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INNERLEITHEN COMMON GOOD FUND SUB-COMMITTEE THURSDAY, 23 AUGUST, 2018

A MEETING of the INNERLEITHEN COMMON GOOD FUND SUB-COMMITTEE will be held in COMMITTEE ROOM 2, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS, TD6 0SA on THURSDAY, 23 AUGUST 2018 at 3.00 pm

J. J. WILKINSON,
Clerk to the Council,

20 August 2018

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declarations of Interest	
4.	Minute (Pages 3 - 4) Minute of Meeting held on 12 December 2017 for noting (copy attached).	2 mins
5.	Innerleithen Memorial Hall - Start-Up Office Space (Pages 5 - 10) Consider report by Service Director Assets & Infrastructure proposing that the vacant office space within Innerleithen Memorial Hall be made available to let to local start-up businesses (copy attached).	20 mins
6.	Innerleithen Memorial Hall - Refurbishment	10 mins
7.	Date of Next Meeting 13 December 2018	
8.	Any Other Items Previously Circulated	
9.	Any Other Items which the Chairman Decides are Urgent	

NOTES

- 1. Timings given above are only indicative and not intended to inhibit Members' discussions.**
- 2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

Membership of Committee:- Councillors R. Tatler (Chairman), S. Bell, S. Haslam and Community Councillor Marshall Douglas

Please direct any enquiries to Fiona Walling 01835 826504
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**SCOTTISH BORDERS COUNCIL
INNERLEITHEN COMMON GOOD FUND SUB COMMITTEE**

MINUTE of Meeting of the INNERLEITHEN
COMMON GOOD FUND SUB-COMMITTEE
held in the Council Chamber, Council
Headquarters, Newtown St Boswells. on
Tuesday, 12 December, 2017 at 2.00 pm

Present:- Councillors R. Tatler (Chairman), S. Haslam.

Apologies:- Councillors S. Bell and Community Councillor M. Douglas.

In Attendance:- Capital and Investments Manager (K. Robb), Solicitor (K. Scrymgeour),
Estates Surveyor (A. Graham), Democratic Services Officer (F. Walling).

1. **MINUTE**

The Minute of Meeting of the Innerleithen Common Good Fund Sub-Committee held on 27 September 2017 had been circulated.

DECISION

APPROVED the Minute for signature by the Chairman.

2. **FORMER PROVOSTS CHAIN**

With reference to paragraph 3 of the Minute of 27 September 2017, the Chairman confirmed that Innerleithen Community Council and St Ronan's Games Committee would be working together on a fundraising campaign to pay for the refurbishment of the chain and pendant. The Community Council had asked for a second quote for the work required.

DECISION

NOTED

3. **INNERLEITHEN MEMORIAL HALL**

With reference to paragraph 2.2 of the Minute of 27 September 2017, officers gave an update on the feasibility of letting office space in Innerleithen Memorial Hall to raise revenue. Ms Scrymgeour, Solicitor, confirmed that an investigation of the title to the property had been carried out and that there appeared to be no burden within the deeds that would prevent or restrict the letting of office space. Estates Surveyor, Mr Graham, confirmed that he had received a response from Ewan Jackson, Chief Executive of Live Borders, regarding the position as to whether office accommodation could be sub-let or released from part of the tenancy. Mr Jackson had intimated that he would not be averse to considering an asset transfer if this was the direction trustees wanted to take. It was the opinion of Members that there would be a demand for office space within Innerleithen and noted that Business Gateway would be able to assist in the identification of local businesses who may be looking for locations from which to operate. It was recognised that these were likely to be business start-ups and that there could be a high turnover. Reference was therefore made to the implications with regard to management of the venture. Mr Graham advised that, in theory this could be taken on by the Estates section but there would need to be investigation of resource implications. It was noted that as a commercial project there may be an implication with regard to rates. Refurbishment work would also be required to make the rooms fit for purpose. Mr Graham agreed to put together a Business Case for the next meeting to demonstrate whether the project represented a worthwhile investment. Councillor Haslam advised that Mr Jackson would

be meeting with the Community Council to discuss how the hall could be refreshed in order to attract more use. In the meantime the Chairman drew attention to a Community Group who were looking for suitable premises to store good quality used clothing and had asked if a room would be available on a short term basis within the Memorial Hall. Members supported this request in principle but pointed out that the approach needed to be made to Live Borders rather than to the Common Good. The Chairman agreed to relay this information to the party concerned.

DECISION

AGREED that a Business Case, for the letting of office space within Innerleithen Memorial Hall, be prepared by the Estates Surveyor for the next meeting.

4. **DATE OF NEXT MEETING**
Thursday 1 February, 2018.

**DECISION
NOTED.**

The meeting concluded at 2.15 pm



START-UP OFFICE SPACE – MEMORIAL HALL, INNERLEITHEN

Report by Service Director Assets & Infrastructure

INNERLEITHEN COMMON GOOD FUND SUB-COMMITTEE

23 August 2018

1 PURPOSE AND SUMMARY

- 1.1 This report proposes that the vacant office space within the Memorial Hall in Innerleithen be made available to let to local start-up businesses.**
- 1.2 Members have noted a shortage of supply of business space in Innerleithen, and have identified the vacant office space within the Memorial Hall as a possible solution to satisfying latent demand.
- 1.3 The Memorial Hall is currently subject to a lease to Live Borders, and the proposal contained in this report would be contingent on agreement being reached on a partial surrender of that lease, which has been discussed in principle. The transfer would be of that part of the accommodation required for this project; the former contact centre and offices only, and not the hall itself.
- 1.4 It is envisaged that the space would be operated on a similar basis to the business incubator units currently being piloted by Scottish Borders Council at the Rosetta Road offices, where a pilot project has been underway for approximately 12 months. This project offers 78 sq m of office space in 3 self-contained rooms, on 'easy in/easy out' terms – I understand the first letting is being agreed at the time of writing.

2 RECOMMENDATIONS

- 2.1 I recommend that the Common Good Fund Sub-Committee:-**
 - (a) Notes the potential costs and revenue associated with the proposal to provide business start-up space at the Memorial Hall, Innerleithen and that no budget has been identified to meet these costs.**
 - (b) Makes an application to the Scottish Borders Council's economic development budget for a grant to take forward the necessary works.**

3 BACKGROUND

- 3.1 Members have previously identified the need for additional business space in Innerleithen due to the very low vacancy rate of business and retail premises on the High Street.
- 3.2 The vacant space in the villa, which formerly housed the Scottish Borders Council contact centre, has been identified as being suitable for refurbishment to be made suitable for business use.

4 BUSINESS START-UP SPACE

- 4.1 The former contact centre has now been vacant for several years, and the remainder of the building is largely unused; the exceptions being the chamber on the ground floor and a large first floor room currently let as an artists' studio.
- 4.2 There is a potential for a self-contained suite of offices on the ground floor in the space that was formerly occupied by the contact centre, and there are a further five self-contained offices on the first floor. Office 1 & 2 is currently let to a local artist, although I understand she has recently intimated that she would be open to a move to smaller accommodation within the building. The following schedule shows the respective floor areas of these offices, and their estimated rateable and rental values:

Accommodation	Area	Rateable Value	Rental Value
Ground floor			
Contact centre & office	400 sq ft	£2,239	£5,200
<i>Chamber</i>	<i>424 sq ft</i>	<i>£2,300</i>	<i>Hourly</i>
First floor			
Office 1 & 2	570 sq ft	£3,208	£7,400
Office 3 & 4	281 sq ft	£1,540	£3,650
Office 5	215 sq ft	£1,186	£2,800
Office 6	281 sq ft	£1,124	£3,650
Office 7	147 sq ft	£790	£1,900
Total (lettable space)	1,894 sq ft		£24,600

- 4.3 By using this building the Common Good Fund would provide start-up office space for local businesses. The service will provide a relatively straightforward way for businesses to move beyond the initial phase of home working, before moving into local, privately owned space. It is not intended to compete directly with, but rather complement the existing offer from, the private sector by providing a stepping stone for start-up businesses.
- 4.4 There are no planning approvals required because the proposal uses existing office space.

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 Common Good Fund will offer 'easy in/easy out' terms of occupation, and an all-inclusive rent will be charged to cover the costs of running the building: heat, light, rates, cleaning, furniture and maintenance. Estates and legal services will work together to produce a licence to occupy template to make the process as streamlined as possible. A rental level of £15 per sq ft per annum is being asked at the Rosetta Road offices, inclusive of a notional service charge element of £4.50 per sq ft, and a rent set slightly below this level would be appropriate for the proposed offices, say £13 per sq ft.
- 5.2 The premises will have WiFi connectivity available, and there are telephone sockets available in all offices, although the expectation is that small businesses are likely to rely on mobile phones rather than land lines. Desks and chairs will be provided free of charge by Scottish Borders Council from surplus stock – the current stock will allow for three rooms to be furnished, and it is envisaged that as offices are let over time, more desks and chairs will be available to furnish these, with a charge levied by the council for delivery of these.
- 5.3 The ground floor chamber would be made available for use as a meeting room.

6 IMPLICATIONS

6.1 Financial

The property is category C listed by Historic Environment Scotland and therefore the Common Good Fund will not be liable for business rates while any individual self-contained offices lie empty. The Rosetta Road offices are similarly self-contained units, also housed in a listed building, and these have attracted no business rates liability while vacant.

- 6.2 Based on quotes received, and using the costs of the works undertaken at Rosetta Road as a guide, the approximate costs for refurbishing the accommodation and making the necessary changes are set out below. It is stressed that these costs are a guide only, and subject to confirmation. Given the experience of the pilot project at Rosetta Road it might be that a phased programme of works is considered appropriate, so that some rooms remain unimproved until the level of demand has been established:

Item	Rate	Estimated cost
Painting 7 rooms	@ £500 per room	£3,500
Carpet tile 7 rooms (2,318 sq ft)	@ £3.25 per sq ft	£7,534
Entry system works 7 rooms	@ £600 per room	£4,200
Broadband connection		£1,200
Sub-total		£16,434
Contingency 15%		£2,465
TOTAL		£18,899

6.3 Risk and Mitigations

There is a risk to the reputations of Scottish Borders Council, LiveBorders and the Common Good Fund if it is perceived that assets in their ownership and/or management are not being fully utilised. This risk is mitigated by the proposal which will provide space for business start-ups, and demonstrate productive use of the building while providing an income stream. The risk of bad debt and other problems with tenants such as the property being returned in a bad state of repair at the end of the lease will be mitigated by the ability to end licence agreements relatively straightforwardly in the event of non-compliance with terms, and by charging rent monthly in advance rather than in arrears.

6.4 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.

6.5 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.

6.6 Carbon Management

It is not expected that this proposal will have a significant adverse effect on carbon emissions because it makes use of existing space that is already heated by the current occupiers. Occupation of the vacant space will increase electricity use through lighting and small power.

6.7 Rural Proofing

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

6.8 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 Service Director HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

Approved by

Martin Joyce

Service Director Assets & Infrastructure

Signature

Author(s)

Name	Designation and Contact Number
Andrew Graham	Estates Surveyor – Tel 01835 824000 Ext 5883

Background Papers: None

Previous Minute Reference: 12 December 2017

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Andrew Graham can also give information on other language translations as well as providing additional copies.

Contact us at Andrew Graham, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA Tel: 01835 824000 Ext 5883, email andrew.graham@scotborders.gov.uk

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