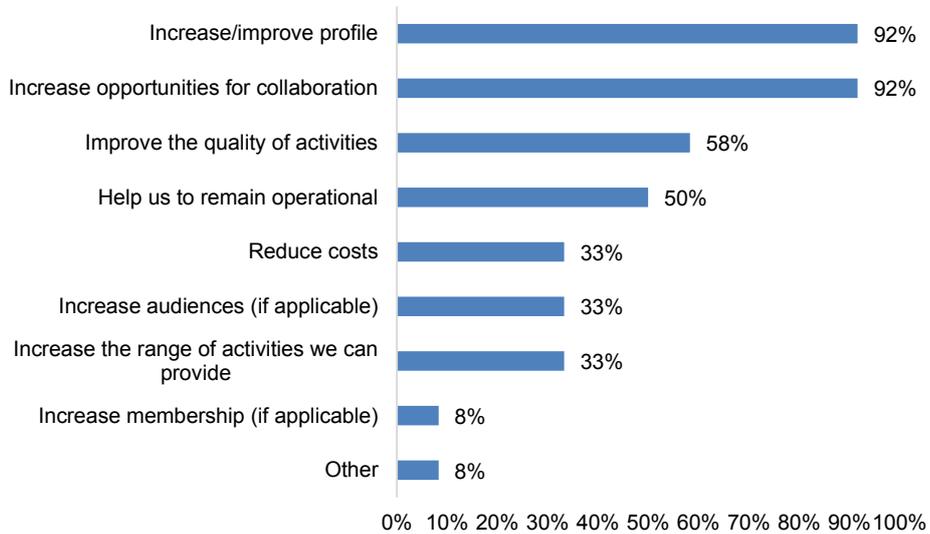
Figure A.14: Importance of factors in decision to relocate



N=12.

Almost all respondents (92%) felt that relocating their business would increase/improve their business profile and increase their opportunities for collaboration – see Figure A.15 for more details.

Figure A.15: Anticipated benefits/impacts of relocating



N=12. N.B. Multiple responses possible.

Just over one-third of respondents chose to make final comments about the proposal for a dedicated cultural space in Kilmarnock. These were generally very positive and in support of the creation of such a space in Kilmarnock, as there is currently nothing like it in the area. Respondents also felt that the space should allow for all creative art forms to become residents, and aim to support creative graduate transition.

Appendix B: CI Hub Demand Survey

Introduction

A short online survey was distributed by East Ayrshire Council to cultural business and organisations that are active within Kilmarnock and wider East Ayrshire region. The survey sought to gather information about their current and future needs for premises or space. We received a total of 23 responses.

More businesses (70%) reported that their annual business turnover was less than £100,000 in the last year, and within this, one quarter of the sample reported an income of less than £10,000 – [Figure B.1](#).

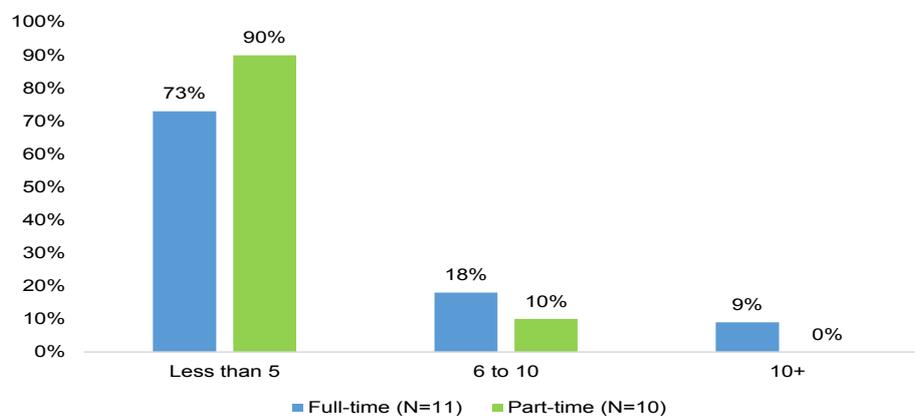
Figure B.1: Turnover for last financial year



N=16.

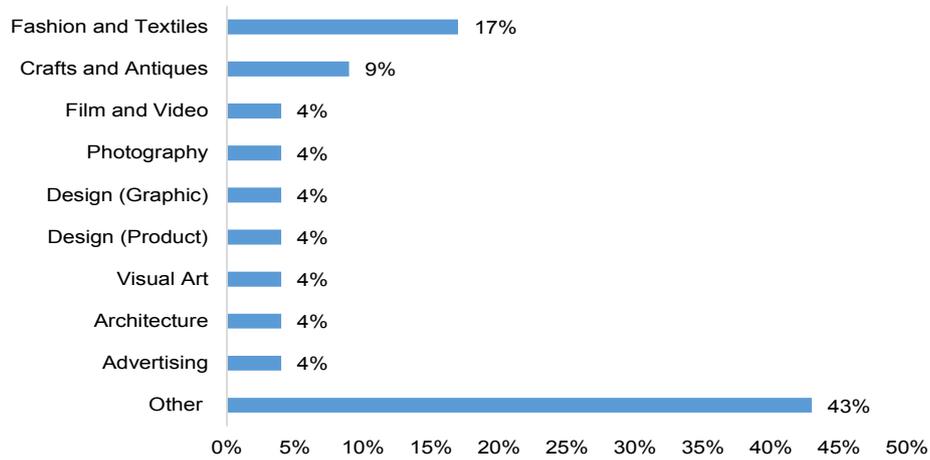
Businesses were typically micro businesses, employing less than 10 people both on a full-time and part-time basis – [Figure B.2](#).

Figure B.2: Full-time and part-time employment



A higher proportion of businesses operated within fashion and textiles (17%) or crafts and antiques (9%) – see [Figure B.3](#) for more details.

Figure B.3: Main subsector of operation

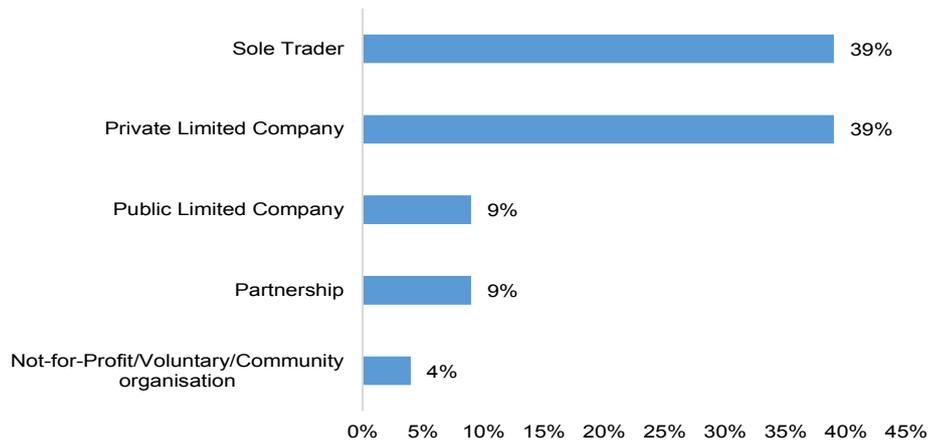


N=23.

Those who indicated ‘other’, were involved in science and technology, tourism, food production, construction, consultancy and workforce training.

More businesses were sole traders (39%) or private limited companies (39%) – [Figure B.4](#).

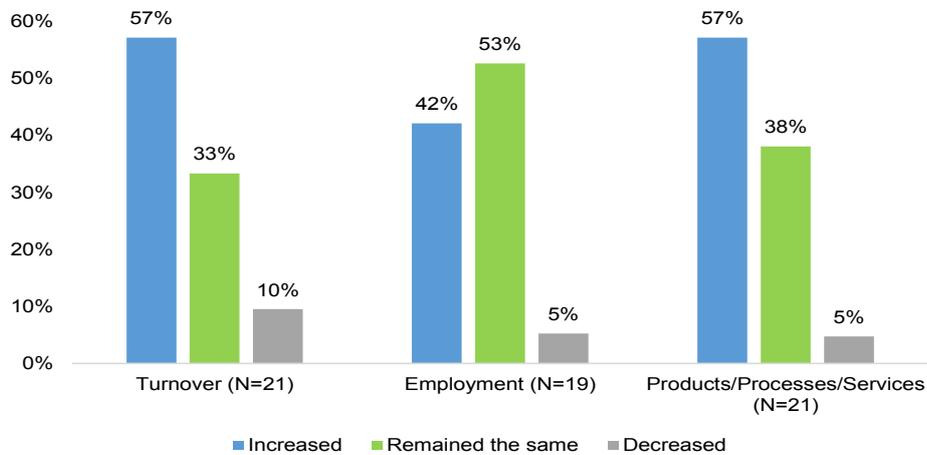
Figure B.4: Best description of business



N=23.

On the whole, the respondents reported positive performance over the past three years and have experienced growth in turnover, employment, and the number of products and services they deliver – [Figure B.5](#).

Figure B.5: Business operation changes in the past three years



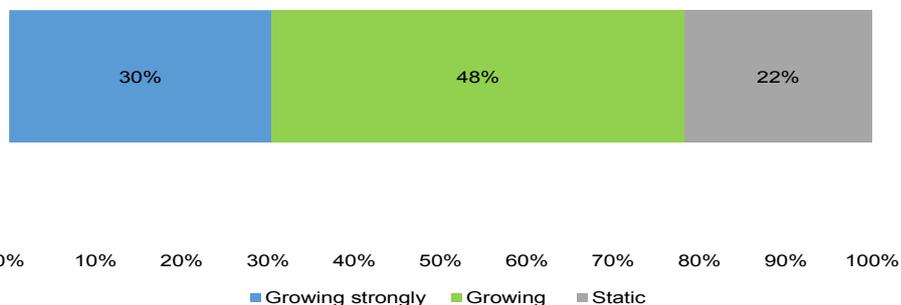
When asked to identify the drivers for these changes responses included:

- their business had undergone expansion (four responses);
- the market in which their business lies had changed (two responses);
- demand for the services/products that they offer had increased (two responses); and
- they had introduced new products (two responses).

Of those that reported a decline in business, this was due to external factors such as challenges with the supply chain and wider political uncertainty.

Following on from this, the majority of businesses (78%) described the sector in which their business operates to be growing to some extent – **Figure B.6**.

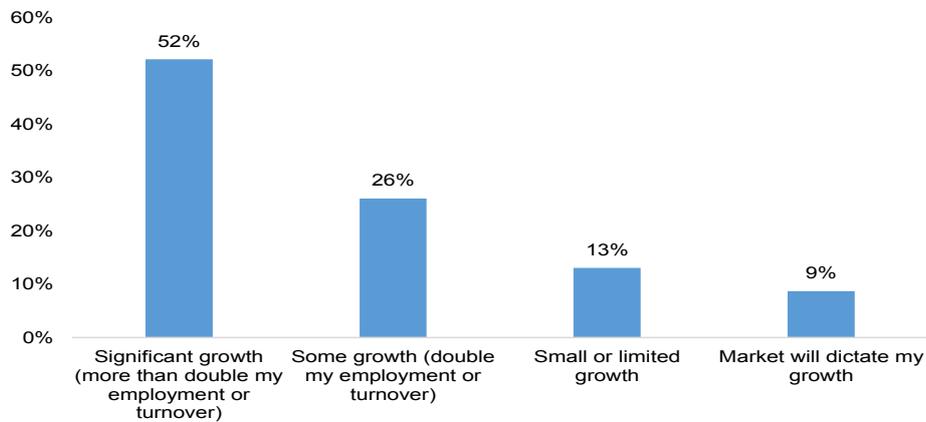
Figure B.6: Growth of sector



N=23.

Businesses were positive and bullish with regards their future growth aspirations, with over half indicating significant growth aspirations (i.e. more than double their employment/turnover) – **Figure B.7**.

Figure B.7: Ambition to grow business



N=23.

Businesses felt that the main opportunities over the next three years for their business and their sector were:

- continued growth in demand for the products/services they/their sector offers (twelve responses);
- the introduction of new products and services (ten responses);
- attempting bigger projects and using new technologies (six responses); and
- increasing awareness of their business/sector through increased presence online and otherwise (five responses).

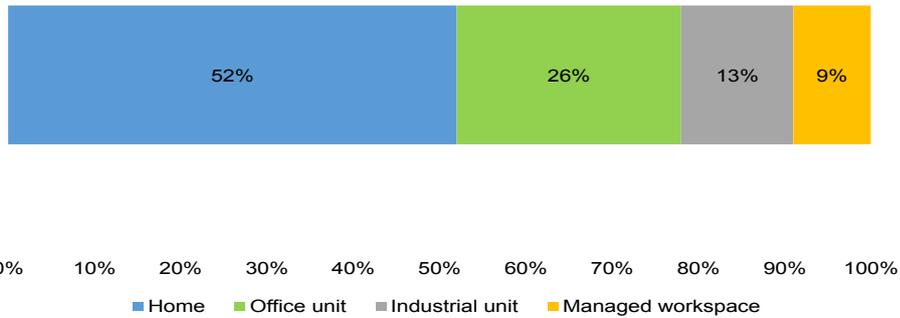
The main challenges for their business/sector over the next three years were identified as:

- remaining competitive both within the UK and overseas (eight responses);
- ensuring that their business/sector remains stable and is well-financed (eight responses);
- coping with the demand/expectation of buyers for their products/services (six responses); and
- making sure that their business/sector is well advertised with an online presence (four responses).

Current Premises

More businesses are currently operating from home (52%) or office units (26%) – see [Figure B.8](#).

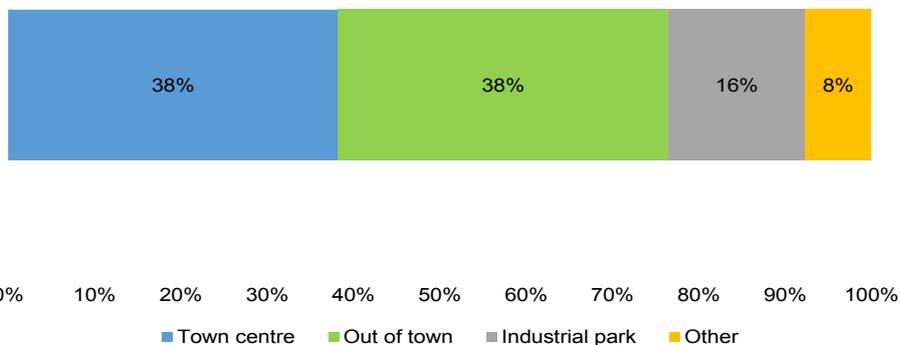
Figure B.8: Current business premises



N=23.

Two out of five respondents are located in the town centre with the same proportion reporting that they operate from outside the town centre (this is not surprising given the high proportion that are homeworkers) – [Figure B.9](#).

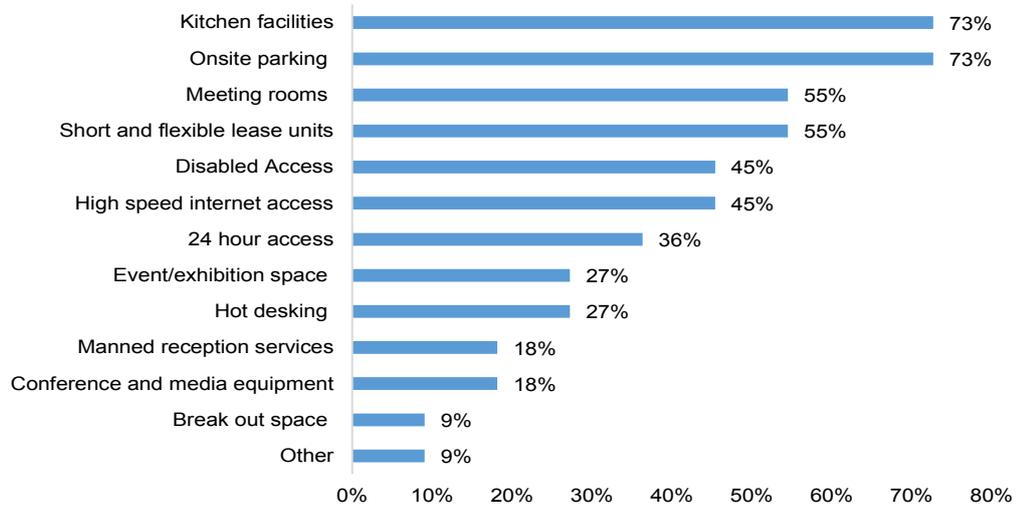
Figure B.9: Business location in relation to Kilmarnock



N=13.

The businesses that do not work from home were asked to indicate which facilities/services their current premises offer, with the most common being kitchen facilities and onsite parking – see [Figure B.10](#) for more details.

Figure B.10: Facilities/services offered by current premises

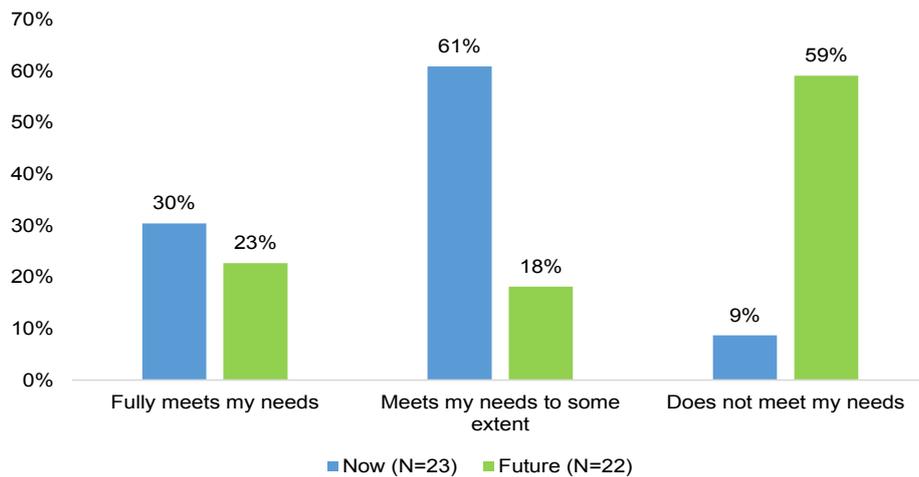


N=11.

Of those that operate from a commercial premises, three quarters of businesses (74%) lease their current premises.

Around one-third of respondents reported that their current premises fully meets their needs, with a further 60% reporting it meets their needs to some extent. Nonetheless, looking forward, three out of five businesses reported that their current premises is unlikely to meet their future needs - see [Figure B.11](#) for more details.

Figure B.11: Suitability of current premises



Two thirds of the respondents reported that they had at some point considered relocation to other premises.

The main driver for seeking new premises was to help grow/expand their business - [Figure B.12](#).

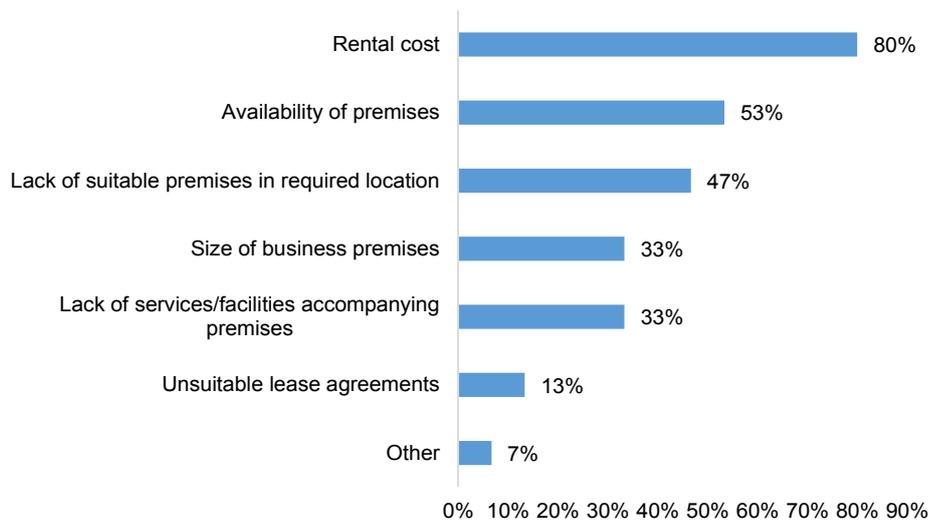
Figure B.12: Main reasons for relocating



N=15. N.B. Multiple responses possible.

The main challenges of relocating are the costs and availability/suitability of premises, see [Figure B.13](#)

Figure B.13: Challenges to prevent relocation

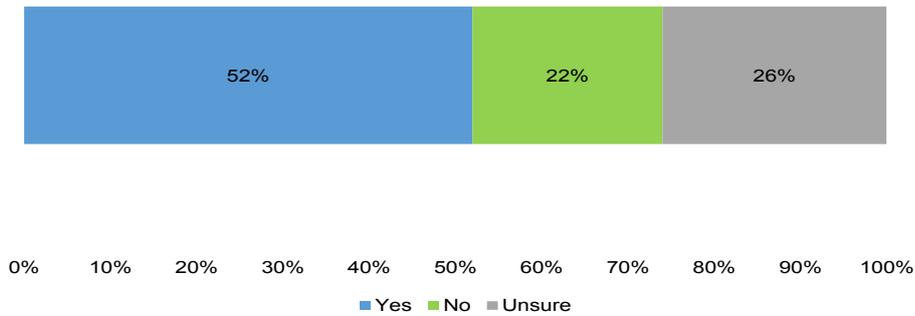


N=15. N.B. Multiple responses possible.

5.1.1 Demand for Alternative Premises

Over half of businesses (52%) reported that they would be interested in relocating their business to a purpose built facility for the Creative Industries, this is a similar proportion that identified that their current premises would not meet their future needs – [Figure B.14](#).

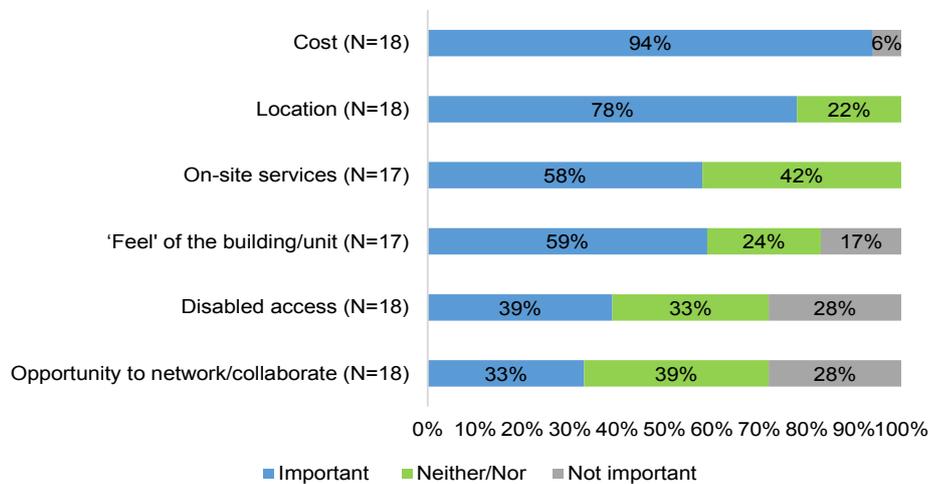
Figure B.14: Interest in relocating business



N=23.

As highlighted above cost is the most significant factor that will influence relocation decisions, indicating price sensitivity in the market. This is unsurprising as the majority of businesses have a turnover of less than £100,000 per annum and a high proportion operate from home (where there will be limited revenue costs related to their premises) – see [Figure B.15](#) for more details.

Figure B.15: Importance of factors in decision to relocate



Businesses were asked to indicate which services/facilities they felt were 'critical' and 'desirable' for their business – [Table B.1](#) provides full results.

Table B.1: Critical and desirable services/facilities

	Critical (%)	Desirable (%)
High speed internet access	94%	6%
Onsite parking	67%	28%

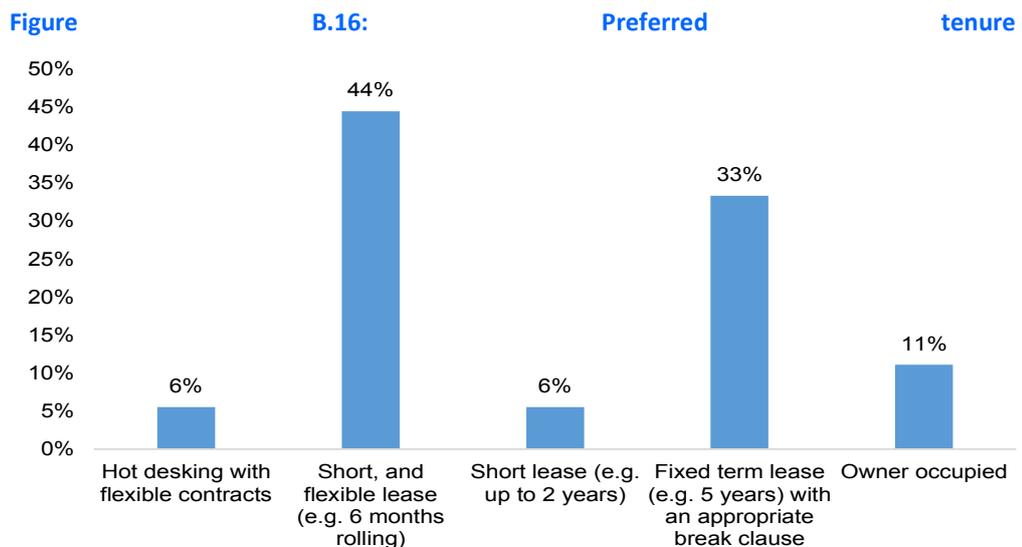
Kitchen facilities	61%	33%
24 hour access	56%	44%
Break out space	33%	33%
Meeting rooms	33%	50%
Short and flexible lease units	33%	50%
Disabled access	28%	56%
Support for networking and collaboration	22%	56%
Event/exhibition space	22%	44%
Conference and media equipment	22%	44%
Access to business support	11%	56%
Reception services	0%	78%
Hot desking	0%	61%

N=18.

The facilities/services which more businesses felt were ‘critical’ included:

- high speed internet access (94%);
- onsite parking (67%);
- kitchen facilities (61%); and
- 24 hour access (56%).

Two out of five respondents would prefer short and flexible rolling leases with one third preferring a longer term fixed lease – [Figure B.16](#).

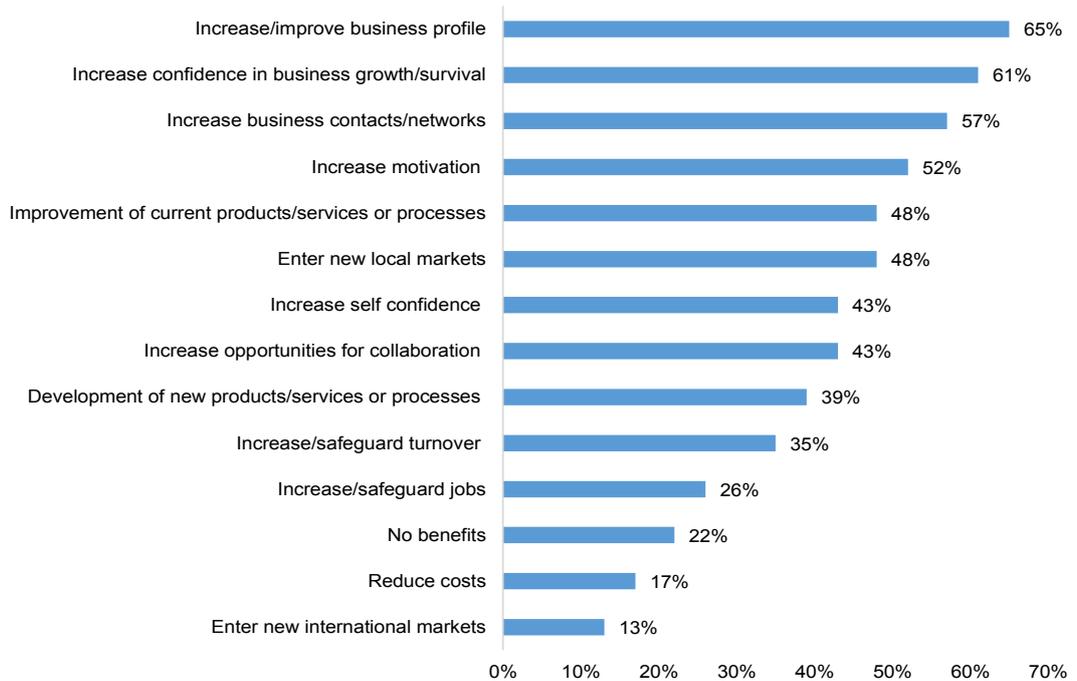


N=18.

Impacts and Benefits

Businesses were asked to indicate the benefits and impacts they felt relocating to a dedicated Creative Industries hub would bring. More businesses felt it would increase/improve their business profile and increase their confidence in their growth/survival - see [Figure B.17](#) for more details.

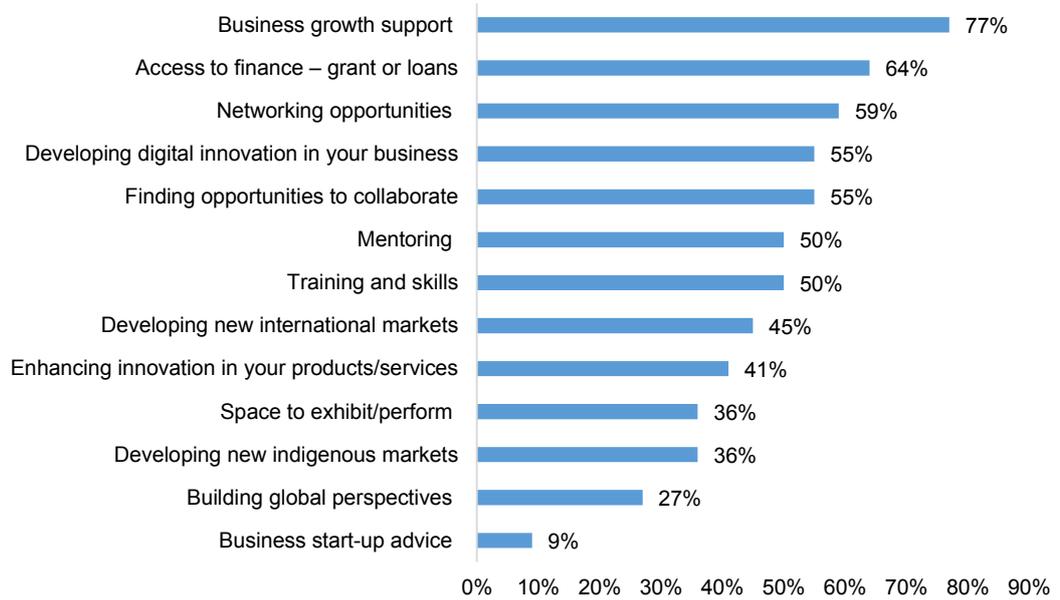
Figure B.17: Benefits and impacts of relocating business



N=23. N.B. Multiple responses possible.

In terms of additional support provision that would enhance the growth or sustainability of their business, more businesses would opt for business growth support or access to grants or loans – see [Figure B.18](#).

Figure B.18: Support which would sustain business growth



N=22. N.B. Multiple responses possible.

Those who indicated training and skills, specified the types of training they felt would support/grow their business and in the main these related to social media, IT and e-commerce.

Some respondents chose to provide other comments about the proposal for a dedicated Creative Industries hub. Again these were generally very positive with many indicating that the proposals sound promising and would fill a gap in the current provision. It was also noted that in order for networking and collaboration to happen between those within the office space, diverse businesses across all sectors/subsectors would need to be included. Respondents also felt that in order for them to be able to justify the expense of such an office space, it would need to fit all their business' needs.

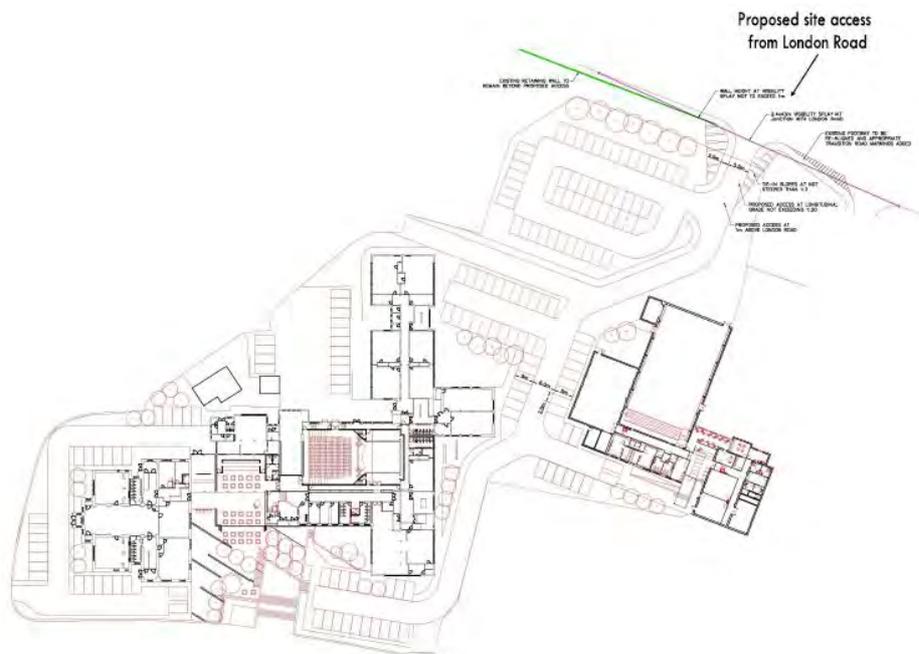
Appendix C: Kilmarnock Academy

During the course of consultation we spoke to Centrestage about their proposals to convert the Kilmarnock Academy into a 'village' that would provide expanded facilities for them as well as additional areas for organisations and individuals with similar social and/or cultural objectives to rent. Their proposal has been submitted to East Ayrshire Council and will now go through due process. The proposition suggests that:

The historic B-listed portion of the building will remain unaltered with a programme of sympathetic and sensitive fabric repairs

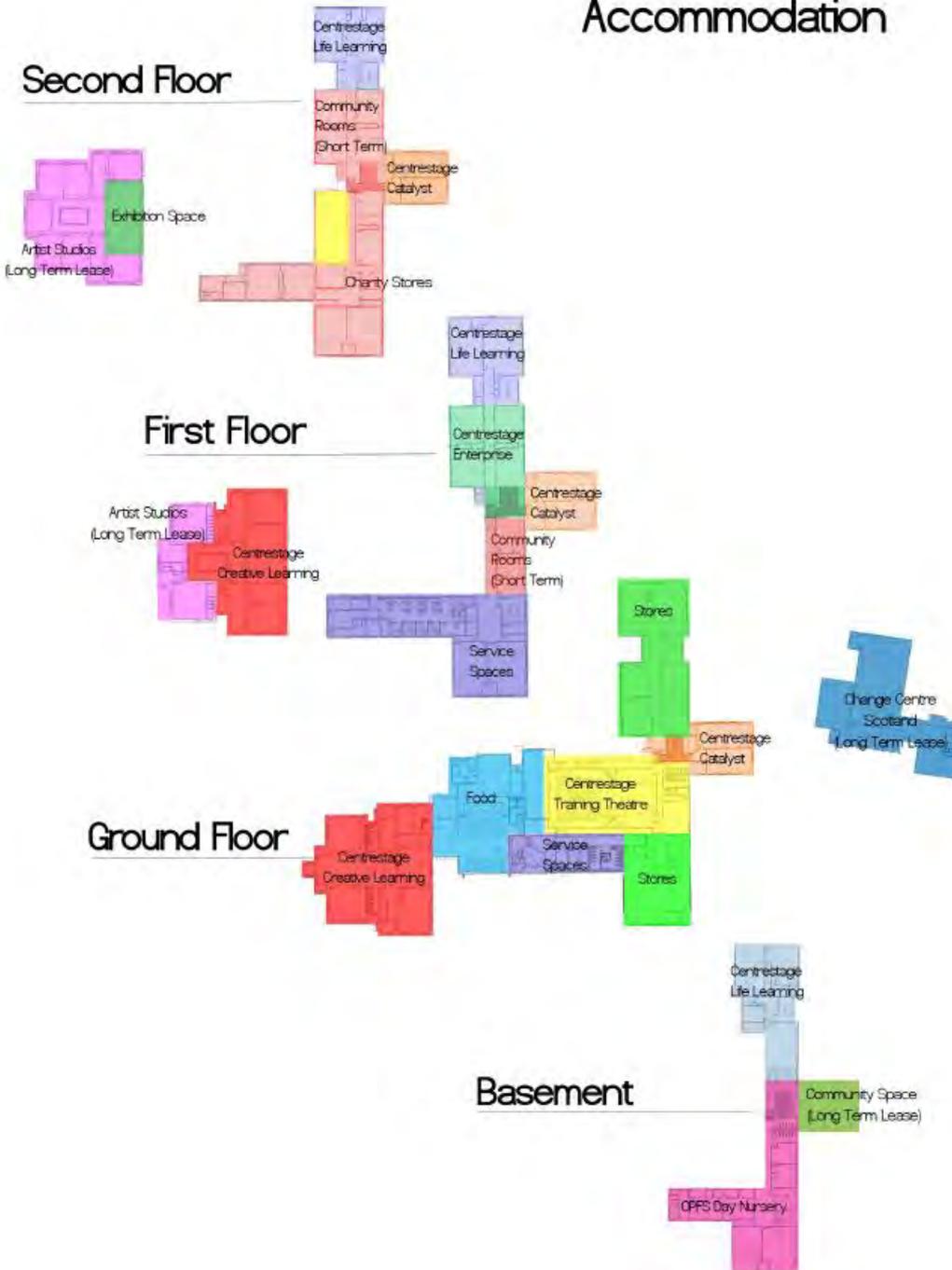
The more recent building will be upgraded including creating a new accessible entrance, an external plaza and entrance façade

An overview of the proposed site is outlined below:



The proposed accommodation schedule is outlined below, this show available space for artists' studios on both the first and second floors and we understand that Centrestage would be willing to consider developing this aspect of the building should it be felt to align with the outcome of this demand study.

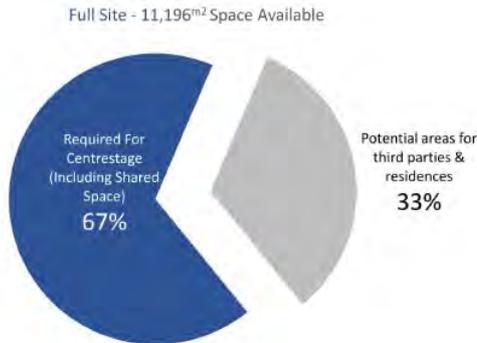
Accommodation



Centrestage will also develop the more recently constructed outbuildings as part of the redevelopment and would and would be happy to consider that some of these spaces be made available for office or studio use for local CIs. They are also willing to discuss how such space might be most effectively managed on behalf of the lessees: a third-party client, such

as Wasps studios, could take on an intermediary role regarding identifying potential users and managing the space for them. During our conversation with Wasps this was a preferable scenario for their involvement.

The space allocation for Centrestage’s proposal is summarised as:



The detailed breakdown of space is outlined as:

UKA Floor	Total Area (m ²)	Stairs Space	Required For Centrestage	Potential areas for third parties & residences	Notes on low cost accommodation for sheltered and social entrepreneurs
Main Building - Basement Floor	1920	1270	150	500	Day Nursery, One Parent Family Scotland (provisionally) and further community space available on long term lease
Main Building - Ground Floor	2500	200	2300	0	
Main Building - First Floor	1543	243	1125	175	2 classrooms available for hire & storage of equipment for local organisations if required
Main Building - Second Floor	1638	538	450	650	8 classrooms available for hire & storage of equipment for local organisations if required
Old Building - Ground Floor	700	100	600	0	
Old Building - First Floor	700	100	300	300	3 Large Classrooms operated by Centrestage and offered to local artists for residency
Old Building - Second Floor	700	100	50	550	4/5 large classrooms operated by Centrestage and offered to local artists for residency
Gym Block	1495	0	0	1495	Operated By Change Centre Scotland as tenants - Sub hiring gym space to Ayrshire Gymnastics Clubs and smaller football clubs/groups
Total	11,196.00	2,551.00	4,975.00	3,670.00	

Appendix D:

Template Options Appraisal Scoring

Scoring Criteria	Comments	Score
Floorspace available		
Ownership and availability		
Strategic fit and contribution to economic development objectives	Fit with key documents: East Ayrshire Economic Development Strategy, Single Outcome Agreement, Town Centre First Principle	
Capital costs	Overall capital expenditure (high / medium / low)– estimate based on construction sector co-efficient data	
Revenue costs	Annual rent and Business Rates	
Sustainability and commercial viability	Consider the income set against the revenue	
Level of demand	Likely level of take up, confidence in this?	
Accessibility and connectivity	How easy is the site to get to by road, bike, walking etc? Are there nearby public transport connections, where do they service?	
Digital connectivity and other onsite services and facilities	Survey of available infrastructure, any limitations?	
Parking	Is there adequate on-site parking, how many spaces,	
Other risks	Consider the non-financial risks e.g. reputational risk to the Council, public perception, best use of site, etc	

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