

EAST RENFREWSHIRE COUNCILCABINET6 February 2020Report by Director of EnvironmentGREENLAW BUSINESS CENTRE, NEWTON MEARNS:
OPERATIONAL UPDATE AND LETTING POLICY APPROVAL**PURPOSE OF REPORT**

1. The purpose of this report is to update the Cabinet on progress with the Glasgow City Region City Deal funded Greenlaw Business Centre and to seek approval for a letting policy which is focused on start up and small to medium sized businesses which have the potential to create economic growth measured by additional Gross Value Added (GVA) in accordance with the City Deal Infrastructure Fund criteria.

RECOMMENDATIONS

2. It is recommended that the Cabinet
- (a) Approves a letting policy that focuses on occupancy of the accommodation by start-up and small to medium sized businesses with the aim of maximising economic growth and Gross Value Added (GVA); and
 - (b) Notes that the Director of Environment will develop a pricing strategy that reflects the quality of the accommodation and the local market for business centre suites as well as complying with European state aid rules where applicable.

BACKGROUND

3. Greenlaw Business Centre is principally funded from East Renfrewshire's £44 million investment package from the Glasgow City Region City Deal. The Centre is an ambitious project developed to stimulate economic growth and create opportunities for small and medium sized businesses to grow in East Renfrewshire and in the wider City Region area. The investment will generate inclusive economic growth benefits, additional GVA and employment.

4. All City Deal projects had to comply with a strict set of criteria to be approved. The main aim of the City Deal was to create economic growth at the City region and the UK level. All projects are heavily scrutinised by the UK and Scottish Governments to ensure that economic growth will be achieved. A series of Gateways are in place at which the Governments assess the impact of the funding and determine if the funding criteria have been met before agreeing to approve the next phase of funding.

5. The first gateway process is underway and the Greenlaw Centre was one of the projects which was chosen for independent evaluation. The evaluation was positive but accepted that the project was at too early a phase to measure accurately economic benefits. However, the evaluation did advise that potentially after a year of 50% occupancy Greenlaw Business Centre could generate a gross GVA of around £1.8 million. After a year of 100%

occupancy the Centre could generate a gross GVA of around £3.5 million. It is therefore crucial that a focus is maintained on the Greenlaw Centre to ensure that economic benefits are achieved i.e. business growth measured by turnover increase and job creation.

6. Future evaluations by the 2 Governments will look for evidence of economic growth and will also want to ensure that there is also net growth i.e.

- Limited displacement (businesses have not only been displaced from another area with no further growth)
- additionality (businesses have grown faster as a result of the centre)

7. Therefore the aim of the Centre is not to achieve maximum rental income but to achieve maximum economic growth.

REPORT

8. Located within the Greenlaw area in Newton Mearns, adjacent to Junction 4 of the M77, the 20,000 sq.ft. (gross) business centre will meet a growing demand for high quality office accommodation for small to medium sized businesses and creates the final element of the existing retail and commercial centre development at Greenlaw providing new employment opportunities.

9. With a total project budget of £5.72 million, including £0.12 million from developer contributions, the building construction is complete and it is on track to be operational in the coming months.

10. Greenlaw Business Centre, to be branded as **the greenlaw works**, is an extremely high quality development and features an impressive central atrium, 35 office suites, car parking, meeting rooms, breakout areas and a dedicated co-working office suite. It is located adjacent to the M77. Photographs of the development are attached and a viewing event has been arranged for Elected Members on 6 February 2020.

11. A variety of operational models were considered. After review, including marketing the opportunity to the private sector business centre operator market, it was identified that the Council would be best placed to operate the business centre directly. This model best supports the Council's objectives of cost effectively supporting start-ups and growing businesses. The day to day operation will be controlled by CBRE, an experienced property management company. However, responsibility for the management strategy of the facility will lie ultimately with the Environment Department.

12. Prospective tenants will be offered a monthly contract incorporating a fixed and transparent payment covering rent, service charge and ICT (telephony, data and cable fibre). This will be determined in operational terms by the Director of Environment.

13. The proposed letting policy will encourage the occupancy of the business centre by start-ups and small to medium sized businesses. This is in line with the City Deal objectives of generating economic growth, contributing towards additional Gross Value Added (GVA) and generating local employment.

14. The business centre has attracted a very high level of initial interest without active marketing. Enquiries to date suggest there is interest in the space from local businesses involved in a range of office based activities. A dedicated marketing campaign will support the letting of the building which will commence in early February 2020.

FINANCE AND EFFICIENCY

15. This project is principally funded by the Glasgow City Region City Deal.

16. The contract for tenants will include the ICT and rent/service charge. The service charge will cover common cleaning, repair and maintenance and insurance. Each tenant will be responsible for rates. It is expected that all rooms will fall under the rates relief scheme. However, this will be dependent on the eligibility of each tenant.

17. There will be an initial cost to the Environment Department of operating the facility. This will be met from existing resources. However, this is expected to be off-set or exceeded by income in future years once the facility is established.

CONSULTATION AND PARTNERSHIP WORKING

18. There has been consultation with the Council's City Deal Team, Economic Development, IT, Legal, Procurement and Estates teams.

IMPLICATIONS OF THE PROPOSALS

19. There are no staffing, equalities or sustainability implications directly associated with this report. The proposal, specifically in terms of property, state aid, Legal, ICT and procurement has been considered in conjunction with the appropriate services.

CONCLUSION

20. Meeting a growing local demand, Greenlaw Business Centre will provide an excellent, accessible, attractive and flexible base for the development of businesses in East Renfrewshire.

RECOMMENDATION

21. It is recommended that the Cabinet

- (a) Approves a letting policy that focuses on occupancy of the accommodation by start-up and small to medium sized businesses with the aim of maximising economic growth and Gross Value Added (GVA); and
- (b) Notes that the Director of Environment will develop a pricing strategy that reflects the quality of the accommodation and the local market for business centre suites as well as complying with European state aid rules where applicable.

Director of Environment

Further information can be obtained from: Phil Daws, Head of Environment (Strategic Services) on 0141 577 3186 or Phil.Daws@eastrenfrewshire.gov.uk

February 2020

BLANK PAGE

APPENDIX 1: DRAFT BROCHURE IN DEVELOPMENT**OFFICES TO LET****Greenlaw Business Centre**

6 Greenlaw Way | Newton Mearns | East Renfrewshire | G77 6EF

- New offices from 15 sqm (162 sq.ft.) to 94 sqm (1,012 sq.ft.)
- Prominent location adjacent to J4 M77
- Flexible lease / licence terms
- Fantastic car parking ratio
- EPC rating 'A'



Viewings strictly by appointment with:

John Wilson | john.wilson@eastrenfrewshire.gov.uk**Shahzad Shaffi** | shahzad.shaffi@eastrenfrewshire.gov.uk

LOCATION

Greenlaw Business Centre is located within the mixed residential and commercial Greenlaw Village which is directly accessible from Junction 4 of the M77 motorway and from Newton Mearns, Glasgow.



Patterton Park and Ride
12 mins walk



Glasgow City Centre
15 mins drive off-peak



Glasgow Airport
20 mins drive

DESCRIPTION

- Attractive full height glazed roof central atrium
- Meeting space and breakout areas
- Dedicated co-working area
- Superfast commercial broadband
- 2 x EV electric car charging points
- 93 car parking spaces
- Motorcycle anchor points
- Covered cycle racks
- Tea preparation areas
- Shower facilities
- Lift access

RATEABLE VALUE

The tenant will be responsible for any rates payable. Tenants may be eligible for Rates Relief under the Small Business Bonus Scheme.

**TERMS**

The office space is available by way of a lease/licence for a term to be agreed.

VALUE ADDED TAX / LBTT

The property is not elected for Value Added Tax (VAT). Any Intending lessees must satisfy themselves as to the incidence of VAT in respect of any transaction. The lessee will be responsible for any Land Buildings Transaction Tax (LBTT) or recording dues that are applicable for any transaction.

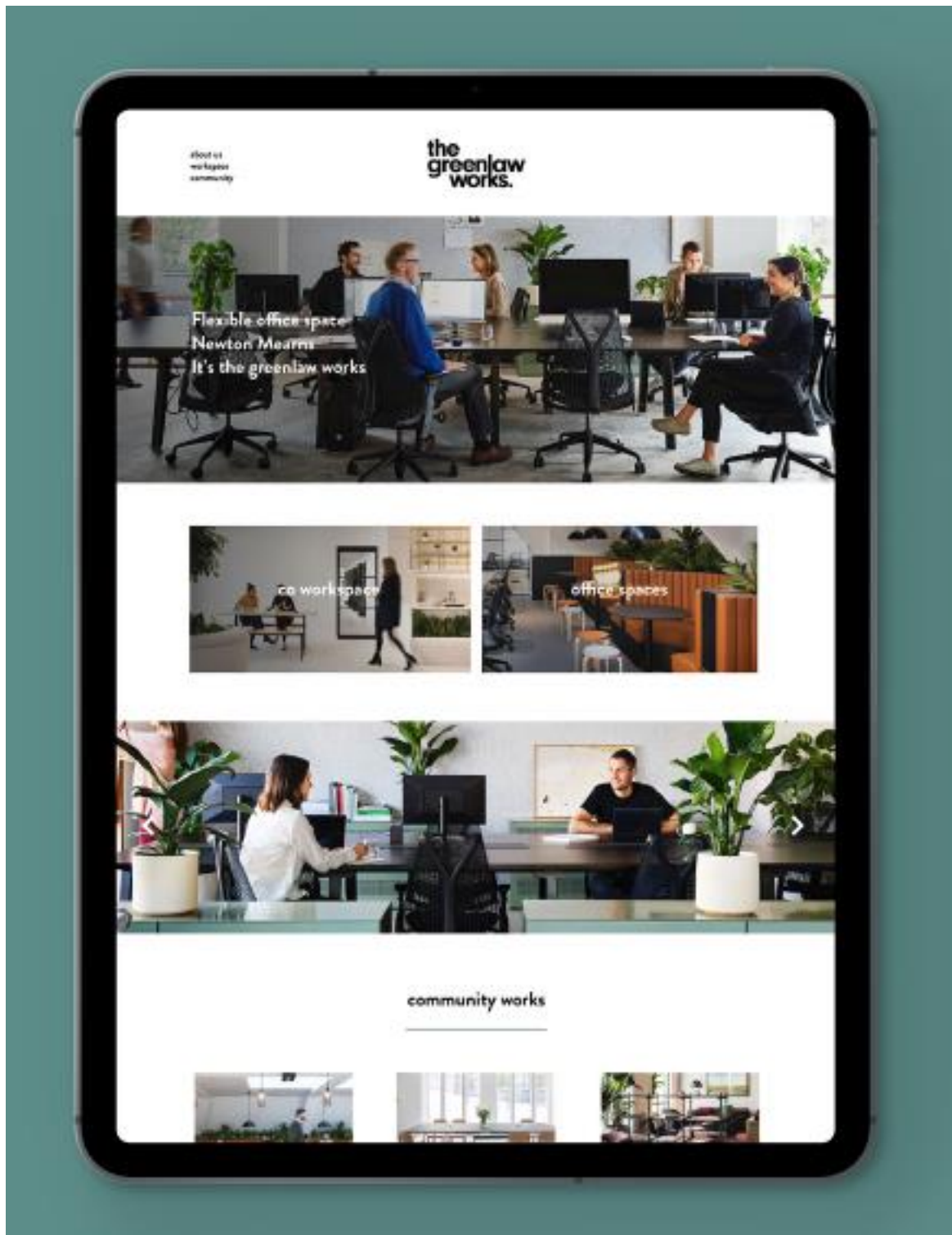


PRIVACY STATEMENT No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein and same is submitted subject to errors, omissions, change of specification, price, rental or other conditions, withdrawal without notice, and all agreements are subject to formal written approval of East Renfrewshire Council. Maps reproduced by permission of Ordnance Survey on behalf of HMSO. © Crown Copyright and database right 2019. All Right Reserved. Ordnance Survey Licence Number 100023382 2019, East Renfrewshire Council

Date of publication: October 2019

www.eastrenfrewshire.gov.uk/GreenlawBusinessCentre

APPENDIX 2: BRANDING CONCEPTS IN DEVELOPMENT



BLANK PAGE

APPENDIX 3: RECEPTION SIGNAGE PROPOSAL



BLANK PAGE