Final Report to Southern Uplands Partnership

FEASIBILITY RESEARCH ON SHARED ECO-OFFICE UNITS

Martin Meteyard, 19 December 2006

INTRODUCTION

I was commissioned, along with my colleague Claire Carpenter, to carry out feasibility research into the potential for developing up to three new build shared eco-office units in southern rural Scotland (area defined as Borders, Dumfries & Galloway, South Ayrshire and South Lanarkshire).

Unfortunately the study has taken considerably longer to complete and write up than originally anticipated, primarily as a consequence of my wife's serious illness and subsequent death. Some elements have also not been as rigorously pursued as they might have been for the same reason. Please accept my apologies for this. As a result, the bulk of the research was in fact carried out by Claire (to whom I owe a huge debt of thanks).

RESEARCH METHODS

Apart from various pieces of desk and telephone research, the primary research involved compiling and distributing a questionnaire to potential users and supporters (in collaboration with SUP staff), and then collating and analysing the returns using the SurveyMonkey software tool.

The final number of responses generated by the survey before it closed at the end of August was 210 (47 defining themselves as potential users and 163 as supporters). It should be noted however that not all respondents provided a full set of answers (unfortunately this was particularly true of those defining themselves as potential users).

The information provided was also very diverse in nature (due to the number of different questions, as well as the number of different locations under consideration). This report has therefore only summarised the main findings.

However, an immense amount of data (including a number of valuable expressions of interest in practical partnerships and networking) is now available as a result of the questionnaire responses, and this has all been passed separately to SUP.

We understand that the exercise also proved very valuable in helping to raise the profile of SUP more generally.

SURVEY FINDINGS

Location

Some respondents (including potential users) indicated more than one preferred location, while 12 out of the 47 defining themselves as potential users indicated no preferred location at all! The main findings are summarised below.

Dumfries & Galloway: Almost half of the responses from potential users (17 out of 35) indicated Dumfries & Galloway as a preferred location – including four out of the eight largest (those requiring six desks or more). A majority of those indicating a preference for Dumfries & Galloway opted for the Gatehouse of Fleet/Creetown/Newton Stewart area. This was mirrored in the choices of supporters. A possible site in Creetown was mentioned.

Borders: Borders was mentioned by 9 potential users - most of these opting for the Galashiels area - and a significantly higher proportion of supporters. Innerleithen/Walkerburn gained interesting support as a write-in choice from supporters.

South Lanarkshire: There was a low response from potential users (5), though a bit higher from supporters. There was some enthusiasm for Douglas (with a possible site being mentioned).

South Ayrshire: The response from potential users (7) was split between the Ayr area and Girvan, with a slight preference for the latter among supporters.

Key characteristics of any site

Those scoring more than 70% (combining essential and desirable) were:
- accessible by public transport;
- parking (for both staff and clients);
- on or near a major road/trunk route.

These transport issues will obviously limit the number of possible rural sites that can be considered.

Facilities required

Those scoring more than 70% (again combining essential and desirable) were:
- telephone and broadband connections (100% requirement for broadband though only 52% have this in current arrangements);
- photocopying;

- permanent desk spaces (relatively little interest in hot-desking);
- indoor storage space;
- training/conference space for up to 20 people;
- meeting room for up to 8 people;
- data projection equipment;
- kitchen;
- communal rest area;
- provision of a cleaner;
- recycling facilities;
- DDA compliant.

Other information

Primary interest was from those looking for 1-3 desk spaces, although there was also significant interest from the 6-10 desks bracket.

Approximately one-third of those describing themselves as potential users (including one with 11-15 desks, and another with 6-10 desks) appeared to be paying no rent under their present arrangements! This does put a question mark over the extent of their interest (and underlines the imponderable nature of some of the data collected).

Otherwise a general range of £1,200 - £2,000 per desk was indicated as the going market rate, and this is obviously a key element in any further work on costings to determine the viability of the project.

61% of potential users (27 out of 44 responding) indicated that they would have a greater interest in renting office space within a shared 'sustainable business centre' than in a 'standard office'. Two-thirds of supporters identified with the need for a demonstration site for micro-renewables.

A number of respondents suggested a preference for conversion of existing buildings (e.g. farm steadings) rather than new build. However, this would not seem to be a practical option in terms of the brief or even costs (e.g. Yarn Store conversion study).

RENEWABLES

As already mentioned, there was very real and considerable enthusiasm for this aspect of the project – which we consider to be completely viable.

Design and building techniques (including materials specifications) are obviously a key element in ensuring maximum sustainability and energy efficiency.

Various renewable technologies are already available to provide energy requirements (e.g. small wind turbines, solar heating, photovoltaic arrays, ground source heat pumps, biomass boilers) and others are being developed (e.g. hydrogen cell storage).

An outstanding example of such an approach is the new headquarters of Renewable Energy Systems Ltd. at Beaufort Court in Kings Langley, Hertfordshire. This development, designed to be entirely self-sufficient in energy, combines: a (second-hand) 225 kW wind turbine, a biomass boiler fuelled by the energy crop Miscanthus (elephant grass) - grown adjacent to the site; a photovoltaic and solar thermal panel array; a seasonal underground heat store; and a ground water cooling system.

Much can also be learnt from the WWF's new offices in Dunkeld and the new SNH headquarters in Inverness.

Such technologies, although requiring greater initial investment, should be no more expensive than conventional sources over the longer term.

In addition, including a demonstration element (such as interpretive panels) may encourage some manufacturers to supply equipment at reduced cost or provide some investment (see below).

The viability of this approach is underpinned by a recent study by property consultants GVA Grimley indicating that "three-quarters of business occupiers are prepared to pay more for energy-efficient buildings . . . 91% are extremely concerned about future energy prices and the reliability of supply" (*The Herald*, 20 July 2006).

TARGET MARKETS

In general the survey responses bear out the initial target markets identified for such a development:
- NGOs
- Rural regeneration/environmental agencies
- Social economy organisations
- Small-scale enterprises

Nothing like the proposed development exists in the areas surveyed. Most shared office accommodation is in urban areas, and some is limited in the client type (e.g. Ettrick Riverside Business Centre in Selkirk – restricted to new start and high growth businesses as a condition of EU funding).

It should also be noted that there has recently been a substantial decline in the availability of rented office accommodation in the Borders and Dumfries &

Galloway, as noted in the Quarterly Bulletin of the Scottish Property Network (June 2006).

STAFFING & MANAGEMENT

We are sceptical about the suggestion that management of the unit(s) could be carried out by an existing SUP staff member who was based there primarily for other purposes – although this would obviously minimise costs. We feat that such an arrangement would almost certainly compromise the level of service expected by tenants.

It would seem most sensible to have a dedicated office manager/receptionist on site (although perhaps combining this role with general SUP administrative duties, so that only part of the salary needed to be built into costs?). Obviously this would be a further factor in helping to determine the scale of development required to be cost effective.

LEGAL STRUCTURE

The Southern Uplands Partnership is a company limited by guarantee with charitable status. This is not an appropriate legal structure for the type of development and trading operation envisaged, which involves the management of a significant amount of risk.

However, it is desired that any eco-office units should be generally under the control of SUP, with profits from rental income accruing to SUP and helping to offset some of its core costs.

This result is most usually achieved by establishing a subsidiary trading company with any profits being covenanted to the parent body.

However, it is recommended in this case that consideration should be given to the new Community Interest Company (CIC) structure, which – as a company limited by shares – combines an asset lock in favour of the community with the possibility of attracting a degree of external private investment.

One possibility – to encourage a degree of local community ownership and participation, including on the board of directors – would be to establish a separate CIC for each development, within which SUP might retain overall control. Although the CIC structure includes a ceiling on dividends which may be paid to private investors, profits which are paid as a dividend to a named charitable body are exempt from this limitation.

FUNDING

The most obvious source of funding is the new 'Growing Community Assets' programme of grants from the Big Lottery Fund (BLF). It is understood that SUP has already been awarded an 'Investing in Ideas' grant by BLF to explore aspects of this project further and work up a more detailed proposal.

While some of the initial feedback from the BLF assessor appears to go against the desire of SUP to retain majority control (and thus secure an income stream), it should be stressed that detailed interpretation of the broad criteria adopted by BLF for this programme is still being worked on – at least partly via an engagement with applicants to achieve greater understanding of their needs. It should also be noted that Community Interest Companies are explicitly noted as being eligible under this programme (although of course other criteria must also be fulfilled).

Funding may also be available from any continuation of the Futurebuilders programme – currently under consideration by the Scottish Executive as part of its development of a strategy for social enterprise following the recent consultation period. It is likely (though not certain) that CICs will also be eligible for this funding.

Limited funding for the renewables element should be available via the Scottish Community & Householder Renewables Initiative (SCHRI). A CIC structure could also perhaps encourage some manufacturers and suppliers of renewable energy devices to supply equipment in exchange for shares.

Additional private investment may be a possibility depending on detailed financial projections for the project, and there will also be the option of secured bank lending against the asset to be created.

TIMESCALES

It is suggested that it would certainly take until 2010 (or 2011 if there was any slippage) for such a venture to be completed and operating, even if the initial decisions were to be taken within the next few months.

A possible timeline leading to this conclusion might be as follows:

- **Jan 2007**: decision in principle by SUP Board to take forward.
- **Feb-June 2007**: commissioning of initial study on timber frame building by architects, and detailed project work utilising 'Investing in Ideas' award.
- **Sep 2007**: Detailed papers go to SUP Board for final decision – application to Big Lottery Fund.
- **Dec 2007**: Approval of grant funding in principle by BLF, appointment of project manager.

- **2008**: Site identification and acquisition, development of additional funding strategy (identification of partners and possible investors, especially in relation to renewables element), additional market research, initial marketing, securing of outline planning permission, development of final business plan.
- **Jan-Sep 2009**: Final drawings, securing of detailed planning permission, tendering process for contractors.
- **Oct 2009-Sep 2010**: Construction, marketing, initial letting agreements.

This may be optimistic as we have no real knowledge of this type of development and construction process.

CONCLUSIONS AND WAY FORWARD

1. The responses to the questionnaire, though very helpful (and providing much additional information, particularly on possible partnerships), contain many imponderables and cannot be regarded in any way as conclusive in establishing the strength of the market for this type of venture.

2. However, the initial research does suggest that there is an interest and a potential market (depending on location) for this type of project – and that it could be financially viable as a social enterprise. Given the range of facilities indicated as necessary, a certain critical mass would obviously be required (minimum 20 desk spaces or possibly more? – it is hard to be precise without more detailed information on likely costs of development and maintenance).

3. It is thought to be unlikely that SUP would have the capacity to develop more than one site initially. It is suggested that the site provisionally identified in Creetown may be a good starting point for further consideration.

4. This report and the research findings that underlie it could be the basis for a workshop involving the interested parties identified in the course of the last few months.

Responses from Possible User survey (44)

1. Welcome

1. I am interested in the possibility of using the proposed shared office		Response Percent	Response Total
Yes		75%	33
No		25%	11
	Total Respondents		44
	(skipped this question)		0

2. Would renting office space within a shared 'sustainable business centre' be of greater interest to you than a 'standard office'?		Response Percent	Response Total
Yes		58.5%	24
No		12.2%	5
Doesn't matter		29.3%	12
	Total Respondents		41
	(skipped this question)		3

2. Location choice

3. Which of the following proposed locations could suit you? (Tick all that apply)		Response Percent	Response Total
Dumfries and		27%	10

Galloway - Gatehouse of Fleet/ Creetown/ Newton Stewart			
Dumfries and Galloway - Moffat		16.2%	6
Borders - Galashiels		13.5%	5
South Lanarkshire - Douglas		13.5%	5
Ayrshire - Near Ayr		10.8%	4
Ayrshire - Girvan		8.1%	3
None of these		13.5%	5
Other (please specify) View		24.3%	9
	Total Respondents		37
	(skipped this question)		7

4. In selecting appropriate locations, we need to know what types of access are most important to you. Please indicate how important the following would be.

	Essential	Desirable	Not important	N/A	Response Average
Accessible by public transport (bus)	35% (12)	**47% (16)**	15% (5)	3% (1)	**1.79**
Has parking	**70% (23)**	30% (10)	0% (0)	0% (0)	**1.30**
On or near a cycle-route	13% (4)	**48% (15)**	35% (11)	3% (1)	**2.23**
On or near a major road/ trunk route	23% (7)	**50% (15)**	27% (8)	0% (0)	**2.03**
On or near a motorway	4% (1)	32% (9)	**64% (18)**	0% (0)	**2.61**
				Total Respondents	35

5. We all like to have access to 'the best' resources and services at work, but everything has an added cost element. Please tell us how important the following are so we can develop our proposal according to your needs.

	Essential	Desirable	Don't really need	N/A	Response Average
Telephone (rent includes line rental)	39% (11)	**46% (13)**	14% (4)	0% (0)	**1.75**
Telephone (access to connection point only)	**64% (14)**	32% (7)	5% (1)	0% (0)	**1.41**
Broadband connection	**77% (23)**	23% (7)	0% (0)	0% (0)	**1.23**
Communal IT server	12% (3)	31% (8)	**54% (14)**	4% (1)	**2.44**
Fax	31% (9)	**38% (11)**	28% (8)	3% (1)	**1.96**
Franking Machine	19% (5)	37% (10)	**41% (11)**	4% (1)	**2.23**
Photocopier	**48% (14)**	45% (13)	3% (1)	3% (1)	**1.54**
Office Furniture	22% (6)	**41% (11)**	33% (9)	4% (1)	**2.12**
Permanent desk space	**59% (16)**	37% (10)	4% (1)	0% (0)	**1.44**
Hot-desking space	9% (2)	32% (7)	**45% (10)**	14% (3)	**2.42**
Storage space - indoor based	**44% (12)**	**44% (12)**	11% (3)	0% (0)	**1.67**
Storage space - outdoor based	9% (2)	35% (8)	**57% (13)**	0% (0)	**2.48**
Training/ conference space (up to 30 people)	8% (2)	**58% (15)**	31% (8)	4% (1)	**2.24**
Training/ conference space (up to 20 people)	21% (5)	**58% (14)**	21% (5)	0% (0)	**2.00**
Meeting room (up to 8 people)	**52% (14)**	30% (8)	19% (5)	0% (0)	**1.67**
Meeting room (up to 4 people)	17% (4)	**57% (13)**	22% (5)	4% (1)	**2.05**
Data projection equipment	19% (5)	**56% (15)**	26% (7)	0% (0)	**2.07**

Bike storage	8% (2)	40% (10)	**44% (11)**	8% (2)	**2.39**
Parking staff/ visitors	**54% (15)**	46% (13)	0% (0)	0% (0)	**1.46**
Kitchen	**54% (15)**	43% (12)	4% (1)	0% (0)	**1.50**
Communal Rest area	22% (6)	**48% (13)**	26% (7)	4% (1)	**2.04**
Disabled toilets	**46% (12)**	38% (10)	15% (4)	0% (0)	**1.69**
Shower	4% (1)	42% (11)	**50% (13)**	4% (1)	**2.48**
Cleaner	26% (7)	**59% (16)**	15% (4)	0% (0)	**1.89**
Reception services	17% (5)	**48% (14)**	28% (8)	7% (2)	**2.11**
Recycling services/ facilities	30% (8)	**56% (15)**	15% (4)	0% (0)	**1.85**
DDA compliant	**42% (11)**	35% (9)	19% (5)	4% (1)	**1.76**
				Total Respondents	**33**
				(skipped this question)	11

3. About your current premises

6. How many desks do you currently have use of?

		Response Percent	Response Total
1		**25.8%**	**8**
2		22.6%	7
3		19.4%	6
4		3.2%	1
5		3.2%	1

6-10		16.1%	5
11-15		3.2%	1
16+		6.5%	2
	Total Respondents		**31**
	(skipped this question)		**13**

7. What is your current rent p/c/m?

		Response Percent	Response Total
No-charge		32%	8
Under £100		0%	0
£101-200		4%	1
£201-300		20%	5
£301-500		4%	1
£501-1000		24%	6
View Other (please specify)		16%	4
	Total Respondents		**25**
	(skipped this question)		**19**

8. What is your annual budget for office accommodation?

View **Total Respondents**		**22**
(skipped this question)		**22**

9. What facilities are included in the above rental charges? (Tick all that you know apply)

		Response Percent	Response Total
Desk space		88%	22
Access to meeting rooms		60%	15
Kitchen		76%	19
Indoor storage		76%	19
Outdoor storage		20%	5
Telephone lines		48%	12
Broadband connection		52%	13
Parking		68%	17
Office furniture		20%	5
Office equipment		20%	5
Total Respondents			25
(skipped this question)			19

10. What services are included in the above rental charges? (Tick all that you know apply)

		Response Percent	Response Total
Heating		82.6%	19
Lighting		82.6%	19
Repairs/ Maintenance		60.9%	14
Rates		47.8%	11
Reception Services		21.7%	5
Recycling		17.4%	4
Cleaning		43.5%	10
VAT		17.4%	4

Buildings Insurance		60.9%	14
Public Liability Insurance		21.7%	5
Contents Insurance		17.4%	4
Total Respondents			23
(skipped this question)			21

11. Is your current location DDA compliant? (i.e. is fully accessible)

		Response Percent	Response Total
Yes		40%	10
No		60%	15
Total Respondents			25
(skipped this question)			19

12. Do you currently share your office premises and/ or facilities with other organisations?

		Response Percent	Response Total
Yes		29.2%	7
No		70.8%	17
Total Respondents			24
(skipped this question)			20
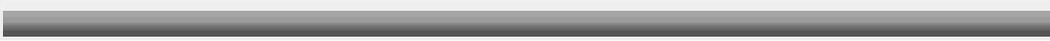
4. Final details....

13. I would like to be kept up to date by email on the progress of this project

		Response Percent	Response Total
Yes		85.7%	24
No		14.3%	4
Total Respondents			28
(skipped this question)			16

14. I would like to be informed of other shared-space initiatives in urban locations

		Response Percent	Response Total
Yes		53.8%	14
No		46.2%	12
Total Respondents			26
(skipped this question)			18

15. Where did you find out about this survey?

View	Total Respondents	23
(skipped this question)		21

16. Full name

View	Total Respondents	21
(skipped this question)		23

17. Organisation's name

View	Total Respondents	20

	(skipped this question)	24

18. Postal address

	View Total Respondents	20
	(skipped this question)	24

19. Phone number

	View Total Respondents	19
	(skipped this question)	25

20. Email address

	View Total Respondents	22
	(skipped this question)	22

21. Website address

	View Total Respondents	16
	(skipped this question)	28

22. What is your organisational structure?

		Response Percent	Response Total
Sole trader		26.1%	6
Charity		30.4%	7
NGO		0%	0
Social Enterprise		21.7%	5
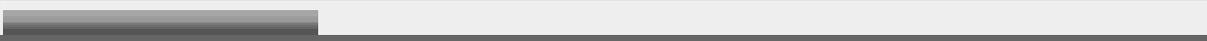
SME		13%	3
Local Authority		0%	0
Other		21.7%	5
	Total Respondents		**23**
	(skipped this question)		21

23. Please briefly describe the aim of your organisation or what you do:		
	View **Total Respondents**	**19**
	(skipped this question)	25

24. Would you like to suggest a possible partnership or contact link to this project?			
		Response Percent	Response Total
Yes		27.3%	3
No		**63.6**%	**7**
View Other (please specify)		9.1%	1
	Total Respondents		**11**
	(skipped this question)		33

Responses from those Interested in Supporting the Proposal (149)

Notes on analysis of responses:

Of 149 responses, 4 people said they were not interested in supporting this proposal. One of these was a 'void' response – giving nonsense responses throughout. All their responses have been collated within the overall analysis because they have asked to remain aware of the projects development or have given a possible partnership option.

1. I am interested supporting the proposed Sustainable Business Centre

		Response Percent	Response Total
Yes		97.3%	145
No		2.7%	4
	Total Respondents		149
	(filtered out)		0
	(skipped this question)		0

2. Location choice

2. Which of the following proposed locations could suit you? (Tick all that apply)

		Response Percent	Response Total
Dumfries and Galloway - Gatehouse of Fleet/ Creetown/ Newton Stewart		22.3%	31
Dumfries and Galloway - Moffat		10.8%	15
South Lanarkshire - Douglas		14.4%	20
Borders - Galashiels		27.3%	38
Ayrshire - Girvan		11.5%	16
Ayrshire - Near Ayr		7.9%	11
None of these		7.9%	11
[View] Other (please specify)		29.5%	41
	Total Respondents		139

	(filtered out)	0
	(skipped this question)	10

3. Evidence of support

3. Why do you support this proposal? Please tick all answers that you think apply and add your own thoughts/ statement about why they should be built in your chosen area.

		Response Percent	Response Total
Because it sounds like a great idea!		52%	64
Because in my experience of the locations/areas I selected there's a need for more quality shared office space and resources for these target groups		56.1%	69
Because such shared spaces could improve opportunities for partnership working		61.8%	76
Because such shared spaces could reduce overheads		60.2%	74
Because in my experience there's a need for micro-renewables demonstration sites		**65.9%**	**81**
[View] Other (please specify)		22%	27
	Total Respondents		123
	(filtered out)		0
	(skipped this question)		26

4. Final details….

4. I would like to be kept up to date by email on the progress of this project

		Response Percent	Res T

Yes		**94.1**%
No		5.9%
Total Respondents		
(filtered out)		
(skipped this question)		

5. I would like to be informed of other shared-space initiatives in urban locations

		Response Percent	Response Total
Yes		48.4%	44
No		**51.6**%	**47**
Total Respondents			**91**
(filtered out)			**-1**
(skipped this question)			**59**

6. Where did you find out about this survey?

	View **Total Respondents**	**95**
	(filtered out)	**0**
	(skipped this question)	**54**

7. Full name

	View **Total Respondents**	**95**
	(filtered out)	**0**

	(skipped this question)	54

8. Organisation's name

	View	Total Respondents	87
		(filtered out)	0
		(skipped this question)	62

9. Postal address

	View	Total Respondents	85
		(filtered out)	0
		(skipped this question)	64

10. Phone number

	View	Total Respondents	85
		(filtered out)	0
		(skipped this question)	64

11. Email address

	View	Total Respondents	93
		(filtered out)	0
		(skipped this question)	56

12. Website address

	View Total Respondents	48
	(filtered out)	0
	(skipped this question)	101

13. What is your organisational structure?

		Response Percent	Response Total
Sole trader		20.4%	19
Charity		**26.9%**	**25**
NGO		6.5%	6
Social Enterprise		12.9%	12
SME		8.6%	8
Local Authority		15.1%	14
Other		24.7%	23
	Total Respondents		93
	(filtered out)		0
	(skipped this question)		56
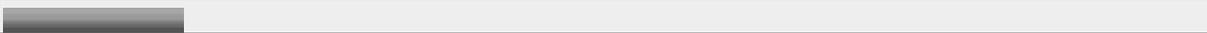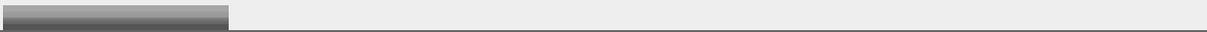
14. Please briefly describe the aim of your organisation or what you do:

	View Total Respondents	86
	(filtered out)	0
	(skipped this question)	63

15. What can you offer to help develop this initiative further? Can you suggest a possible partnership opportunity, a useful contact link, some skills you'd dedicate to this project? Any suggestions and ideas are very welcome!

	View	Total Respondents	70
		(filtered out)	0
		(skipped this question)	79