

# Asset Development Case Study

**Arts Factory** [www.artsfactory.co.uk](http://www.artsfactory.co.uk)



## About Arts Factory

Arts Factory is an independent development trust established in 1990 by a group of local people to increase the range of opportunities available for people with learning difficulties. The group soon recognised that the problems faced by this 'client group' are also faced by a great many other people in the area and in 1993 the Trust refocused its mission to develop opportunities for all local people, regardless of any label, to help build a stronger community. Arts Factory is based in the Rhondda, South Wales, a typical post-coal industry that has seen the closure and withdrawal of many community facilities – in particular working men's institutes, clubs, chapels and non-sport based facilities for young people. Arts Factory is a membership organisation which currently has over 1,500 members. Local people pay £1 a year to show that they support the Trust's work. Arts Factory is a company limited by guarantee without share capital.

## Asset Base Programme

**Trethondda**, a derelict chapel purchased by Arts Factory in 1996 after fighting a long campaign to save the building from demolition which culminated in a public enquiry ruling in the Trust's favour.

Arts Factory redeveloped the building into a multi-use community facility which the Trust now uses to provide a pre-school learning programme, a youth drop-in, electronic job points, a credit union collection point, a local produce market, advice and guidance surgeries and a wide range of learning opportunities for local people.

Trerhondda also contains managed workspace which is let to other organisations, including an open-learning centre run by a local FE college, and the Young Builders Trust.

**Power Factory** is a joint venture between Arts Factory and EON-UK, a major private sector utilities company, to develop a 10.4 Megawatt wind farm in the Rhondda. The project aims to generate enough clean, green electricity to meet the annual needs of 6,500 homes and provide Arts Factory with a long term income stream to fund future work in the community.

Arts Factory initiated the project in 2000. In March 2005 the project won planning consent after a public enquiry ruled in Arts Factory's favour. The Trust is currently raising finance from European structural funds and lending banks to enable it to own 50% of the joint venture company that will own and operate the wind farm. Construction will take place in 2007.

**Parc 21** is a project that aims to create 'Tomorrow today – a new way of learning, working and living'. It will be a complex of state of the art buildings made from reclaimed materials, powered by renewable energy generated on site and utilising a range of green technologies to minimise its environmental impact. The complex will contain a learning centre for local people, high quality managed workspace available to rent and affordable green housing for people with specialist support needs. Arts Factory will own the complex and will raise the necessary finance through grant funding and loans. Parc 21 is currently in the concept phase. An in-depth feasibility study has been undertaken, architects' drawings produced and Arts Factory is currently looking to identify an appropriate site to develop the project.

## **Benefits**

**Trerhondda** - the campaign to save Trerhondda from demolition significantly raised Arts Factory's profile and demonstrated to local people that the Trust is serious in pursuing its own independent agenda. Membership of Arts Factory grew significantly as a result. Owning Trerhondda has strengthened Arts Factory's balance sheet and has enabled the Trust to use the building as security against overdraft facilities necessary to smooth the company's cash flow.

Trerhondda has provided Arts Factory with a high street location from which to engage with and provide opportunities to local people. Trerhondda is the prominent building in the townscape of Ferndale and provides a highly visible demonstration of the power of ground-up community action. At least 500 local people use the building every week. Rental income is generated through the provision of managed workspace to other organisations. Additionally, the tenants provide services that are highly valued by Arts Factory's members.

**Power Factory** will generate enough clean, green energy to meet the annual needs of 6,500 homes (approximately 1/5 households in the Rhondda) and will make a significant contribution to the reduction of greenhouse gas emissions. It will provide Arts Factory with a significant new income stream over a 20 period, enabling the Trust to launch a range of new community

regeneration projects. These projects will create jobs and provide new services for local people.

**Parc 21** will be a high profile project that will clearly demonstrate that it is possible to put the principles of sustainable development into practice in today's operating environment. It will provide local people with a wide range of learning opportunities in a state of the art environment, high quality managed workspace to tenants in a prestigious and high profile development and an additional income stream for Arts Factory. Parc 21 will provide people with urgent housing need with affordable green homes.

### **Lessons Learned**

**Trerhondda** is a listed building and this has meant that Arts Factory has not been able to make it as energy efficient as would otherwise be possible. Organisations renting workspace at Trerhondda are prepared to pay a premium in order to be able to tap-into the flow of people visiting the building to make use of Arts Factory's services. These visitors are mostly people that are regarded as 'hard to reach' by mainstream agencies.

**Power Factory** - The costs of developing this project have been significant. Due to the controversial nature of on-shore wind farms Arts Factory failed to win grant funding to support the progression of the project, particularly to help meet the costs of legal fees.

Arts Factory failed to anticipate staff turnover within the partner organisation. This has necessitated the frequent revisiting of the aims of the project in terms of it supporting Arts Factory's community regeneration initiatives and developing a business model that other development trusts might replicate.

Arts Factory failed to anticipate the way in which utility companies buy and sell projects in their development phase. In December 2004 Arts Factory's original partner sold their entire portfolio of wind energy projects to EON-UK, which once again made it necessary to revisit the aims of the project.

The project was initially refused planning consent by the local authority, against the advice of their own officers. Arts Factory won planning consent after a public enquiry was held but this process has undoubtedly damaged relationships with key members of the authority.

**Parc 21** was initially enthusiastically supported by Rhondda Cynon Taf County Borough Council. However further support has not been forthcoming since Arts Factory contested the council's decision to refuse planning consent for the Power Factory project. This has made it difficult to progress the project in the location that was originally intended. Discussions are now taking place with a neighbouring local authority with the aim of progressing the project through the emerging Heads of the Valleys strategy.

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