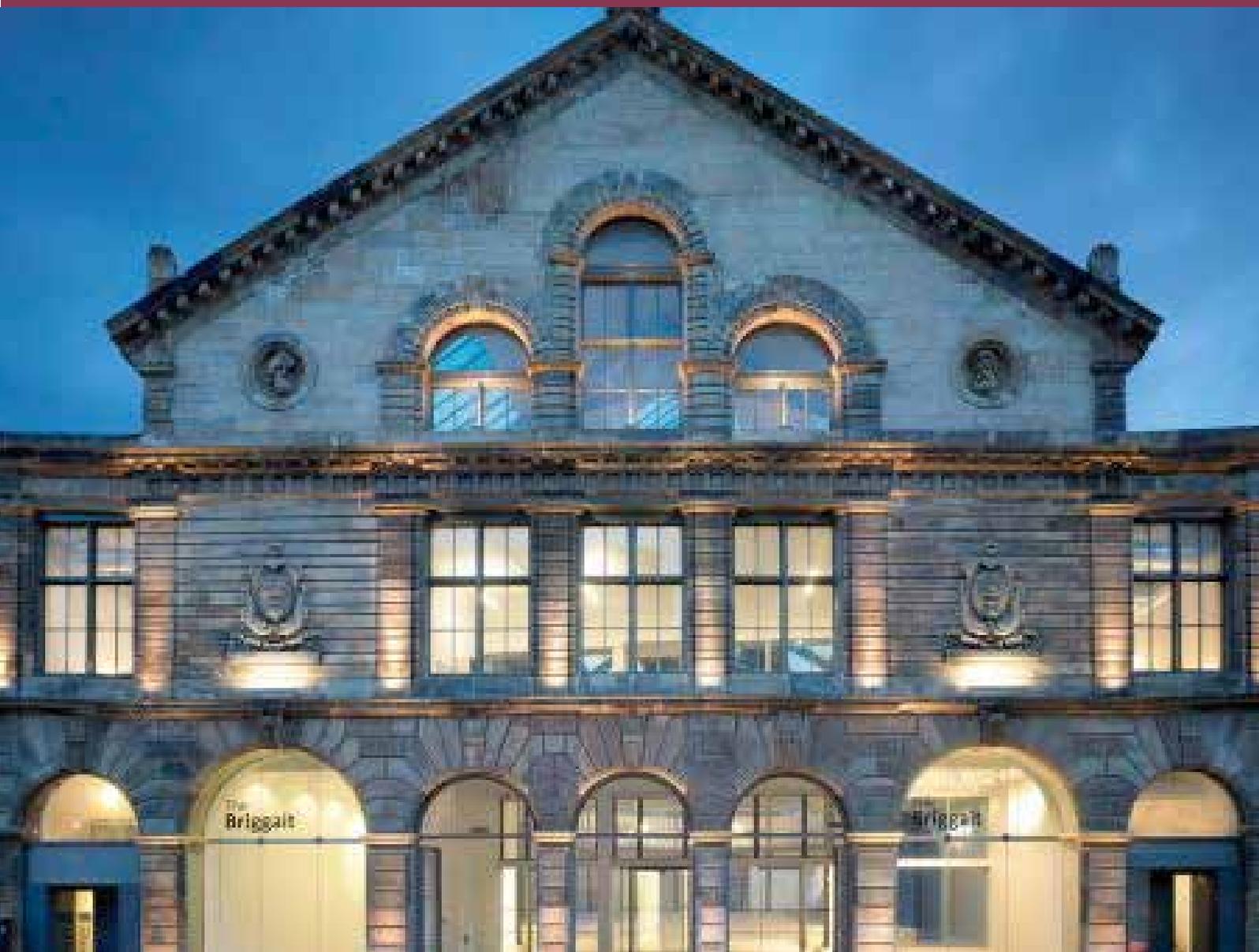


# Finding the Right Premises

A GUIDE FOR ARTISTS' STUDIO GROUPS



Front cover:  
Wasps Studios, The Briggait, Glasgow. Photo: Andrew Lee.

# **Finding the Right Premises**

## **A GUIDE FOR ARTISTS' STUDIO GROUPS**

**national federation of artists' studio providers**  
For more information visit [www.nfasp.org.uk](http://www.nfasp.org.uk)



Lorraine Clarke in her studio at Euroart. Photo: Nigel Young.  
(Euroart Studios)

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Gasworks exhibition opening 'Made to Measure' by Mateo Lopez, Colombian artist, June 2010. Photo: Gasworks.

# One Introduction

This guide is a resource for newly formed and more established artists' groups that are interested in finding and securing suitable studio premises. NFASP (the National Federation of Artists' Studio Providers) receives many enquiries about setting up studios and finding appropriate, shared or group studio space. This guide is written in response to the issues that commonly arise during this process. It aims to help artists' groups by introducing these issues; providing signposts to further contacts and sources of information; and providing checklists for practical use when preparing to make key decisions.

There are three key questions for testing the suitability of any premises:

- Is the building fit-for-purpose?
- Can your group afford it?
- Is there sufficient demand?

The guide aims to help you think through these questions and the process of securing studio space as a group. Should you need more detailed advice or wish to discuss your project with someone who has experience of setting up and running studios, you can access our advisory service by becoming a member of NFASP, see [www.nfasp.org.uk](http://www.nfasp.org.uk).



Opening the Doors, education and participation project, Gasworks 2008. Photo: Gasworks.

The guide was researched and written by Claire Stevenson and edited by NFASP, with additional contributions from NFASP Trustees, the Ethical Property Foundation ([www.ethicalproperty.org.uk](http://www.ethicalproperty.org.uk)) and Interface Legal Advisory Service ([www.interfacelegal.org.uk](http://www.interfacelegal.org.uk)).



# Two **Forming a group**

Artists decide to form groups for a variety of different reasons, but common goals are the need for space and access to a network of like-minded individuals.

Forming an artists' group can be a route to securing studio space in areas where provision is lacking, or where existing studios are already full. As well as gaining space within premises, membership of an active group also provides the opportunity to collaborate, give feedback and work with constructive criticism from peers.



Property Matters training workshop, March 2012, London.  
Photo: Robin Gardiner.

## **What are your reasons for becoming a group?**

It is important from the outset that you identify why *your particular group* has decided to form. Being clear about your ethos, aims and objectives will guide you through the process, helping you make appropriate decisions and avoiding problems further on.

Amongst other things, you should consider whether your group members intend to work and exhibit together to any degree, or if taking on a building is simply a way to get individual studio spaces. You should also consider if the studios are an element of a wider ambition that could include exhibitions, workshops and engagement with the local community.

## **How will the group be composed?**

The type of building your group needs will depend on the practices of its members. Certain practices require particular equipment and kinds of spaces. For example, sculptors who work with heavy materials are likely to require ground floor spaces, whereas painters may consider spaces with skylights at the top of buildings ideal.

## What does your group want to use the premises for?

Following on from the composition of artists in your group, you will need to collectively consider the way in which the studios will be used.

- Will artists want their own individual, lockable spaces, or a space within a large open studio?
- Will the public be visiting the premises, for example, for open studios?
- Will there be a requirement for workshop, project or exhibition space?
- Will there be communal areas, such as office, kitchen and social space?
- Can the premises accommodate a range of practices? Sharing with people with different equipment needs may have a cost implication; for example kilns may need 3 phase electricity, which can be expensive to install.

## What size will the group be?

A large group may have more money and time to commit to securing a functioning studio building. However, the larger the group the more work is involved keeping everyone together and the process on track. The admin involved also greatly increases as the group gets larger. This includes ensuring studio fees are paid and keeping studio spaces filled as members leave.

## How much can individual members afford to pay for studio space?

This factor also has an influence on the size of the group. The more individual members can



Silversmith Starter Studio at Persistence Works.  
Photo: Yorkshire Artspace.

afford, the fewer members it takes to cover the cost of a given building. However, once the cost to individual artists exceeds a certain level, the studios cease to be affordable for non-commercial artists.

## What skills and contacts does the group have?

These might be skills that individuals in the group themselves possess, or which they can access guidance on from contacts. For example: experience dealing with commercial landlords, local authority officials and potential funders, experience keeping budgets, accounts and producing business plans, previous active participation in artists' studios, project management experience, design and website maintenance skills (a group website is not essential, but it can be very useful).

# Three **Legal structures**



ASC's New Cross Studios prior to development.  
Photo: Jenny Jones.

This section aims to provide you with a brief introduction to the different types of **legal structure** that might be suitable for your group. Once you have considered your options, you should seek more in-depth advice from a solicitor before making a decision.

## **NB Be aware that there are some differences in the law in Scotland and Northern Ireland.**

A crucial starting point is being clear about what the group wants to do, and for whom (see section 4 'What are your reasons for becoming a group?') This will make it easier to focus on what sort of legal structure would suit your organisation best. You should also decide whether you want to operate on:

- a **not-for-profit basis**, i.e. profit made by the group is reinvested for the purpose of helping the group achieve its aims; or
- a **profit-making basis**, i.e. as a commercial enterprise where profits are paid to the shareholders (if you are constituted as a company) or to the owner or owners of the business (if you are constituted in a different way, e.g. as a sole trader).

It is vitally important to get the legal structure of your group right, because the wrong structure can mean you cannot operate effectively, and changing it can often be very costly and time-consuming, and requires specialist advice.

## Signposts:

*National Council for Voluntary Organisation's website [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk) has lots of useful guidance. See [www.ncvo-vol.org.uk/governanceandleadership](http://www.ncvo-vol.org.uk/governanceandleadership)*

*[www.getlegal.org.uk](http://www.getlegal.org.uk) has a reference and decision-making tool to help charities, social enterprises and co-operative organisations decide on the most appropriate legal structure for them.*

*NFASP has online guidance on the Charities Act 2006 and what it means for studio groups: [www.nfasp.org.uk/resources](http://www.nfasp.org.uk/resources)*

*LawWorks has several fact sheets on corporate structure, including a useful comparison table. See [www.lawworks.org.uk/useful-information](http://www.lawworks.org.uk/useful-information)*

*A CVS is a support and guidance body for not for profit organisations and most local authority areas have one. Find your nearest one via: [www.navca.org.uk/directory](http://www.navca.org.uk/directory)*

*If you are looking at setting up as a profit making organisation, there is a lot of valuable guidance on the Business Link website to help you make a decision: [www.businesslink.gov.uk](http://www.businesslink.gov.uk)*

When thinking about your legal structure, you should take into account factors such as:

**Risk:** a group or organisation that will be entering into contracts (such as leases), employing staff, borrowing money or taking other significant risks should be aware of the risk of personal liability for the people running the group or organisation. That risk can be significantly reduced (but not completely eliminated) by setting the group or organisation up as a limited company.

**Decision-making structure:** studio groups may prefer structures that make them accountable to stakeholders (studio holders, the general public, other interest groups - or any combination of these) so as to increase transparency and credibility, or they may prefer the flexibility, privacy and lower administrative burden of a less formal structure.

**Set up costs:** including registration fees and legal advice. The cost of the legal advice will partly depend on the complexity of the structure that you choose, and some legal advisers charge considerably more than others. You are strongly recommended to obtain at least some basic legal advice on the different options available and how the process works.

**Regulation:** different legal structures come with different obligations, (for example, compiling accounts) which can take up substantial time for those involved, although if you have an efficient administrator the burden should be manageable.

**Activities:** if your group wishes to trade or fundraise, this will affect the type of legal structure suitable for you.

There are many other factors to consider. A useful first step is to contact your local Council for Voluntary Service to discuss with them which structure might be suitable or to seek free or low-cost initial advice via LawWorks ([www.lawworks.org.uk](http://www.lawworks.org.uk)).

## Types of legal structure available

Each structure has its own pros and cons, and should always be considered in conjunction with independent legal advice to ensure it is suitable for you.

### Useful sites:

[www.voluntaryarts.org](http://www.voluntaryarts.org)  
[www.communitymatters.org.uk](http://www.communitymatters.org.uk)  
[www.businesslink.gov.uk](http://www.businesslink.gov.uk)

For more information on different company structures:  
[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

For more information on CICs:  
[www.bis.gov.uk/circregulator](http://www.bis.gov.uk/circregulator)

For more information about IPSs:  
[www.gsa.gov.uk/doing/small\\_firms/msr/societies](http://www.gsa.gov.uk/doing/small_firms/msr/societies)

For more information on co-operatives  
[www.uk.coop](http://www.uk.coop)

**Unincorporated association:** a simple structure which is formed by and operates according to its constitutional document or rules which are decided by the members. This type of structure might be used by a smaller organisation with a wide membership structure and low risk activities.

*Pros:* Flexible, no regulatory obligations, informal.

*Cons:* No separate legal identity and so cannot enter into legal agreements - contracts have to be entered into in the names of individuals (which can create complications when they leave the organisation) or in the names of separately appointed holding trustees. Members of the organisation's governing body can be held personally liable for the organisation's debts and responsibilities.

**Trust:** Trustees hold, manage and use money and assets for the purposes set out in the Trust Deed. This structure might also be used by a small organisation with specific aims and low risk activities.

*Pros:* Same as for unincorporated associations. Also, unlike unincorporated associations, there are no separate 'members' which can be an advantage.

*Cons:* Trustees are personally liable. Activities are restricted by Trust Deed. Trustees have a variety of obligations.

### **Company limited by guarantee:**

an incorporated organisation with a separate legal identity distinct from its members; registered with Companies House and may be suitable for organisations that employ staff, own or rent buildings and/or have other significant liabilities. Directors run the organisation on behalf of its members.

*Pros:* Members' personal liability (as distinct from directors' personal liability) is limited to the amount paid as a 'guarantee' (prescribed by governing document and often a token amount such as £1). The governing document can be adapted to suit most not-for-profit purposes. The company can enter into legal agreements itself and therefore there are no issues in that regard with people ceasing to be directors. Directors' personal liability is limited (you should seek legal advice on the extent of the limitation on liability).

*Cons:* Regulated by Companies House which carries certain responsibilities, no profit may be distributed to members.

**Company limited by shares:** a profit making entity with a separate legal identity distinct from its members; registered with Companies House. This structure may be suitable for organisations that wish to distribute profits to shareholders.

*Pros:* Flexible and adaptable, allows shareholders to make a profit, shareholders' liability is limited to amount unpaid on shares. Directors' personal liability is limited. No restrictions on paying directors (as long as general company law principles are complied with).

*Cons:* profit making structure may exclude you from funding opportunities and will exclude you from the tax breaks that come with charitable status (as companies limited by shares cannot be charitable).

**Community Interest Company:** a limited company structure with asset lock and focus on community benefit; limited by shares or guarantee. This structure may be suitable for organisations with a community focus that do not wish to register as a charity.

*Pros:* asset lock ensures assets used for community benefit, limited liability for members, CIC status may open up funding opportunities, profit may be distributed to shareholders in limited circumstances, fewer trading restrictions than a charitable company.

*Cons:* Regulated by the CIC Regulator, reporting obligations, no tax advantages, funders will often only make grants to registered charities.

**Industrial and Provident society (IPS):** a corporate body which can be set up as either a Co-operative (established for the purpose of providing services to its members on a not for profit basis) or a Community Benefit Society. This structure may be suitable for a variety of different organisations, as its rules can be tailored to fit a variety of needs as decided by its members. Regulated by the Financial Services Authority. (FSA)

*Pros:* Limited liability for members, co-operatives are able to distribute profits, allows for community benefit.

*Cons:* No tax advantages (however, Community Benefit Societies may register as an exempt charity to qualify), reporting obligations. The principles according to which the FSA regulates IPSs are arguably less transparent than the regulations governing companies and charities.



Property Matters training workshop, March 2012, London. Photo: Robin Gardiner.

A new legal structure, the **Charitable Incorporated Organisation**, has been planned and in progress for some time. This structure is now available in Scotland (see [www.oscr.org.uk](http://www.oscr.org.uk)), and incorporates features of a company limited by guarantee and a registered charity without the need for dual registration.

See updates on when this structure might be available in England and Wales on the charity commission: [www.charitycommission.gov.uk/Start\\_up\\_a\\_charity/Do\\_I\\_need\\_to\\_register/CIOs/default.aspx](http://www.charitycommission.gov.uk/Start_up_a_charity/Do_I_need_to_register/CIOs/default.aspx).

## Charitable status

Charitable status is not a legal structure in its own right: it is a 'status' - like a 'badge' your organisation wears. An unincorporated association may register as a charity if it fulfils all the criteria, as may a trust or a company limited by guarantee. Charitable status can be useful for fundraising, and the fact that an organisation has charitable status can enhance its credibility and bolster the belief of others in its trustworthiness. There are also tax advantages.

If you are thinking of registering as a charity, you will need to consider the implications carefully and seek independent legal advice from a solicitor. See more information on the Charity Commission website ([www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)), which contains many useful resources. If you are based in Scotland, see OSCR ([www.oscr.org.uk](http://www.oscr.org.uk)), and for Northern Ireland, see the Charity Commission for Northern Ireland ([www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)).

*For more information obtaining charitable status see [www.nfasp.org](http://www.nfasp.org) for a case study on 'a space' an artists' studio provider based in Southampton who were successful in obtaining charitable status.*

## Finding out further information about legal structures

Talk to other studio groups and find out about their structures to gain general background information on how others operate. See NFASP's Register of Studio Groups and Organisations, <http://www.nfasp.org.uk/resources>. Check whether NFASP has a regional network in your area, if so, consider using it to contact other local groups. Before deciding on any legal structure, you should ensure you have taken at least **some** independent legal advice, which need not necessarily be that expensive.

## Four **Finding the right property**



### **Temporary, leased or permanent space?**

As well as the right legal structure you also need to think about what type of premises you want to take on - is this a long term project, a pilot or something which you hope to create into an artist's resource for the next 100 years?

Furthermore, your legal structure may well have an impact on the type of premises agreement you should be taking on. Below are the main ways you can take on premises, if you are agreeing to any form of contract you should always seek independent legal advice to ensure it

Porthmeor Studios and Cellars. The Borlase Smart John Wells Trust, Cornwall.

is suitable for your organisation. Thinking about these types of agreements will also be important if you are looking to rent out space in your artist's studio, as well as what you need for your group.

### **Free/Meanwhile space**

For some organisations, trying to keep costs as low as possible is their priority, or they may be testing out a new idea, or model of working. You may have never taken on premises before

## Signpost:

*If you're looking for short-term space, NFASP's briefing on 'Using temporary space as artists' studios' is available. Our guidance outlines benefits to artists and communities, has featured case studies and covers issues such as planning policies.*

or have little or no funds when you get started. There are a variety of ways to find free space, through existing contacts or approaching local authorities and private landlords. One way you may be able to access free space is through utilising empty shops or other empty properties for a short period of time while the owner cannot find a paying tenant - this is often called **meanwhile use**. While this type of space is often free and short term it is important that you have a written agreement with the landlord to ensure your liabilities are limited. The Department of Communities and Local Government put together a template Meanwhile Lease which you can download here:

<http://www.meanwhile.org.uk/useful-info/view/legal>

*Pros:* Meanwhile use can often be free and can be of benefit to the landlord as well if you are a charity, as it reduces the business rates bill they would otherwise have to pay. It's flexible, can be for a couple of months or a year. Great opportunity to use high street premises with high footfall to get your project noticed. Few obligations to undertake, assuming that you do not accidentally take on more than you were expecting.

*Cons:* It is short term, in most meanwhile use situations the landlord can give you notice to leave at any time with usually only a few weeks to move out, the space may not be fit for purpose or not in a good condition. You may still have to pay for the fit out of the space. If you are signing a lease or are taking on any obligations on a less formal basis be aware that if you are not a constituted organisation then the people running your organisation may be personally liable.

## Sessional

Sessional space can also be called short hire agreements - for example hiring a community hall every Tuesday for a couple of hours. This is usually a very flexible agreement, it can be on a weekly basis or simply used for one off projects.

*Pros:* your liabilities are low, you can use the space as and when needed if it is available, the cost is usually relatively small compared with other agreements, flexible and it is easy to get in or out of.

*Cons:* does not give you any stability as an organisation, spaces may be double booked, there may be no ability to store equipment and resources, it doesn't provide you with a space that you can make your own. If you are signing an agreement or are taking on any obligations on a less formal basis please be aware that if you are not a constituted organisation then the people running your organisation may be personally liable.

## Licence

A licence is a flexible, short term agreement, often between six months and two years. A

licence would be issued to an occupier who does not have exclusive access to the space, for example where you are renting a couple of desks in an office, or in managed workspace where the occupiers can be moved about if necessary. The terms of this type of agreement are generally 'easy in, easy out', requiring relatively short notice to terminate by either landlord or occupier (often a month).

*Pros:* Easy in, easy out - you do not have to commit to being in the property for a long period of time, generally few obligations with regards to repairs and maintenance

*Cons:* Generally (but not always) short term, you do not have the ability to alter or change your premises. If you are signing an agreement or are taking on any obligations on a less formal basis please be aware that if you are not a constituted organisation then the people running your organisation may be personally liable. The licensor will have the right to move you around the premises to different space, which may not work for you.

## Lease

A lease is a less flexible agreement, typically at least three to five years in length, although it can be much longer depending on what you require and what the landlord is prepared to provide. You would be issued a lease where you have exclusive use of a space. A lease is a significant legal agreement that provides the occupier with a 'tenancy' and unless agreed otherwise with your landlord (via a standard legal process), gives you 'security of tenure' under the **Landlord and Tenant Act of 1954**. This means that you would have the right to renew the lease on essentially



Early days at Bluecoat Gallery, Liverpool 2008.

the same terms when it expires (subject to certain statutory exceptions), although the landlord does have the right to increase the rent to reflect the market (if they can prove that the market has risen through examples of other lettings).

NB. Many landlords now would include in the lease a clause for the tenant to "opt out" of the Landlord and Tenant Act, this would mean you would lose this right. You would need to think carefully about how important this is for your organisation.

*Pros:* As a tenant you have greater rights, more stability, and a more long term premises position. The landlord may allow you to make improvements and refurbishments needed for your group's projects. You may be able to sublet space to other organisations to raise income.

*Cons:* You may have greater obligations to fulfil within a lease - for example regarding repairs and maintenance. You will have a long term obligation to pay rent and possibly a service charge. You may be exposed to sudden rent



Spike Island Galleries, Bristol.

increases. If you grow quickly you may not be able to move or expand the premises because you are locked into a lease, although it may be possible to negotiate a tenant's break clause (i.e. a right for you to terminate the lease early if you need to) when negotiating the other terms of the lease. If you are signing an agreement or are taking on any obligations on a less formal basis please be aware that if you are not a constituted organisation then the people running your organisation may be personally liable.

## **Virtual Freehold/Freehold**

Virtual freehold is where you are granted a lease by the landlord but the lease is of a long enough length and hands over most responsibilities for the property such that it is virtually the same as holding the freehold title to the property.

Freehold is when you own the property outright. Purchasing the freehold or a virtual freehold is a huge commitment of time, money and resources for any organisation. You need to think very carefully about whether this would be right for your organisation

*Pros:* Mortgage repayments may be similar to a rental payment on the same property. You will not be exposed to any sudden rent increases and, with a fixed rate mortgage, your monthly repayments will be predictable. You may be able to sublet space to other organisations to raise income. Interest payments on a commercial mortgage are tax-deductible and any gain in value of the property will increase your capital. As your organisation grows or changes you may be able to extend your existing premises, or make internal changes to adapt the premises to your needs.

*Cons:* Unlike renting, you'll need to come up with a substantial deposit - this is money that might otherwise be used for your direct charitable activities, you can be affected by interest rate rises and dips in the property market. Less flexibility - whilst rental agreements generally expire after a few years, a freehold or virtual freehold would need to be sold to a third party if you wanted to dispose of it. Owning a property means you'll be responsible for all maintenance, fixtures and fittings, insurance, decoration and security - and other associated costs. Any loss on the value of the property will decrease your capital.

## **What to look for in a building**

Getting your thoughts down on paper will help you to clarify what you need. Create a list of your requirements to focus your property search - or to brief an agent if you decide to engage professional help. These requirements should be split into those which are 'must haves' and those which are optional.

Feature	Level of importance		
	Essential	Desirable	Not needed
<b>Accessibility / location</b>			
Easy access to public transport	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good road access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local amenities/shops/post office/bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good street lighting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Building features</b>			
Loading bay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Goods lift	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security features (alarm, CCTV, lockable storage facilities)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24/7 access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disabled access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Artificial light	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Natural light	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Extra floor to ceiling height	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Extra door height	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Extra door width	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Open plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The ability to be partitioned if required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A continuous, unfettered run of walls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floor suitable for heavy equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Space for machinery and equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen facilities - shared	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toilet and shower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sinks (for washing equipment in)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 phase electricity (kilns)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Office space (and equipment i.e. computer, photocopier & fax)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Broadband Internet connection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other special features (specify)			
1 _____			
2 _____			
3 _____			

# Five Finding space

It can be difficult to know where to start when you're trying to find premises to accommodate artists' studios. Here are some ideas to get you started:

- **Get out and about.** If you have an idea of the area you'd like to be in, take a couple of hours to walk around and look out for 'for sale' and 'to let' signs. Do remember that a sign doesn't guarantee a property is still available!
- **Ask your contacts and voluntary sector support organisations.**
- **Ask your local authority.** Councils sometimes provide office space within community buildings, although this varies across the country, and space is less readily available than in the private sector. Some councils keep lists of privately owned vacant office space. Contact the Economic Development or Business Department and they should be able to assist you.
- **Check your local newspaper or magazine** for property listings.
- **Think outside the box.** City centre space will always be more expensive. Do suburbs close by contain any old warehouses or former light industry units that are available?

*You can find your local Council for Voluntary Service via the NAVCA website: contact them to see if they have any information on premises in the area. [www.navca.org.uk/directory](http://www.navca.org.uk/directory)*

*The National Council for Voluntary Organisations (NCVO) maintains an 'Accommodation Noticeboard' of premises to let for their members. NCVO membership is free to small organisations (income under £10,000) [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)*

*If you are London based, try:*

**Artist Studio Finder** is a free resource designed to be a one-stop shop for finding artists' studios across London. All listed studios are run by recognised and established providers. [www.artistsstudiofinder.org](http://www.artistsstudiofinder.org)

**Artquest:** an Arts Council-funded service offering London-based artists and craftspeople advice and support. [www.artquest.co.uk](http://www.artquest.co.uk)

**London Artist Quarter** is an arts and opportunities portal for east London artists and organisations. [www.londonartistquarter.org](http://www.londonartistquarter.org)

- **Approach landlords:** contact local landlords directly to find out if they have space available. Ask other organisations and contacts if they know of landlords who it might be worth approaching.



APT studios,  
London.

or for a small fee you can obtain details on ownership from the Land Registry if the title is registered: [www.landreg.gov.uk](http://www.landreg.gov.uk), in Scotland [www.ros.gov.uk](http://www.ros.gov.uk) and in Northern Ireland: [www.lrni.gov.uk](http://www.lrni.gov.uk).

## Further information on the studios sector

See NFASP's 2010 report for more information on the affordable studio sector in general: [www.nfasp.org.uk/resources](http://www.nfasp.org.uk/resources)

- **Contact commercial estate agents operating in your search area.** To find a local agent, ask other organisations for recommendations of local agents they have used, contact agents advertising with 'For Rent' boards in the area and search online.

You can work with an agent in two ways. You can ask about properties that they have available at the moment. Be aware that they will be acting on behalf of the landlord who is paying their fee in this situation. Alternatively, you can commission an agent to search for properties that match your brief. You will have to negotiate a fee for this service, but it means that the agent is acting for you rather than the landlord.

- Contact specialist voluntary sector providers.

## Finding out who owns the property

Once you've found an empty property, you will need to find out who owns it. It may be as simple as asking the people who live or work nearby,

**Popupspace.com** can carry out a property search and negotiate terms for a short term letting on behalf of prospective tenants. They will offer a discounted Tenant's Agent service to charities and voluntary groups.  
[www.popupspace.com](http://www.popupspace.com)

**My Community Space** is a free website that allows community and voluntary organisations to advertise space for hire, covering both short hire periods and long term leases. The site also provides useful information on finding, renting and managing space.  
[www.mycommunityspace.org.uk](http://www.mycommunityspace.org.uk)

There are a variety of specialist providers who you could approach directly to see if they have any suitable space available

[www.ethicalproperty.co.uk](http://www.ethicalproperty.co.uk)  
[www.can-online.org.uk](http://www.can-online.org.uk)  
[www.workspacegroup.co.uk](http://www.workspacegroup.co.uk)  
[www.oasisuk.org/oasiscentre](http://www.oasisuk.org/oasiscentre)

NFASP has many other useful links on specialist providers  
[www.nfasp.org.uk](http://www.nfasp.org.uk)

# Six Costs and funding

## Drawing up a budget

Depending on a number of factors, studio space can be difficult to finance. There are initial costs involved in searching, negotiating and establishing the space and there are the day-to-day costs, once the studios are up and running.

Whether you aim to raise the finances between you, or seek funding help from elsewhere, your starting point will be the rent that artists can afford to pay: will the setup costs and ongoing costs be covered by an affordable rent?



Key to the affordability of the space will be ensuring that the useable space in the premises is maximised i.e. the lettable floor area; you don't want to be paying for any space you can't use. This will be fundamental to your financial appraisal and decision about whether the building will work for your group.

The true costs of renting studio space are often overlooked in favour of the basic rental figure. However, it is crucial that other financial implications in renting or buying space should be worked into your budget.

Overleaf are some cost pointers to consider - this list is not exhaustive. Be sure to get quotes or estimates for things like utilities, telephone, broadband, insurance, surveyors fees (if appropriate) and legal costs. Other outgoings like business rates will be explained in more detail.

Dependent on whether you take on temporary, leased or freehold property you will need to think about some or all of these costs.

Property Matters workshop, London, March 2012.  
Photo: Robin Gardiner.

### Move in/set-up costs - professional fees

- Property search fees
- Legal fees
- Building survey and certification costs
- Fees for estate or letting agents
- Any planning change-of-use application fees

### Move in/set-up costs - conversion and repairs

- Building partitions/fire separation
- Roof repairs
- Any electrical, plumbing or heating work or repairs
- Security work
- Painting and decoration
- Broadband and telephone installation fees
- Fixtures and fittings - such as installing suitable lighting
- Furniture - communal areas near kitchens may require chairs, tables or sofas
- Signage
- Website set-up costs

### Annual running costs

- Ground rent
- Business rates
- Building service charges (or equivalent direct costs where you are taking the whole building)
- Building maintenance (e.g. window cleaning, lift maintenance, boiler service, cleaning gutters, works required to comply with legislation or changes in legislation)
- Buildings, contents and public liability insurance
- Utility bills (gas, electricity, water, phone, Internet)
- Studio management charges and administration
- Marketing costs

## Generating income

As a group you need to think about how you are going to generate enough income to cover the above expenditures. This could be through raising funds (which we will talk about below) or through letting space.

Your income must meet the outgoings mentioned above and provide you with spare cash for a contingency fund, for example to pay for emergency repairs, or for locating to new premises. Other costs to consider include a marketing budget, for advertising studio open days or perhaps for designing a website. So, when researching all the costs involved in acquiring and running studio premises, don't skimp on the figures as you may be left with some holes in your budget.

## Setting rent levels when letting space to others

The rent you can charge for your premises is dependent on the local market. Rent is not related to what it costs you to run the building - these costs are charged to your tenants via a service charge. Many providers include some or all of these costs in the rent or licence fee charged to tenants, a fixed fee with a utilities bill dependant on usage is common.

To get an idea of the rent you could charge for your space on the open market, you need to look at commercial rents being charged locally for space of a similar standard. This will generally be expressed as £ per square foot or square metre.

Once you have worked out what you could charge commercially for your space, you need to decide

what you can charge to your target market. If you wish to accommodate start-up organisations, then you are likely to need to substantially reduce the rent in order to make it affordable. You need to look critically at whether subsidising rent in this way can really work in the long term. One option is to consider a mix of commercial and affordable tenancies with surplus from commercial lets cross subsidising your cheaper offers.

The charge that you make for rent should at least cover the relevant proportion of the rent you pay to your landlord, or mortgage repayments you make on the building. If your target market cannot afford to pay this, then you will need to look at fundraising to cover the shortfall - or reconsider whether you are targeting the right market. You will struggle to make a building in the most expensive part of town affordable for start-up organisations.

## Service Charge when letting space to others

A service charge is what it says on the tin - a charge for services provided to your tenants. The size of the service charge will depend on the range of services you provide. It is generally the tenant's responsibility to provide what they require within their own offices. The service charge covers the landlord's costs for the shared elements of the building. What the service charge can include will need to be covered in the lease agreement with your tenants.

### Elements to include in service charge

Elements you may wish to include in the service charge are:

- utilities - gas, electricity, water
- cleaning
- building insurance
- security
- furniture
- fire extinguishers
- provision and maintenance of specialist equipment (e.g. kilns)
- maintenance of lifts and other equipment
- window cleaning
- maintenance and repair of the building structure
- PC rental
- reception services
- broadband
- telephone system
- meeting rooms
- sinking funds
- rates

In practice many of these are rolled into the rent or licence fee. This gives artists greater certainty over their costs.

## Sinking fund

A sinking fund is a pot of money that a landlord builds up over time to fund repairs or replacement of large items such as the boiler or roof. If you wish to operate a sinking fund the lease agreement will need to give you the power to do so.

### Signpost:

*The Code of Practice on Service Charges in Commercial Property sets out useful guidance on best practice in managing a service charge.*

[www.rics.org/site/download\\_feed.aspx?fileID=9649&fileExtension=PDF](http://www.rics.org/site/download_feed.aspx?fileID=9649&fileExtension=PDF)

## Managing a service charge

Best practice in managing a service charge is to provide tenants with an estimated service charge bill at the start of the year. Service charges are generally billed quarterly in advance. At the end of the year, the landlord should provide an itemised statement setting out what was spent in comparison to the estimated bill. If expenditure is higher than anticipated tenants are asked to contribute an additional amount. If you have spent less than expected on services, then you can credit the difference back to the tenant - or against their service charge bill for the next year.

Service charges often include a management fee for overseeing this work of around 10% - 15% of costs.

A landlord can pass on the fees for auditing the service charge accounts, and charge VAT on service charges (and rent) if it is VAT-registered and has made a formal election with HM Revenue & Customs to charge VAT on all rents and service charges in respect of the building.

A landlord cannot include the following in a service charge:

- initial costs - design, construction, renovation
- set-up costs
- improvements to the building (upgrading)
- future redevelopment costs
- costs attributed to an individual occupier

## More on business rates

You may have noticed the term 'business rates' in the checklist earlier. Business rates are a means of contributing to the cost of providing local authority services such as fire services and police.

If you're occupying a building that's not domestic, you'll need to pay non-domestic rates, often called business rates. These apply to commercial properties such as shops, offices, pubs, warehouses and factories. There are some exceptions including: places of public religious worship; most farmland and farm buildings; public parks and some types of property used by the disabled.

Business rates are calculated using the rateable value of a business premises, which reflects its rental value, and the multiplier set by government. The devolved governments of England, Wales, Northern Ireland and Scotland each have their own multiplier, which changes on a yearly basis.

Small businesses in England (including artists' studios) whose premises have a rateable value of £15,000 to £18,000 (or £21,500 to £25,500 in Greater London) are entitled to small business rate relief. This relief is on a sliding scale and can be up to 50% of business rates.

### Further information:

*In Wales, rate relief is also available through a small business rate relief scheme.*

*In Scotland, studios may be eligible for relief through the Small Business Bonus Scheme.*

*In Northern Ireland, rate relief is available through the Small Business Rate Relief Scheme.*

*Also on [www.nfasp.org.uk](http://www.nfasp.org.uk) guidance with case studies on artists' studio groups sharing their experience of dealing with business rates.*

Studios that have charitable status are eligible for 80% rate relief on properties that are used mainly for charitable purposes. Local councils can waive the remaining 20% at their discretion. Non-profit making organisations may apply to the billing authority for discretionary relief, however there is no guarantee this will be granted.

## Raising capital funding

It may be the case that you need to raise capital funding to either cover the costs of refurbishment or redevelopment, or if you are looking to purchase a property. So what options are available?

### Grants

Things to be aware of:

Beware of grant chasing. It can be tempting to alter your business plan to fit the eligibility

criteria for a particular grant. If your business plan is to succeed, you need to be focused. Even if you appear to fit the criteria, the pot of grant money will be limited so you may not be successful in your application. So avoid wasting time and energy.

Grant funders may require you to provide reports that show how the investment is meeting their objectives. If the funder's objectives are closely aligned with your own, this may be a useful process. However, reporting can be quite onerous.

A grant offer may include a 'clawback' condition which means that the money has to be repaid (possibly with interest) if, for example, the building is no longer used in a way that fits with the objectives of the grant provider. Whilst it is very unlikely that the grant provider would require repayment of the grant in practice, the possibility of clawback could make it difficult for you to successfully apply for a bank loan - a bank will want to know that their money will be repaid first if, for some reason, your organisation fails in the future.

Grant funders include:

**Local authorities:** the economic or cultural development department of your local council may be able to support your group with some arts and cultural funding, though this is more likely to be available for arts activity.

**Arts Councils:** the UK Arts Councils continue to be important sources of funding for artists' groups. Whilst capital funding has dwindled, some grants are still available for example, through Arts Council England's Grants for the Arts scheme, (see section 12 'Sources of Further Information') to undertake feasibility



Krowji studios, Cornwall.

studies in relation to a building, or towards purchase, refurbishment or improvement of buildings for arts use.

**Trusts and foundations:** some trusts and foundations may provide grants towards aspects of studio development, where there is activity which specifically meets their aims, though this is more likely to be for artistic projects, such as residency programmes. To access funding, groups generally need to be legally constituted not-for-profit entities able to put forward credible business plans.

## Donations

These may be raised from individuals or businesses. Donations to help with the purchase of a building are likely to be one-off contributions, although donors may also be willing to make regular contributions to support your organisation into the future.

Donations can be a good way to demonstrate the strength of your supporting network to grant and loan funders. However if you are not

approaching already established donors then this can be a very time consuming process.

## Supporter loans

Individuals and organisations may not want to give you money for your project but may have cash available that they are willing to lend to you. Please be aware that they may still want to receive interest payments and are likely to request a formal legal agreement which will need to be drawn up with legal advice.



## Your cash reserves

If some of those looking to set up your studio are established organisations who have cash reserves you may consider using those to fund capital works for the project. If you are going to make that decision ensure your board or members have considered whether this is the best use of these funds and whether this could make the organisation more vulnerable in the long term.

## Loan finance

To access loan finance you will need an asset against which you can secure loans, in some cases this may well be a property of which you own the freehold, in other cases this may be a lease which is of long enough duration to be considered as adequate collateral for the loan being sought. At a time of relatively low interest, loan finance is an attractive funding option, but you do need to be confident that you will be able to continue paying back the loan if the economic situation changes.

You can approach your high street bank for loan finance, or alternatively you can look to "social lenders" who specifically lend to organisations and businesses with social or environmental objectives.

Government backed loan finance programmes such as the Community Builders Fund and Big Society Capital could be worth considering, though your legal structure and objectives may well determine whether you qualify for these schemes.

Union 105, Chapeltown, Leeds, East Street Arts.

## Eco-funding (grant and loan)

A number of organisations exist to provide grants or loan finance to charities, community groups and small to medium sized businesses (SME's) looking to install small scale renewable technology in their premises or to develop other sustainable eco-projects. The Carbon Trust provides loans for new energy efficient systems for your building. This may be a way of covering the costs of large capital expenditure.

## Social investment

Social investment is a relatively new sector but it could be a prospective target for raising funds for your artists' studios.

Mission related investment. This is where charitable trusts may look to investments from either endowment or income directly in pursuit of an organisation's charitable objectives. They do expect to make a financial return, but may offer finance on less than commercial terms meaning lower cost finance.

**Crowdfunding.** Inspired by crowdsourcing, describes the collective cooperation, attention and trust by people who network and pool their money together for a cause they believe in. This is very much an online phenomenon and there are a number of websites out there which can run a crowdfunding drive for you.

**Venture capital** is a type of funding provided by specialist firms in return for a proportion of the company's shares.

**Local Enterprise Partnerships (LEPs):** Locally-owned partnerships between local authorities and

### Signposts:

*Crowdfunding information:*

*Buzzbnk [www.buzzbnk.org](http://www.buzzbnk.org)*

*The Funding Circle [www.fundingcircle.com](http://www.fundingcircle.com)*

*Crowdfunder [www.crowdfunder.co.uk](http://www.crowdfunder.co.uk)*

*Spacehive [www.spacehive.com](http://www.spacehive.com)*

*For other ideas:*

*See NFASP's guidance on Sources of Finance for creative workspace. Also other case studies available on different models of studio development on the nfasp website.*

*[www.nfasp.org.uk](http://www.nfasp.org.uk)*

businesses are replacing Regional Development Agencies, which have provided funds for some studios in the past. LEPs will determine local economic priorities, including job creation and investment in infrastructure, but it is still too early to know yet exactly how they will work.

## Cross-subsidy developments

There have been important examples of cross-subsidy schemes helping secure major studio developments, such as Spike Island in Bristol and Acme Studios' Orsman Road project in London, as well as more modest development. These projects have involved buying a site and developing and/or selling off part to cross-subsidise the acquisition of the whole.



Studio providers sharing experiences of setting up studios in South East/ Kent network meeting, Margate, 2012.  
Photo: Lauren Woodfall & Lauren Howard.

Such projects are often complex, and not without risk, if you do not have an existing track record in developing property, then think carefully about whether this is appropriate for your organisation. Speak to others who have gone through the process and seek advice and professional support.

## **Business Planning**

To access a number of funding streams mentioned above, not only do you need a budget but you need a business plan. How do you see this project working over the next three to five years (or longer if that is what is required by those providing you with finance)? You may also need to demonstrate that you have a secure right to operate from suitable premises for a number of years.

A key question as you start is, is this business plan specifically focussed on the project to take on premises as artists' studios, or is it part of a wider focus for the organisation who is putting it together? Obviously if you are a new group just setting up then this answers your question to some extent, but if not then you will need to think about this as it is likely to change the focus of the business plan.

Below is a basic template for a business plan - but before you start you need to think about the time period covered, especially if this is being put together with funders in mind.

## Business plan template

SECTION	CONTENT
<b>Summary</b>	Who you are, what do you want to do, and how do you plan to do it?
<b>Project Description</b>	This should describe who you are in more detail - what are your long term objectives as an artist's group, who are you working with, and if you are currently undertaking work, who has benefited from that already?
<b>Objectives</b>	Why is this project needed, what are you looking to achieve, what services will it provide, who will benefit, how is the project going to be managed and who will do this?
<b>Market information</b>	This is important, especially if you are thinking of renting out space to generate income. You will need to confirm what need and demand there is, who else is providing this kind of support in your area or elsewhere, how you will meet the continuing existing need, and put together figures to support this position. With rented accommodation you should rarely expect that every space in your property will be full all the time or from the very beginning. Look around at other artist's studios nearby or with a similar set up to see what level of "voids" or empty space they plan for. This level of voids, for example 15%, should be built into your financial model.
<b>Promotion</b>	Set out how you plan to promote your space and what methods will be used to access your target market. Also outline who your target market is.
<b>Estimate of capital costs</b>	Do your research - get an idea of what the costs will be to complete any refurbishment, fit out or buy essential equipment (e.g. kilns)
<b>Estimate of revenue costs (fixed and variable)</b>	What revenue costs do you envisage having to pay out over the life of this project - e.g. legal fees, staff costs, advertising.
<b>Projection of capital funds and revenue income and cash flow</b>	This is important for funders so that they can see that you have a business model which shows that you can generate sufficient income to remain sustainable.
<b>Risk Analysis</b>	Outline the result of a project risk assessment in which you need to identify risks to your project, their impact, their likelihood and how you plan to mitigate against those risks.



Early days at Wandsworth Art Village, ACAVA, 2008.

## Seven The Viewing

Here is a practical checklist to help you decide whether the properties you view are suitable for your group's needs, and can be used as they are, or will need work to make them fit for purpose.

- First impressions count - does it feel like a good place to work?
- Is the location right for your group and what it wants to do?
- Is the neighbourhood safe? Think about leaving the building late on a dark night.
- Space - does the building have enough space for everyone in the group (and spaces of varying dimensions for different practices)?
- Are most of the floor areas useable, or will a lot of space be wasted?
- Will the space work for everyone in the group (lockable units, open plan space, shared workshop)? Ask for a floor plan or sketch your own grid plan.
- Is there identifiable space for public exhibitions/projects (if required)?
- Are wall and floor finishes suitable? If not, is there scope to change them?
- Is the amount of natural light suitable for the group? If not, will the building need altering?
- Is it fully or partially accessible for disabled people? Does the building comply with legislation? (See NFASP Guidance on inclusive access (<http://nfasp.org.uk>) and the Equality Act 2010).
- Does the building comply with fire regulations - are fire escapes well signposted with clear access? (See NFASP Health and Safety guidance at [www.nfasp.org.uk/news\\_single.php?id=308](http://www.nfasp.org.uk/news_single.php?id=308))
- Externally, is the building free of defects or are repairs required?
- Are the doors and windows properly secured from break-ins? Will you be able to make sure they are at minimal risk?
- Is the building situated in an area liable to flooding? Is there space for art and materials to be stored above ground floor? The Environment Agency has a flood mapping tool on its website. Use it to determine if the building is an area at risk from flooding. ([www.environment-agency.gov.uk/homeandleisure/floods/31618.aspx](http://www.environment-agency.gov.uk/homeandleisure/floods/31618.aspx)).



Artists checking their studios on site during the construction of Manor Oaks Studios. Photo: Yorkshire Artspace.

- Is the building accessible via road (for commuting and deliveries) and public transport?

**During a viewing, remember to ask the following:**

- What fixtures, fittings and furnishings are included in the price?
- Are there any restrictions on when materials and equipment can be delivered? Some local authorities operate these, depending on where the building is located.

- Are there any other restrictions to be aware of?
- Does the vendor know what the building is used for currently and will you need planning permission for change of use?

# Eight **Negotiating the deal**

Once you have found suitable premises, you will need to negotiate with the landlord to come to an agreement on the use of the premises, your obligations, the landlord's responsibilities to you, and various other points. The points you agree are called the 'Heads of Terms'.

Here are some general pointers to help with the process:

## **1. Always negotiate**

Whatever terms the landlord gives you can be used as a starting point for negotiations. The degree to which you can negotiate will depend on the market. If the market is slow and the landlord is finding it hard to find tenants, then you stand to negotiate a better deal. If the demand for property is higher and the landlord has other potential tenants, then you will have less room for manoeuvre. Bear in mind that you may not be able to achieve your ideal outcome on some of the terms.

## **2. Confirm everything in writing**

Ask the landlord to confirm all points in writing. The Heads of Terms document is not legally binding and you should not sign it. Any correspondence with the landlord (or his agent or surveyor) at this stage should be headed 'subject to contract'.

## **3. Look at model Heads of Terms**

See the Ethical Property Foundation's online advice resources ([www.ethicalproperty.org.uk/content.aspx?CategoryID=332](http://www.ethicalproperty.org.uk/content.aspx?CategoryID=332) free registration required) and other model terms at: [www.leasing-businesspremisses.co.uk/model-heads.html](http://www.leasing-businesspremisses.co.uk/model-heads.html)

## **4. Understand all of the terms and conditions**

It is vital you understand exactly what you are agreeing to, including costs, liabilities, responsibilities etc.

## **5. Ensure you have and agree with the schedule of condition**

If you are able to negotiate an agreement that your repairing responsibilities will be limited to handing back the premises in the same condition as they were in at the start of the lease then make sure the condition of the building is established and recorded, with photographic evidence and attached to the lease as a 'schedule of condition'. However, landlords will sometimes insist (or try to insist) that you should hand the premises back in good condition whatever their state at the start of the lease, particularly in the case of longer leases.

It is strongly suggested that you engage a buildings surveyor to assess the condition of the

property. When you are considering whether to commission a survey of the property, bear in mind that, even if you are renting small premises, the costs of repairs could be significant and very damaging for your organisation.

### **6. Compare similar deals in the area**

Is there any difference in rent / terms being offered elsewhere in the local area? If so, use this as a basis for negotiation.

### **7. Use appropriate professionals**

If you are considering taking on larger premises or a more complex arrangement, you can engage a commercial property surveyor to negotiate the terms on your behalf. A surveyor will know the local market and how far you can negotiate. They will either charge you a set fee or a percentage of the rent agreed. You can find a reliable surveyor using the Ethical Property Foundation's Register of Property Professionals ([www.ethicalproperty.org.uk](http://www.ethicalproperty.org.uk)) or via the searchable database on the Royal Institute of Chartered Surveyors website: [www.rics.org](http://www.rics.org)

Once you are happy with the Heads of Terms, you should have them checked by a solicitor, although ideally you should involve the solicitor as soon as you receive the draft Heads of Terms as he/she will be able to advise you on possible points of concern which you can then factor into negotiations. See the Ethical Property Foundation's Register as above, or search via the Law Society's website: [www.lawsociety.org.uk/choosingandusing/findasolicitor.law](http://www.lawsociety.org.uk/choosingandusing/findasolicitor.law)

You should ensure you are clear on the below points while discussing Heads of Terms with the prospective landlord:

### **1. Who is the owner of the building?**

Your landlord may have a long lease on the premises and there may be another company or individual who owns the freehold. It's important to know this in advance as the terms included in the head lease (between the freeholder and your landlord) will affect you too.

### **2. Who will be managing the building?**

A managing agent may be engaged to manage the property on the landlord's behalf. The cost of this may be factored into your rent, or may be charged separately (this is called a 'service charge'). If a service charge is payable, check exactly how much you would need to pay, and ask for a breakdown of costs and what they relate to. It may be possible to negotiate a service charge cap (i.e. a limit on the maximum amount of service charge that can be charged each year)

### **3. What type of agreement is being offered?**

Your rights and responsibilities will depend on the wording and nature of the agreement. Short term agreements are sometimes described as licences and typically contain less onerous terms but also offer less security. Ask how long the lease /licence will run for, and whether you are being offered a break clause, which would allow you to terminate the agreement before it has ended.

### **4. How is the rent calculated?**

Ask what charges are included in the rent, what is included in the service charge, as above, and what other costs there are.

Find out whether the rent will be reviewed during the lease term and, if so, how this will be calculated. Will a review be linked to the RPI

(retail price index) or market value? Is any rental increase fixed, so you can budget for it, or will it be only become clear at the time (e.g. once the open market rental value has been established)?

### **5. What are the arrangements for paying rent?**

Rent is usually payable quarterly, in advance. Leases will generally either state specific dates or refer to 'the usual quarter days' (for England and Wales 25th March, 24th June, 29th September and 25th December and for Scotland 28 February, 28 May, 28 August and 28 November). Your landlord is entitled to charge you interest if you pay late if the lease so provides.

### **6. Who is contractually obliged to deal with repairs and maintenance?**

Check who is responsible for the upkeep of the property, including repairs and maintenance. The landlord should be able to tell you their exact obligations to you under the lease, including details of any maintenance obligations. Make sure you understand exactly what your obligations would be.

### **7. Who is responsible for arranging insurance?**

The landlord will be able to tell you who will be responsible for arranging buildings insurance and should be able to provide a copy of the current policy and details of the current premium attributable to your space. If buildings insurance is the landlord's responsibility, the group will still be responsible for arranging contents insurance to cover materials, furniture and equipment inside the building.

### **8. What is the position regarding uninsured risks?**

You should be clear of your liabilities in the case of uninsured risks i.e. circumstances where damage to the building is not covered by the insurance policies in place.

### **9. What happens in the event of the destruction of the premises?**

The law that underpins leases provides that if a property is destroyed through no fault of the landlord or tenant, the lease comes to an end. However, many leases are drafted such that the lease continues during at least some of the time that the property cannot be occupied. If this is the case, you should insist that the landlord insures against loss of rent (for a minimum of three years) - or you could find yourself paying to rent an unusable property.

### **10. What other expenses do you need to budget for?**

As well as rent and service charges, the landlord should be able to give you an idea of other costs you will need to budget for, such as business rates (if applicable) and utilities, based on previous tenants' use.

### **11. What kind of deposit is expected?**

Some landlords will ask for a rent deposit of between three and six months' rent. You may be asked for a guarantor, who agrees to pay the debts if the group defaults on the rent and / or service charge.

## **12. Do your activities fall within the 'permitted use' of the premises?**

The lease will state the 'permitted use' of the premises, i.e. what the building may be used for. Check that your activities fall within this - remember to include any infrequent events such as fundraisers, open days etc.

## **13. In what circumstances can the landlord remove you from the property?**

In England and Wales if the tenant breaches the terms of the lease then, although there should first be discussions between you regarding the need to remedy the breaches, ultimately the landlord has the right to forfeit - or end - the lease if the wording of the lease allows the landlord to do so and the landlord follows the correct procedure. The process is different between forfeiture for non-payment of rent and forfeiture for breach of other covenants. In certain circumstances the landlord can forfeit by changing the locks ('peaceable re-entry') but the law in this area is complex and legal advice should be sought urgently if your landlord is seeking to forfeit your lease. As a general rule, if the landlord forfeits for breach of covenant and the tenant applies to the court for 'relief' from forfeiture (i.e. for the forfeiture to be reversed) the court is likely to grant relief if there have been no previous material breaches and the tenant remedies the breach within a reasonable time.

Irritancy is the Scottish equivalent of forfeiture. The landlord must give the tenant a notice specifying the breach and stating a reasonable time limit within which the breach must be remedied. This time period cannot be any less than 14 days for a monetary breach. Irritancy is

used, in practice, successfully by landlords for a variety of breaches.

## **14. Will you need permission to make changes to the space?**

Ask whether you need permission to carry out any alterations to suit your purposes e.g. partitioned walls, or extra levels. Share your plans with the landlord to avoid any uncertainty. Be aware - the landlord may require you to put the property back into its original condition when you leave, at your cost. Others may require you to make a dilapidations payment to cover any remedial work they will need to do to restore the property to its original condition. Significant alterations, such as extending, converting or changing the external nature of the building, will also require planning permission.

## **15. Does the landlord support the Code for Leasing Business Premises?**

The Code was drawn up with the support of property associations, Government, law professionals, insurers and small business associations. It is a voluntary code that aims to promote fairness in commercial leases, and is for both landlords and tenants. Go to [www.leasingbusinesspremises.co.uk](http://www.leasingbusinesspremises.co.uk)

## **16. Will you have an automatic right to extend or renew the lease?**

In England and Wales (unless specifically excluded by an express provision in the lease and a separate signed declaration by the tenant in response to the landlord sending to the tenant a formal notice), all business premises have 'security of tenure' under the Landlord and Tenant Act 1954 subject to certain statutory exceptions (e.g. if the landlord can demonstrate

Aerial view of Wysing Studios, Cambridgeshire.



that it intends to redevelop the site). This means that (subject to the statutory exceptions) the tenant has the right to a new lease on basically the same terms when the current lease comes to an end, although the landlord will be entitled to charge the then current open market rent and the other terms of the lease can be updated or even significantly amended if the changes can be justified or are mutually agreed.

The landlord may ask you to 'contract out' of the 1954 Act. If you agree to this, you will not have an automatic right to renew at the end of the lease term, but may be able to negotiate a new lease, which may have different terms, with the landlord.

(NB: there is no equivalent law in Scotland.)

The agreed Heads of Terms will then form the basis of the lease document. When you are given the draft lease to review and sign, you should ensure that it is checked by a solicitor and that the detailed terms are negotiated by him/her with the landlord's solicitor (in consultation with you) to ensure your position is protected and that you understand all the terms included.

Even if you have a good relationship with your current landlord, do not be tempted to sign a lease which does not make your position completely clear. You may find yourself in difficulties if the landlord subsequently changes. And do not move into the premises until the lease is finalised unless there is a very good practical or commercial reason for doing so and you fully understand the risks involved!

## Nine **Before you sign on the dotted line**

Take the time to reflect on the process, what you're being offered, and if it still fits in with your aims and goals.

### **Ask yourself again:**

- Does the deal on offer fit with your group's goals and ambitions?
  - Are you happy with the space/property? Does it meet everyone's needs?
  - Can you afford it? Make sure you have a full picture of the costs, both set-up costs including necessary repairs and making alterations or improvements, and running costs.
  - Do you have, or can you raise enough capital to cover the cost of essential repairs and alterations?
  - Is there sufficient demand now and in the future to ensure the building is fully used and occupied?
  - Are you confident you will have enough income to pay rent to the landlord, and all other outgoings, including covering set-up or conversion costs and repaying interest?
  - Are you aware of the risks and how to manage them if something goes wrong?
- Do you fully understand your obligations as tenants?
  - Do you fully understand the deal and what you are committing to?
  - Does the landlord understand your goals and ambitions, and do they take an interest in them? It isn't essential, but having a landlord who is sympathetic to your group can be a big plus.

Answering 'Yes' to all these questions will give you peace of mind that you've done your research and weighed up the risks involved. If one or more boxes remain unchecked then think about what steps you need to take to feel confident about checking them off.



Property Matters training workshop, London March 2012.  
Photo: Robin Gardiner.

# Ten **Taking on a space - moving in**



Ellie Lamb in her print studio, WASPS, Scotland.

## **Tender and appoint contractor**

**Decide on rough moving budget.** You need to think about refurbishment costs; new office equipment; IT equipment/installation costs; and moving costs such as the removal company. If done in advance, you may be able to include some of these costs in funding bids.

## **Evaluate new IT needs**

Explore new service contracts. These could include:

- IT: phones and data
- other ICT services
- mail
- utilities
- waste and recycling
- cleaning
- security
- insurance

**Decide on new security system.** This could range from more window locks to a whole alarm system.

Moving in to a new space requires a high degree of forward planning and activity before the move day itself. Without this, you can find yourself burdened with unnecessary costs and inconvenience. This page is designed to help you plan sensibly and minimise stress and problems.

## **Once Heads of Terms are agreed**

**Design your layout.** This will help you assess if you have any refurbishment needs.

**Decide refurbishment needs.** This needs to be planned as far in advance as possible to ensure that costs and disruption are kept to a minimum.



Knutton Road Studios during construction, February 2011.  
Photo: Yorkshire Artspace.

## Two months before move

### **Order new equipment (furniture, phones etc.)**

If you are getting new furniture or equipment, and can store it, order well in advance to ensure that it arrives in time. If you cannot store it, see if the company can hold it for you until a specified date.

## During month before move

**Set up service contracts.** Choose the most suitable contracts you have found and sign contracts.

## Install new security system and IT system

**Assess insurance needs.** You need to ensure that your belongings are insured in their new location from the day you move.

## During the two weeks before move

**Ensure new IT systems have been installed correctly.** Check the BT lines and any data lines are active and working correctly. You will then be sure that you can be up and running as soon as possible.

**Order keys for new premises.** Your agent will probably give you one key for your new space. You will need to get further keys cut for other members. If possible, do this in advance of the move.

### **At least one day before move**

**Distribute new office keys and induct staff/members in new procedures (e.g. alarm).** It is far better to do this before you move - you do not want to add more tasks to the move day itself! It will mean staff/members are able to come into work immediately after the space is set up.

### **Move!**

**Have a clear plan of where everything is going** so that it does not have to be moved around the new location.

**Read meters at new office.** This will ensure you are not billed for the energy usage of the previous tenant, and you can begin to monitor your energy consumption.

### **After move**

#### **Train staff/members in new systems.**

Staff/members need to be fully inducted in any new systems (alarm, fire procedures, health and safety, phone/data systems, waste/recycling) to ensure that the transfer is as smooth as possible.

# Eleven **Jargon and terminology**

## **Affordable**

NFASP considers affordable space to be at a price that is considerably lower than the market would normally provide in a particular location. Usually low cost and/or needs related. See the NFASP website for a more detailed definition and an indication of some average rent figures.

## **Amortised costs**

The gradual elimination of a liability, such as a mortgage or capital costs, in regular payments over a specified period of time. Such payments must be enough to cover interest.

## **Assign/Transfer legal rights or liabilities**

The lease will explain if the group is able to assign - or transfer - responsibilities if a member decides to leave or sublet their part of the studio.

## **Break clause**

A break clause allows the tenant to end their lease early. The group will be contractually bound by the lease until the date on which the break clause becomes effective. (Some break clauses allow the landlord to end the lease early; it is important to get legal advice on the exact wording of the break clause.)

## **Buildings insurance**

Buildings insurance covers the costs of a rebuild in the event of a major event such as fire, flood

or extreme weather damage. Responsibility for arranging cover will lie either with the group or the landlord.

## **Business plan**

A plan to help your group or organisation meet its goals. A business plan can help you understand your project, keep it moving forward, and make sure you can explain it to landlords and stakeholders such as local authorities and funders.

## **Business rates**

A tax on non-domestic properties to raise finance for public authorities. For a handy guide to business rates and how they work see [www.businesslink.gov.uk](http://www.businesslink.gov.uk)

## **Business rate relief**

Mandatory or discretionary relief for small businesses or charitable organisations that would otherwise pay full business rates. If your group has charitable status you will be eligible for 80% relief and a further 20% at the discretion of the local authority. Small business rate relief may also be available for groups. See the Business Link website above.

### **Code for Leasing Business Premises**

A voluntary code covering commercial landlords and tenants in England and Wales. See [www.leasingbusinesspremises.co.uk](http://www.leasingbusinesspremises.co.uk)

### **Commercial property surveyor**

A surveyor specialising in property agency, rent reviews, lease renewals, landlord and tenant issues and commercial property management.

### **Commercial space**

Space available on the open market. Research by Acme and Capital Studios in 2006 revealed that rent for commercially available workspace is roughly three times that provided by the affordable studios sector.

### **Contents insurance**

Insurance to cover tools, equipment, belongings, machinery etc. inside the building, from damage. Separate cover will be needed to cover artists' works.

### **Dilapidations**

Defects or disrepair which you as tenant will be required to deal with or pay to have remedied when you vacate the premises that you have leased.

### **Equality Act 2010**

The Equality Act 2010 combines previous legislation under the Disability Discrimination Act 1995 (DDA) with other anti-discrimination legislation. The Act requires businesses and organisations to make reasonable adjustments to premises so that disabled people can use their services. See NFASP's guidance at [www.nfasp.org.uk](http://www.nfasp.org.uk).

### **Forfeiture**

(England and Wales only) The right of a landlord to terminate the lease early if the tenant fails to comply with the lease. In practice, this right is rarely exercised as a Court will generally give a tenant 'relief from forfeiture' if they remedy the breach of the lease.

### **For profit / profit making**

A business run for commercial gain, where any surpluses/profits are distributed to the owner/s and shareholders.

### **Guarantor**

A party that agrees to be responsible for a tenant's obligations under a lease, should the tenant default. The party can consist of an individual related to the organisation or another charity that can offer help.

### **Landlord**

The owner of the freehold or leasehold interest out of which a lease is granted. They will be the party able to enforce the terms of the lease against the tenant.

### **Landlord and Tenant Act 1954**

(England and Wales only) The act of parliament that gives tenants security of tenure (the right to renew a tenancy on essentially the same terms when it comes to an end) on a commercial lease. Your lease is usually referred to as being 'inside' or 'outside'; the act. Inside means that you will usually have a right to a new lease when your current lease ends, outside means that you will not.

### **Lease**

A legal agreement between the landlord and tenant that sets out the terms of the tenancy.



### **Legal structure**

The legal basis on which a business, charity or organisation operates. The legal structure governs tax, accounts, decision-making, financial liability and the ways in which money can be raised.

### **Licence**

A contract granting permission to occupy a property. This is usually a less formal and shorter term agreement than a lease.

### **Local area agreement**

Action plans for local councils which are used to identify ways in which to better deliver their

ACAVA's studios converted from old fire station in Hadleigh, Essex, 2011.

services to communities. Find out more about these agreements from the Improvement and Development Agency (IDeA) [www.idea.gov.uk](http://www.idea.gov.uk)

### **Not-for-profit**

A business or organisation run on a not-for-profit basis does not distribute its profits to owners or shareholders, but instead reinvests them to help pursue its goals.

### **Permitted use**

The activities allowed in the premises under the terms of lease.

### **Public liability insurance**

Public Liability Insurance should be considered if members of the public, clients or customers visit your premises and is intended to cover your group if someone is accidentally injured by your business operation.

### **Rent review**

The right of the landlord to increase the rent on a property at one or more specified dates during the term of the lease.

### **Risk assessments**

Risk assessments are fundamental to organisations in assessing if their work activities present hazards or risk to the people working there, as well as any visitors or volunteers. More information on risk assessments can be found at [www.hse.gov.uk/risk/assessment.htm](http://www.hse.gov.uk/risk/assessment.htm).

### **Schedule of condition**

A record of the state of a property (which can include written documentation and photographs) at the start of a lease which can provide the standard against which any disrepair at the end of the lease is measured unless the tenant agrees to take on a full repairing obligation.

### **Service charges**

Service charges are levied by landlords to recover the costs they incur in providing services to a building. The way in which the

service charge is organised is set out in the tenant's lease or tenancy agreement. The charge normally covers the cost of such matters as general maintenance and repairs, insurance of the building and, where the services are provided, central heating, lifts, portage, lighting and cleaning of common areas etc. The charges may also include the costs of management by the landlord or by a professional managing agent and for contributions to a reserve fund.

### **Sublet**

To lease part or all of your premises to another party. With a sublet, the tenant remains responsible for paying rent and all other charges to the landlord. Ideally, the sublease should mirror the tenant's lease so that all responsibilities are passed to the undertenant. Where this is not appropriate, the tenant needs to be aware of, and make provision for, the obligations that are not passed to the undertenant. In general, unless you are viewing property as an investment, assignment / assignation is preferable to subletting because it passes all obligations to the new tenant, although you should note that landlords very rarely permit assignment of part (as opposed to the whole) of the tenant's lease.

### **Tenancy**

The right to occupy land or buildings as provided by the terms of a lease or other agreement.

## Twelve **Sources of further information**

1. The National Federation of Artists' Studio Providers is the professional body for all those engaged with developing and managing affordable workspace for visual artists in the UK.

For more information please visit  
[www.nfasp.org.uk](http://www.nfasp.org.uk)

2. Arts Council England is the national development agency for the arts in England. See the website for regional offices and contacts.

14 Great Peter Street  
London  
SW1P 3NQ  
Tel: 0845 300 6200  
[www.artscouncil.org.uk](http://www.artscouncil.org.uk)

3. Arts Council of Wales is the national development agency for the arts in Wales.

Bute Place  
Cardiff  
CF10 5AL  
Tel: 0845 8734 900  
[www.artswales.org.uk](http://www.artswales.org.uk)

4. Creative Scotland is the body for funding, development and advocacy of the arts in Scotland.

12 Manor Place  
Edinburgh  
EH3 7DD  
Tel: (0131) 226 6051  
[www.creativescotland.com](http://www.creativescotland.com)

5. The Arts Council of Northern Ireland supports and promotes the arts in Northern Ireland.

77 Malone Road  
Belfast  
BT9 6AQ  
Tel: (028) 9038 5200  
[www.artscouncil-ni.org](http://www.artscouncil-ni.org)

6. a-n The Artists Information Company is a subscription-based information portal that produces information, guidance and research for artists. [www.a-n.co.uk](http://www.a-n.co.uk)

7. The National Council for Voluntary Organisations (NCVO) website has lots of useful information geared to voluntary organisations on governance structures, managing meetings, writing business plans, and more. [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

8. The British Property Federation supports the Code for Leasing Business Premises and has a Commercial Landlords Accreditation Scheme. [www.bpf.org.uk](http://www.bpf.org.uk)

9. The Ethical Property Foundation advises charities and community groups on issues to do with buying, renting and letting property. [www.ethicalproperty.org.uk](http://www.ethicalproperty.org.uk)

10. Interface Legal Advisory Service offers initial free and thereafter low-cost legal advice to charities, community groups and others on property and charity issues and on legal structures and other governance and organisational issues. [www.interfacelegal.co.uk](http://www.interfacelegal.co.uk)

11. [Direct.gov.uk](http://Direct.gov.uk) has contact details and other information on local authorities in the UK. [www.direct.gov.uk](http://www.direct.gov.uk)

12. The Valuation Office Agency is the Government department responsible for collecting business rates from occupiers of commercial property. [www.voa.gov.uk](http://www.voa.gov.uk)

13. The Scottish Assessors Association deals with collection of business rates in Scotland. [www.saa.gov.uk](http://www.saa.gov.uk)

14. The Health and Safety Executive (HSE) has more information on risk assessments and health and safety in the workplace. [www.hse.gov.uk](http://www.hse.gov.uk)

15. The Law Society has a searchable database to help you locate a solicitor who can help you through the process of securing suitable property. [www.lawsociety.org.uk/choosingandusing/findasolicitor.law](http://www.lawsociety.org.uk/choosingandusing/findasolicitor.law)

**nfasp**

[www.nfasp.org.uk](http://www.nfasp.org.uk)



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