
BUSINESS INCUBATOR SPACE – PILOT PROJECT

Report by Corporate Transformation & Services Director

EXECUTIVE COMMITTEE

16 August 2016

1 PURPOSE AND SUMMARY

- 1.1 This report recommends a pilot project in Tweeddale to provide business incubation space in the Council’s Rosetta Road offices. The pilot project will provide space to allow start-up businesses to establish themselves and start growing.**
- 1.2 Council officers have previously identified the need for additional employment land allocations in the Peebles area due to the demand for business and industrial space in the area. In recognition of the lead-in times to develop new employment land, officers have also been reviewing the availability of existing business property.
- 1.3 A review of existing Council property in Tweeddale was undertaken to identify any buildings that could be re-purposed as premises for business use. The key opportunity that was identified was the Council offices at Rosetta Road, Peebles.
- 1.4 There is clear potential for a pilot project to lease some space at the Council’s Rosetta Road offices to start-up or other micro businesses. The service will be offered as an “incubation” process so that there is a turnover of businesses and the Council does not compete directly with private sector suppliers in the area. The pilot will be delivered at modest cost and will not have a noticeable impact on the day-to-day Council operations in the offices.

2 RECOMMENDATIONS

- 2.1 I recommend that Executive Committee:**
 - (a) Agrees the proposed pilot project to provide business incubator space at the Council’s Rosetta Road offices in Peebles; and**
 - (b) Agrees that a review of the pilot project will be undertaken after its first year of operation, and that the findings are reported to Committee in due course.**

3 BACKGROUND

- 3.1 Council officers have previously identified the need for additional employment land allocations in the Peebles area due to the demand for business and industrial space in the area. Work is currently under way to identify additional employment land allocations to ensure that there is a long term supply of land in the area to facilitate business expansion.
- 3.2 In recognition of the long lead-in times to bring forward new employment land sites, officers have also been reviewing the availability of existing business property. As part of that overview, the Chief Executive requested that a review of existing Council property in Tweeddale be undertaken to identify any buildings that could be re-purposed/converted into premises for business use. The key opportunity that was identified was the Council offices at Rosetta Road, Peebles.
- 3.3 This review and potential project fits with the Scottish Borders Economic Strategy 2023 by helping to support business start-up and growth and also ensuring that there are suitable premises available for businesses.

4 BUSINESS INCUBATION SPACE PILOT PROJECT

- 4.1 Following investigation of the potential for any of the Council's assets in the Tweeddale area to be re-purposed to provide space for businesses, the most appropriate spaces were in the Rosetta Road Offices in Peebles. A number of underutilised spaces were identified in the main building. Some of these offices are immediately available and could be provided for business use with very little cost to the Council. There are also some options for future expansion of that use, should it prove to be a successful and viable approach to supporting businesses in the Tweeddale area.
- 4.2 There is potential for a self-contained suite of offices on the ground floor based on the space that was formerly occupied by the Sherriff Court. It is intended to let three offices to businesses: the Large Witness Room; the Reception Room; and the Witness Room. There are also two very small spaces that will be used as bookable meeting rooms for the businesses. Helpfully, this suite can be accessed using the southerly side entrance which is a disabled compliant access. There may also be the potential to let space in the North Annex in the room next to the Driving Services Agency office. This would provide 78m² of space in the main building and potentially 15m² in the Annex.
- 4.3 Using this building the Council will provide start-up/incubator office space for local businesses. The service will provide a "stepping-stone" space for the step beyond working at home. Over time, each business would be expected to grow and move into local privately run space. The length of occupation would be limited so that there was a regular turnover of businesses. The Council does not wish to compete directly with the private sector. The aim is to complement the existing offer from the private sector by providing a stepping stone for start-up businesses.
- 4.4 There are no Planning or Listed Building approvals required because the proposal uses existing office space. There may be a requirement for Building Standards approval in order to reflect the different range of users in the building.

5 MAKING IT EASY TO USE

5.1 The aim in setting up these small offices is to make sure that it is easy for start-up businesses to access and use the space. It is proposed that the Council will offer 'easy in/easy out' terms for any occupation. An all-inclusive rent will be charged to cover heat, light, rates, cleaning and furniture. The Estates service will work with the Legal service to develop a simple 'Licence to Occupy' rather than a lease to make it easier for businesses to move in and out of the space. The Estates Service will manage the 'ins and outs' of tenants. Rental levels are still to be agreed, bearing in mind that 'easy in/easy out' terms are worth a premium for small businesses. Depending on how the project progresses, some of the space may be made available as a 'hot desk' area that could be booked out on a half day/day basis.

5.2 The Council will make sure that there is WiFi connectivity available to the tenants. In relation to telephony, the expectation is that the small businesses would rely on the flexibility of mobile phones, rather than land lines. Desks and chairs will be provided by the Council in each office space. An entry-phone system will be installed so that each separate office can be buzzed from the entrance, rather than having a staffed reception. An appointment booking system would be put in place for the meeting rooms and a kitchen area is available with a fridge. The Council would also provide a cleaning service, the intruder alarm and fire alarm as part of the existing services in the building. Business advice and support will be available through a regular Business Gateway Adviser presence.

5.3 Future Options

If demand is demonstrated with the initial three rooms then consideration could be given to letting further space in the building. Future options could include the use of other rooms on the ground floor; and the use of the first floor. Alternative spaces would be required for these existing functions and any use of the first floor would require the significant work to decant Social Work staff into space on the ground floor, or elsewhere. The first floor does not meet the current accessibility standards required to comply with the Equalities Act and the associated building regulations, but solutions may be identified. The Council chamber has potential for use as a meeting room as well.

5.4 This is a pilot project for the Tweeddale area, but if it proves successful in this location, it could provide a suitable model for delivery in other towns across the Scottish Borders. It is intended that the success of the pilot project will be reviewed after its first full year of operation. Measures of success will include: considering how many businesses have used it; and how many have successfully moved on to other privately owned spaces.

6 IMPLICATIONS

6.1 Financial

The costs for making the changes to the building will be approximately £7,500 and will be met from within existing Economic Development budgets. The main items of cost are replacing the WiFi in that area of the building to enable external users; replacement of carpeting in some areas; the closure of the "reception hatch" at the former courtroom entrance; and a new entry phone system with phones in each office space. Letting the space would be a positive step for the Council because as well as supporting start-up businesses, the Council will also secure income from space that it is not currently fully utilising.

6.2 Risk and Mitigations

There is a reputational risk to the Council if it does not fully utilise the assets at its disposal. This risk is mitigated by the proposed pilot project which will provide space for business start-ups, which in turn demonstrates productive use of Council assets and secures an ongoing income stream. The risk of bad debt and other problems with tenants will be mitigated by the 'easy-in, easy-out' terms that are being developed by the Legal Team. Rentals will be charged up front, rather than in arrears to minimise bad debt.

6.3 Equalities

An Equalities Impact Assessment for the project will be undertaken before it is finalised in order to ensure that there are no adverse impacts due to race, disability, gender, age, sexual orientation or religious/belief arising.

6.4 Acting Sustainably

The proposal is aimed at supporting business start-ups to develop and grow. This will contribute to local economic activity and growth and the long term sustainability of the local economy and community.

6.5 Carbon Management

It is not expected that this pilot project will increase the Council's carbon footprint because it makes use of existing space that is already heated and lit by the Council. Energy efficiency good practice will be promoted to the tenants as part of their tenancy agreement.

6.6 Rural Proofing

Rural Proofing is not required as the proposal does not relate to new or amended Council policy or strategy.

6.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration or Scheme of Delegation arising from this report.

7 CONSULTATION

- 7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

Approved by

Rob Dickson

Corporate Transformation and Services Director

Signature

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Background Papers: None

Previous Minute Reference: None

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