

Scottish Enterprise Lanarkshire
EVALUATION OF STRATHCLYDE BUSINESS PARK



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with

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Final Report
October 2004

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Executive Summary

1. Since 1990, Strathclyde Business Park in Bellshill has become established as one of Scotland's leading business parks offering a combination of flexible, high quality business and industrial accommodation in a high quality environment.
2. Strathclyde Business Park (Developments) Ltd (SBP(D)Ltd) is a joint venture between AWG, HF Developments and Scottish Enterprise Lanarkshire (formerly Lanarkshire Development Agency) established to provide a vehicle for the Park's development. The basis of Scottish Enterprise Lanarkshire's involvement is a £3.075 million loan facility, initially scheduled for repayment in July 2004. This has been temporarily extended to December 2004 pending decisions on its potential extension for a further three years.
3. Roger Tym & Partners, in association with Knight Frank, were commissioned in June 2004 by Scottish Enterprise Lanarkshire to evaluate SBP(D)Ltd's progress towards its initial objectives, alongside the overall economic impact of the development of Strathclyde Business Park. The evaluation included: a baseline analysis of economic conditions prior to development; a comprehensive business survey; analysis of displacement and additionality effects; calculation of the quantitative impacts of the development of Strathclyde Business Park; and consideration of the management structures employed to further development.
4. This evaluation has found that Strathclyde Business Park has achieved most of its original objectives.

Background

5. Its development was initially promoted by landowners HF Developments in the late 1980s. Formerly designated as Green Belt, part of the 155 acre site had been a coal bing. Full planning permission for 340,000 sq.ft of business and industrial development was granted in May 1990. Linked to the activity of the Lanarkshire Working Group and the recommendations of its 1991 report, Strathclyde Business Park subsequently developed as part of a broad programme of improvement to address the lack of high quality industrial and business accommodation in Lanarkshire and improve the areas image as a business location. In the context of major closures in Lanarkshire's traditional steel industry and high levels of unemployment, the Park's development was part of a concerted thrust to both broaden and deepen Lanarkshire's economic base.
6. The site benefited from an excellent location relative to the strategic road network, offering easy access to both the M8 and M74. Located in Scotland also regarded it as a strategically significant location for inward investment. Site acquisition and clearance work at Strathclyde Business Park started in 1990.
7. The stated priority of the newly-formed Lanarkshire Development Agency (LDA) was to increase the supply of readily available industrial land and buildings, acknowledging the severe shortage of high amenity employment sites in Lanarkshire as a whole. Acknowledging the long standing failure of the private sector to invest in new provision, the agency supported the use of financial incentives from the public purse to help service sites for new development in conjunction with

private sector partners. LDA allocated significant resources to enable this, spending an estimated £22.6 million between 1991 and 1994 on 13 development projects. Strathclyde Business Park was the main priority accounting for 23% of the projected development programme.

Strathclyde Business Park (Development) Ltd

8. The joint venture approach to the Park's development emerged in the early 1990s as HF Developments broadened involvement to include both Morrison Developments (now AWG) and Scottish Enterprise, reflecting land purchases (although the initial involvement of SE and LDA had been intended to assist early infrastructure and ensure development of high quality). Scottish Enterprise's full equity partnership in SBP (D) Ltd gained Scottish Office approval in June 1994. Shareholdings were related to land ownership, with Scottish Enterprise having a 25% share. AWG has a 31% shareholding, while HF Developments hold the remaining 44%. The joint venture also benefited from a maximum £3.075m loan facility from Scottish Enterprise to enable initial development financing. The joint venture had two overarching objectives for the joint venture;
 - **The comprehensive development of Strathclyde Business Park; and**
 - **Development of a self sustaining property market for Lanarkshire.**
9. The latter objective was one which it was hoped would also be assisted by the designation of 9 Enterprise Zone sites in Lanarkshire in 1993. Although the possible impact on SBP of investment in the Lanarkshire Enterprise Zone was considered, impact was effectively minimised by tightly controlling EZ management, and by directing assistance to sites outside the LEZ, and by incremental land release and careful marketing. The emphasis on high environmental quality combined with ancillary facilities effectively distinguish Strathclyde Business Park from neighbouring sites.
10. The management of Strathclyde Business Park is distinguished by a number of features which help to ensure the quality of the business environment and the standard of service to occupiers is maintained:
 - Subsequent owners and occupiers on the Park are required to agree to a Deed of Conditions, involving payment of a set cost toward the communal maintenance of SBP;
 - A comprehensive service charge is levied (£0.30 per sq ft of net floorspace or undeveloped plot);
 - Park services are provided including: administration, landscape maintenance, window cleaning, subsidisation of a dedicated bus service; and ancillary restaurants; and
 - Management services are provided by a stand alone, non-profit joint management company making company contracted to SBP(D)(Ltd).

Property

11. Strathclyde Business Park has helped to ensure that new high quality office buildings have been made available to contribute to the successful regeneration of Lanarkshire. Without a supply of appropriate land and property, such regeneration could not take place. Key factors in building confidence included:
 - Early public sector investment to serve and remediate designated land to make it available for development;
 - Long term financial commitment;
 - A Fundamentally sound location;
 - Commitment to a high quality business environment and a strong management regime;

- Commitment to central facilities even when not initially financially viable; and
- Early commitment and continuing investment in speculative development.

Achievements

12. Outputs associated with the development of Strathclyde Business Park are presented below and compared with initial forecasts. Effects such as displacement (the extent to the Park's development has moved economic activity within the area as opposed to generating new activity) and leakage (the proportion of jobs generated by SBP accessed by residents of other areas) have been calculated from the business survey responses. Multiplier effects, combining the effect of additional on-site employment on supply chains, purchasing patterns and the income effects of additional employment, have been calculated using standard industry multipliers produced by the Scottish Executive.

Table 1 Strathclyde Business Park Achievements and Comparisons with Lanarkshire Enterprise Zone

	Strathclyde Business Park		Lanarkshire EZ			
		Actual	Target		Actual	Target
No. of businesses (Spring 2004)		128	-		89	-
Floorspace (million sq.ft)		1.110	1.243		3.318	5.673
Employees						
Gross		4,179	4,049		-	-
Direct (FTE)		3,908	-		8,429	12,222
<i>Additionality Factors</i>						
Displacement						
Across Lanarkshire	64%	-	-	25%	-	-
Across Scotland	84%	-	-	47%	-	-
Leakage						
Employment outside Lanarkshire	46%	-	-	15%	-	-
Employment outside Scotland	4%	-	-	0%	-	-
Multiplier Effects						
Lanarkshire	2.71			1.53		
Scotland	1.73			1.56		
Net additional employment						
- Lanarkshire		2,023	2,500		8,253	7,493
- Scotland		1,008	-		7,000	-
Construction-related employment	-	247	-		1,389	1,170
Additional GVA 2004 (2004 prices) £m	-	137.12	-		341.11	-

13. Relative to its original targets, Strathclyde Business Park has performed well. Floorspace provision has been in accordance with forecast estimates, although there are plans to develop a further 500,000 sq.ft. It is noted that implementation will yield further employment benefits to the area.
14. It is estimated that in 2004, the companies operating on Strathclyde Business Park will have generated an additional £137.1 million Gross Value Added to the Scottish economy.

Table 2 Strathclyde Business Park Cost Per Job

SE Cost Per Job		Employment		Cost Per Job	
	SE Costs	gross FTE	net additional FTE	gross FTE	net additional FTE
Total	£5,754,000	3,908	2,023	£1,473	£2,844
Net of receipts	-£3,129,192	3,908	2,023	-£801	-£1,547

Comparisons with Lanarkshire Enterprise Zone

15. Strathclyde Business Park's performance in terms of value for money exceeds that achieved on the Lanarkshire Enterprise Zone. As Table 2 shows, the gross cost per net additional job is less than £3,000, contrasting with the cost per job outputs achieved on the Lanarkshire Enterprise Zone which range from £14,000 gross to £9,000 (net of receipts). By way of context, cost per job benchmarks developed by English Partnerships to reflect a range of land and property interventions range from a minimum of £16,600 gross per net additional job to a maximum £42,000¹. Net of receipts, the cost to the public sector of each additional job generated at Strathclyde Business Park has been negative.
16. The scale of employment generated at Strathclyde Business Park emphasises the benefits of developing a high quality product in one of the most accessible (by road) locations in Scotland, and combining these advantages with close management to ensure that the quality of the offer is maintained. Although, clearly smaller in scale than the combined Lanarkshire Enterprise Zone sites, SBP has generated direct employment equivalent to 46% of the Lanarkshire EZ level. The multiplier effects are also notably greater, reflecting the increased proportion of companies in high growth and emerging sectors operating from Strathclyde Business Park.
17. Moreover, it is clear that the different sites were differentiated in market terms, with SBP targeting the requirements of headquarters, high technology, and prestige operations. The Lanarkshire EZ was to a larger extent concerned to develop a modern and marketable supply of general industrial and commercial floorspace in the area, although high quality has clearly been part of the development of sites such as Tannochside and Hamilton International Technology Park.
18. This is evident when local benefits are considered. The levels of displacement and leakage associated with Strathclyde Business Park are higher at the Lanarkshire level than witnessed on the EZ. Occupation was not subject to the application process in place for the Lanarkshire EZ, and therefore was not as concerned with displacement, or where employment opportunities are accessed from. A higher proportion of the employment opportunities at Strathclyde Business Park require high skill levels. Meeting these requirements in turn implies the ability to draw on a wider labour market area. The accessibility benefits enjoyed by Strathclyde Business Park also mean that a higher proportion of employment opportunities have been taken by residents outside Lanarkshire.
19. Strathclyde Business Park would therefore appear to have broadly met the expectations of the joint venture partners. In terms of helping to establish a self sustaining industrial and business property market in Lanarkshire, all but the initial developments at SBP have been constructed on

a speculative basis. The provision and availability of managed office space at SBP appears to have been successful. High occupancy rates have been maintained for the serviced accommodation, and in addition a large proportion of the companies using the space have expanded to larger premises on Strathclyde Business Park. The availability of the SEn loan has made speculative development easier, offering security to lending institutions who are often nervous of speculative development on business parks.

20. However, one of the original objectives was the complete development of the Park and clearly this has not been achieved, although SBP(D)Ltd does have plans to pursue this.

The Continued Involvement of Scottish Enterprise

21. As stated above, one of the JVs original objectives was the complete development of Strathclyde Business Park. Scottish Enterprise Lanarkshire now proposes that the date of SEn's exit from SBP(D)Ltd be extended to July 2007 i.e. by a further 3 years to enable this to proceed. Development of the remaining 30 acres of the site (including an Incubation Centre and the development which would accommodate it) has been delayed pending approval for off-site road infrastructure improvements.
22. It has been proposed that SEn's exit be deferred until such time as the above infrastructure works are completed. SEL, acting on SEn's behalf would thereby be able to oversee the development of site road infrastructure and development of the remaining elements, and the development of the Incubation Centre, while not directly procuring either roads infrastructure or buildings.
23. The terms of the original £3.075 million loan made available by SEn were clear, provided on the basis that the loan would be repayable (together with accrued interest) to Scottish Enterprise by July 2004. This has been extended as an interim measure until December 2004. The £3.075m loan (initially consolidating SEn's prior involvement in site acquisition and servicing) is now estimated to be worth as much as approximately £6 million (based on the accrued interest estimated at a further £3 million). It was provided to enable initial development financing and it has clearly been successful in this regard. As shown above, SBP(D) Ltd has also been broadly successful in achieving its original objectives. There are a number of factors which should be considered before deciding the future direction of SEn's involvement.

Completing Development of Strathclyde Business Park

24. Completion of the remainder of development on Strathclyde Business Park is dependent on road infrastructure improvements. These can be funded from SBP(D)Ltd resources at present. However, were SEn's shareholding and loan facility removed, this could affect the JVs continued involvement. While it may be possible for HF Developments/AWG to raise sufficient funds to acquire SEn's shareholding, it is less clear whether the 'rump' JV would be in a position to complete the required junction improvements. Moreover, there is a degree of uncertainty over the position the different JV partners would adopt in the advent of SEn disposal i.e. whether both parties would wish to remain part of the JV or whether one would also seek to dispose of its share. This uncertainty would lend further delay, possibly up to 18 months, to commencement of the road improvements.
25. In the absence of the loan facility, it is likely that development would proceed at a slower pace.

¹ English Partnerships, Best Practice Note 15, October 2003

26. Both of the above factors could help raise the relative profile of other sites in the area with more direct motorway access (such as Eurocentral) to the detriment of the completion of SBP, and importantly ambitions for the Park to provide a strong focus for high growth industries.
27. SEn's continued involvement in SBP(D) Ltd would also afford SEL a greater degree of influence over the Incubation Centre and its relationship with accommodation on the remainder of Strathclyde Business Park. It is noted that the option remains for the Incubation Centre to be delivered on another site. However, in this eventuality the benefits of networking with the existing concentration of companies in growth-oriented companies at SBP would be minimised. In the absence of SE involvement, the prospect of control over the nature and quality of development at Strathclyde Business Park would be diminished.

Financial

28. While the value of SEn's shareholding and the interest accrued on the loan has grown over the last 11 years, disposal either to one of the remaining JV partners (who have first call) or another party, could act to minimise it. This would reflect the relative value of undeveloped land with a requirement for off-site infrastructure provision attached as well as construction of on-site roads. These obligations would depress values.
29. Retention of funds will enable planning constraints to development of the remainder of Strathclyde Business Park to be alleviated i.e. improvement to access arrangements to and from the A725. Retention of the loan facility would also ensure that development confidence in Strathclyde Business Park (relative to other sites) is maintained and provide greater prospect of it being built out in the short term. Site values would also be reinforced, in the process adding value to the shares held by SEn in SBP(D) Ltd. At SBP(D)Ltd's inception, it was envisaged that Strathclyde Business Park would have been built out within the term of the loan. Withdrawal from the joint venture was therefore presumably also based on realising end values. Deferral of SEn's exit would enable these to be realised.
30. There would therefore appear to be strong economic development and financial benefits in deferring SEn's exit including:
 - Consolidation of Strathclyde Business Park as a premier business park;
 - Consolidation of Strathclyde Business Park as a centre for businesses in high growth companies in line with local strategic objectives;
 - Achieving access benefits for occupiers of neighbouring industrial estates in the short term through alleviating traffic constraints;
 - Improving the shareholding/asset value of SEn's initial investment;
 - Development of a further 500,000 sq.ft of speculative floorspace, generating up to 3,800 jobs (gross); and overall
 - Ensuring the sustainability of Strathclyde Business Park and the adjoining industrial estates.

1 INTRODUCTION

Study Remit

- 1.1 Since its incorporation in 1990 and approval in 1994, Strathclyde Business Park in Bellshill, North Lanarkshire has developed as one of Scotland's leading Business Parks offering high quality business and industrial accommodation in a high quality environment.
- 1.2 Strathclyde Business Park (Developments) Ltd (SBP(D)Ltd) is a joint venture between AWG, HF Developments and Scottish Enterprise Lanarkshire (formerly Lanarkshire Development Agency) established to provide a development vehicle for the Park's advancement for the benefit of the Lanarkshire economy. The basis of Scottish Enterprise Lanarkshire's involvement is a £3.075 million loan facility, initially scheduled for repayment in July 2004. This has been temporarily extended to December 2004 pending decisions on its potential extension for a further three years.
- 1.3 Roger Tym & Partners, in association with Knight Frank, were commissioned in June 2004 by Scottish Enterprise Lanarkshire to evaluate SBP(D)Ltd's progress towards its initial objectives, alongside the overall economic impact of the development of Strathclyde Business Park.
- 1.4 Specifically, the evaluation aims to "assess the management processes, economic development and financial performance of SBP(D) Ltd over the life of the project to date"².
- 1.5 Where appropriate, the evaluation also makes comparisons with the experience of the Lanarkshire Enterprise Zone (which ended in 2003) and will draw lessons relevant to continuing major property-based regeneration projects in the area.

Evaluation Structure

- 1.6 The evaluation was based on a combination of:
 - Desk-based assessment: examining the baseline position, designation issues, aspects of Strathclyde Business Park management and partnership arrangements, the development approach adopted and recorded outputs and performance;
 - Consultation with key partner organisations, the property development industry and other relevant bodies; and
 - Appraisal of the economy and property markets at local, regional and national level.
- 1.7 This was supplemented by an extensive primary data gathering exercise, essentially a business survey to establish and quantify the range of economic and business impacts experienced by establishments locating on Strathclyde Business Park.
- 1.8 This draft report is structured as follows:
 - **Chapter 2** – describes the baseline situation and profiles issues at inception;
 - **Chapter 3** – examines the policy context and priority accorded to Strathclyde Business Park by Lanarkshire Development Agency in bringing the project forward;
 - **Chapter 4** – describes the evolution of the Park to date;

² Evaluation of Strathclyde Business Park, Consultants Brief ,27 May 2004, p2

- **Chapter 5** – presents the findings of the Business Survey, and presents an analysis of outputs linked to Strathclyde Business Park;
- **Chapter 6** –describes the property market context for establishing the Park and analyses changes over time; and
- **Chapter 7** – brings the findings of the report together in a conclusion.

2 BASELINE: THE CONTEXT FOR ESTABLISHING STRATHCLYDE BUSINESS PARK

Baseline Position

- 2.1 This section provides an overview of the economic climate in Scotland and Lanarkshire before development and implementation of Strathclyde Business Park. This has involved analysis of economic change through time series analysis of economic indicators such as output, employment and unemployment. Indicators have also been examined at District level identifying differences within Lanarkshire. Where appropriate, comparisons are drawn with current rates. It concludes with a discussion of employment land, analysing trends in availability of land and floorspace (for business and office use in addition to industrial) as well as take-up and occupancy rates in the early 1990s.

The UK Economy

- 2.2 In 1990, the UK economy entered recession despite high export activity from depreciation of the pound and rising public expenditure. Retail price inflation in the UK was circa 9½% and base lending rates stood at approximately 14%. Real GDP increased 7¼% from £694,708m in 1987 to £745,015 in 1989 with GDP per head increasing by a similar percentage over the same period³. At the start of the 1990s, employment increased between 1989 and 1990 by 0.8%, the lowest annual increment since 1986⁴. Meanwhile, ILO unemployment in the UK stood at 7.0% in 1990⁵ compared to 4.8% in winter 2003/2004⁶.

The Scottish Economy

- 2.3 Despite the economic depression in other parts of the UK, the Scottish economy was to an extent protected from the scale of impact in a high interest climate mainly due to lower levels of household debt.
- 2.4 After falling in the first half of the 1980s employment in Scotland rose rapidly from 1986 to reach a cyclical peak in 1992⁷. Growth in employment was largely attributed to demand for part-time jobs, many a result of women re-entering the work force. However, despite rising employment, claimant unemployment was higher than the UK level. In 1986 the Scottish rate was 12.7% against 10.5% for the UK. However, by 1990 the equivalent rates had fallen to 7.7% and 5.5% respectively although the 2.2% differential remained. At the

³ GDP at constant (2000) market prices. Economic Trends 2003 annual supplement Table 1.2 series ABMI, Office of National Statistics [Crown Copyright]

⁴ Labour Force Survey Total employment, HM Treasury Pocket Databank Table 8b series MGRZ

⁴ Labour Force Survey seasonally adjusted unemployment average for the year, HM Treasury Pocket Databank Table 8a series MGSX,

⁶ The equivalent seasonally adjusted claimant count rates were 6.0% and 2.9%, HM Treasury Pocket Databank Table 8a series BCJE

⁷ Scottish Executive Economic Statistics Database

start of 1990, economic activity rates in Scotland were 78.2% compared with 80.4 % in the UK.⁸

- 2.5 During the 1980s, inward investment into Scotland was buoyant, creating over 66,000 new jobs particularly from North America and Japan. Scotland also benefited from intra-UK movement, attracting 14% of the 15,000 jobs estimated to have relocated from the South East between 1979 and 1990⁹.

Gross Domestic Product (GDP)

- 2.6 Gross Domestic Product (GDP) measures the value goods and services before allowing for depreciation or capital consumption. The value excludes net receipts from interest, profits and dividends abroad. In Scotland, GDP¹⁰ increased by 34% from £29,785m in 1987 to £39,999m in 1990, although its share of UK GDP remained the same, at 8.5%. Estimates made by the Scottish Council for Development and Industry suggested a 7.6% rise in manufactured exports in 1990, above the UK figure of 6.1%¹¹.

Gross Value Added (GVA)

- 2.7 Gross Value Added is a measure of GDP at basic prices which excludes taxes less subsidies on products such as VAT and tax from excise duties. GVA for Scotland rose by 76% from £42,986m in 1990 to £72,989m in 2002. Over the same period, GVA growth in the UK was 84%. Scottish GVA per head rose from £8,460m in 1990 to £14,440m in 2002. While figures grew closely in line with the UK until 1998, by 2002 Scottish GVA per capita was still 5½% lower than the UK average¹².

⁷ LFS economic activity rates for males aged 16-64 and females aged 16-59, seasonally adjusted, Spring quarter, series *MGSO* Scottish figures from Scottish Economic Statistics 2003 edition, Table 4.2a, UK figures from Labour Force Summary statistics, dataset *lmsum 01*, Office of National Statistics

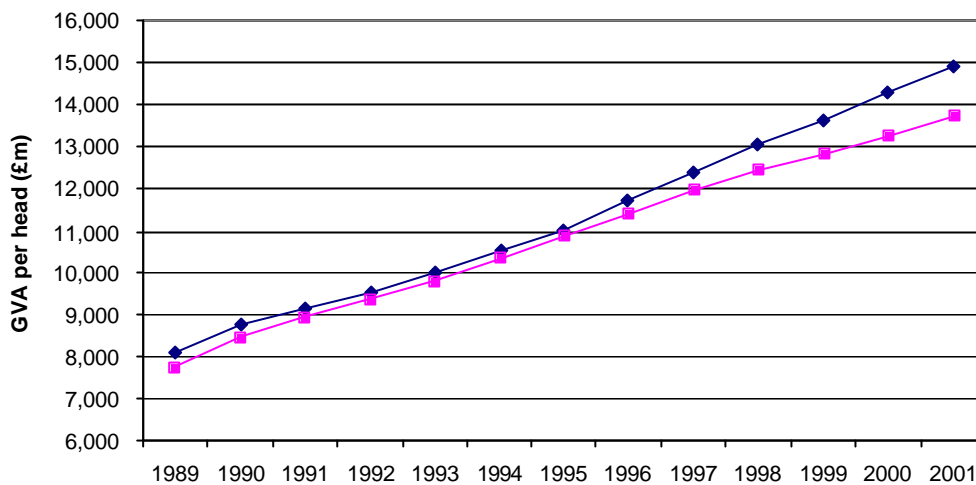
⁹ Roger Tym & Partners, Technical Report 1a: Economic Framework & Policy, Lanarkshire Regeneration Strategy, 1988.

¹⁰ GDP at factor cost i.e. excludes taxes on expenditure such as VAT but includes subsidies.

¹¹ Scottish Office, Scottish Economic Bulletin, Winter 1996, No. 53.

¹² GVA at current basic prices. All comparisons with the UK exclude the Continental Shelf Region. Office of National Statistics http://www.nationalstatistics.gov.uk/downloads/theme_economy/Final_NUTS1_%20Regional_GVA_89-02.xls

Figure 2-1 GVA Per Capita 1989-2002



Source: ONS, 2002.

—◆— UK —■— Scotland

- 2.8 Comparison of GVA for Scotland between 1990 and 2001 indicates that all sectors have changed in line with the UK. This said, public services are still relatively more important and private services less important in Scotland.

Table 2-1 Comparison of Sector Share of GVA in 1990 and 2001

	1990			2001		
	Scotland		UK	Scotland		UK
	GVA £m	% Sector Share	% Sector Share	GVA £m	% Sector Share	% Sector Share
Primary Industries	2,221	5	3	2,361	3	1
Manufacturing	9,441	22	23	11,741	17	17
Construction	3,021	7	7	4,253	6	6
Services	19,510	45	50	36,539	53	59
Public Services	8,793	21	17	14,728	21	17
Total	42,986	100	100	69,623	100	100

Source: Regional GVA data at NUTS3 level, ONS, 2002 [Crown Copyright]

Employment

- 2.9 The manufacturing sector in Scotland employed 378,000 employees in 1990, although by 1993, 55,000 employee jobs had been lost in the sector¹³. Overseas investment was high and accounted for 25% of manufacturing employment and 12% of unit ownership. Despite the fall in manufacturing employment, manufacturing output increased throughout the 1990s (barring a temporary fall in 1991), so that by 2000 it was 23% higher than 10 years previously, most of the increase coming from the electronics sector¹⁴

¹³ Scottish Executive Economic Statistics Database. Employee jobs by industry based on the Office of National Statistics quarterly employee jobs series. Figures quoted are annual averages.

¹² Scottish Executive GDP (O) series, Table 7 Gross Value Added chained volume measures at basic prices 1963 to 2004 Q1 where the year 2000=100

- 2.10 Average gross weekly earnings in Scotland for full-time adult manual labour were £232.30 in April 1991, slightly below the GB average of £236.20. At the same time, non-manual average weekly earnings were £287.00 and £312.50 for Scotland and GB respectively¹⁵.

Unemployment

- 2.11 Unemployment in Scotland peaked in 1984 at approximately 15.5% before falling to a rate of 9.3% (ILO unemployment level) in 1990¹⁶. The claimant count peaked later in the winter of 1986/87 at almost 13% but had fallen to 7.7% by 1990 and is currently 2.7% (June 2004)¹⁷. ILO Unemployment peaked again in the first quarter of 1993 at 11%, falling to 5.6% in winter 2003/2004¹⁸.

Lanarkshire's Economy

- 2.12 Before local government reorganisation (LGR) in 1996, Lanarkshire consisted of five district councils including Clydesdale, East Kilbride, Hamilton, Monklands, and Motherwell, all within the former Strathclyde Region. In 1996, the districts were split into the two councils of North and South Lanarkshire. The Lanarkshire Health Board area has been used for the purpose of comparing Census information since these areas have not been subject to change since 1974. Lanarkshire Health Board area includes the settlements of Airdrie, Clydesdale, Coatbridge, Cumbernauld, East Kilbride, Hamilton/Blantyre, Motherwell, and Wishaw/Newmains/Shotts.

Figure 2-2 Lanarkshire Health Board Area



¹⁵ New Earnings Survey, April 1991; Office of National Statistics [Crown Copyright].

¹⁶ Labour Force Survey, ONS Spring quarter, seasonally adjusted. The unemployment rate is the percentage of economically active people aged 16 and over who are unemployed on the ILO measure

¹⁷ Scottish Executive, Economic Statistics Database annual average claimant count unemployment rates for Scotland

¹⁸ Labour Force Survey, ONS. Due to changes in the method of calculating unemployment, a degree of caution is necessary when comparing some of the figures in the time series

- 2.13 Lanarkshire's economy depended heavily on the manufacturing sector as its main source of employment. The steel industry was highly significant locally. Before its closure in 1992, 89% of the Ravenscraig workforce was from Lanarkshire¹⁹.
- 2.14 Despite the loss of employment due to steel industry closures, the rate of decline in employment for manufacturing, construction and tourism was slower than the national average in the first quarter of 1992. Manufacturing activity has since diverged into food and plastics industries which have helped to replace lost sources of employment.

GDP

- 2.15 GDP began to fall from 1989 in advance of the UK recession, clearly influenced by the Ravenscraig closure in 1992. Lanarkshire also had a relatively poor share of Scottish manufactured exports, partly due to its higher dependence on low exporting sectors. Export growth significantly increased post-1991.

GVA

- 2.16 At Lanarkshire level, GVA rose considerably in real terms between 1995 and 2001, exceeding the growth achieved across both the West of Scotland and Scotland generally. However, GVA growth continued to lag behind the UK average.

Table 2-2 GVA Lanarkshire, West of Scotland and the UK, 1995-2001(2003/2004 prices)²⁰

	Total GDP (£m)							Change 95-01
	1995	1996	1997	1998	1999	2000	2001	
Lanarkshire LEC Area	6,572	6,632	6,774	6,952	7,095	7,164	7,409	13%
West of Scotland	27,804	28,372	28,878	29,430	29,394	29,758	30,289	9%
UK	792,028	814,429	838,879	868,643	880,465	899,472	927,613	17%
	GDP per head (£)							
	1995	1996	1997	1998	1999	2000	2001	
Lanarkshire LEC Area	10,490	10,685	10,814	11,123	11,262	11,573	11,767	12%
West of Scotland	12,764	13,019	13,310	13,672	13,740	13,887	14,164	11%
UK	13,649	14,002	14,379	14,947	15,091	15,320	15,689	15%
	Index of GDP per head (UK = 100)							
	1995	1996	1997	1998	1999	2000	2001	
Lanarkshire LEC Area	76	76	75	75	75	75	75	-2%
West of Scotland	93	93	93	92	91	91	90	-3%
UK	100	100	100	100	100	100	100	0%

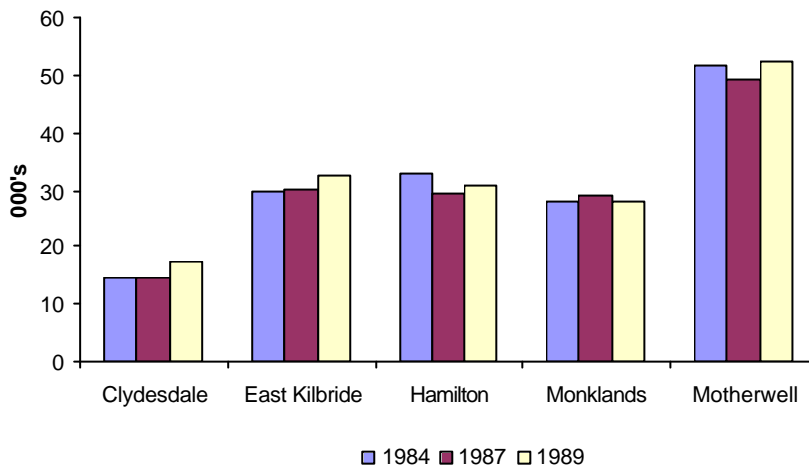
¹⁹ Lanarkshire Regeneration Strategy, 1992

²⁰ ONS, SLIMS

Employment

2.17 Employment in Lanarkshire increased by 2.4% (3,800) from approximately 157,300 in 1984 to 161,100 in 1989²¹ with the greatest increase occurring between 1987-1989 (5.7%). Between the last two Census counts, employment increased 4% (8,800) from 223,600 in 1991 to 232,400 in 2001. Between 1984 and 1989, Clydesdale and East Kilbride districts saw sectoral growth particularly in manufacturing (+31.6% and +10% respectively). At the same time, overall employment remained static in Motherwell and Monklands while declining in Hamilton by 6.6%²²(see Figure 2-3).

Figure 2-3 Employment in Lanarkshire 1984-1989



2.18 By 1991 employment in manufacturing was 27% of total employment, relatively high in comparison with Scotland as a whole (20%). Lanarkshire employed 205,043 people (excluding self-employed) in 1991 accounting for 11% of the Scottish workforce²³. The proportion of the workforce in primary industries in Lanarkshire has since decreased considerably, falling 3.6% to 2001 and becoming lower than the Scottish average. Service sector employment was the only industry where employment increased over the period 1991 to 2001 as shown in Table 2-3.

Table 2-3 Percentage Employment by Sector, 1991 & 2001

Sector	Percentage Employment			
	Lanarkshire		Scotland	
	1991	2001	1991	2001
Primary industry	6.4%	2.8%	7.8%	4.7%
Manufacturing	20.3%	17.1%	16.6%	13.2%
Construction	9.6%	8.7%	8.2%	7.5%
Services	63.7%	71.4%	67.4%	74.6%
<i>Total</i>	100.0%	100.0%	100.0%	100.0%

Source: Census 1991, Census 2001; GRO (S) [Crown Copyright].

²¹ Lanarkshire Working Group Report, 1991.

²² RTP, 1992

Labour Supply

- 2.19 The decline of Lanarkshire's population and its changing age structure has impacted on labour supply. Between 1984 and 1989, the number of 16-21 year olds fell by 29.1%²⁴ and this trend has continued. Between the 1991 and 2001 Censuses, the numbers in the 16-24 age group fell by 19% from 75,800 to 61,400, mainly due to a falling birth rate and net migration to other parts of Scotland and UK.
- 2.20 Male full-time employment fell 3% over the period 1984-1987, recovering to 1984 levels - i.e. 80,300 - in 1989. At the same time, total female employment grew by 3.5%, some 2% higher than growth in total male employment. Part-time employment was a key factor²⁵.
- 2.21 Between 1989 and 1989, employment activity in Lanarkshire increased by 2.3%. Growth in female employment was 3.2% higher than male employment growth at 1.5%. Full time employment fell by 3% while part time employment increased by 28%.

Table 2-4 Number of Full and Part Time Employees by Gender 1984-1989

	1984	1987	1989	% Change 1984-1989
Male Employees				
Total	84,900	83,000	86,200	1.5%
Full time	80,300	77,900	80,300	-3.0%
Part time	4,600	5,100	5,900	28.3%
Female Employees				
Total	72,600	69,800	74,900	3.2%
Full time	44,500	43,400	45,700	2.7%
Part time	28,100	26,400	29,200	3.9%
Total Employees	157,500	152,800	161,100	2.3%

Source: RTP, 1992

- 2.22 Comparison of the 1991 and 2001 Census figures shows that the number of employees in Lanarkshire increased by 3% compared to 1% growth for Scotland. There are distinct trends by gender. While the number of male employees fell by 1% and 3% for Lanarkshire and Scotland respectively, the number of female employees in Lanarkshire grew by 7%, exceeding the 5% growth observed in Scotland.

Unemployment

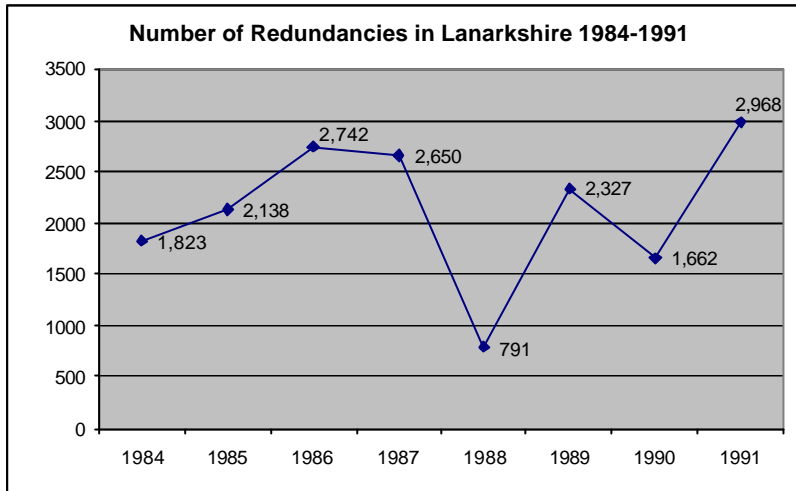
- 2.23 Between 1984 and 1991, Lanarkshire experienced 17,000 redundancies, the largest contributing sectors being steel and mechanical engineering with most of the employees in these sectors resident in the Hamilton/Monklands/Motherwell area²⁶. The number of redundancies peaked in 1991 at 2,968 as shown in Figure 2-4.
- 2.24 By October 1990 unemployment for Lanarkshire stood at 6.3%, lower than the Scottish and UK averages (8.9% and 8.5% respectively). Over the next 12 months, however although unemployment grew by 12% this was still very much less than in either Scotland or the UK as a whole.

²³ Census 1991

²⁴ RTP, 1992

²⁵ RTP, 1992

Figure 2-4 Lanarkshire Redundancies 1984-1991



Source: Strathclyde Regional Council.

Table 2-5 Unemployment Rates & Change 1990-1991²⁷

	Unemployment Oct 1990	Change October 1990-1991
Clydesdale	8.2%	21.4%
East Kilbride	7.6%	34.4%
Hamilton	9.9%	14.1%
Monklands	10.7%	12.5%
Motherwell	11.4%	16.9%
Lanarkshire	6.3%	12.0%
Scotland	8.9%	14.2%
UK	8.5%	45.2%

Source: RTP, 1992.

- 2.25 In 1989, East Kilbride was the only district in Lanarkshire where the majority (56%) of male unemployed had been out of work for less than 6 months. East Kilbride suffered high male unemployment rising by 46.2% over 12 months to October 1991. Other employment problems included difficulty filling vacancies and high labour turnover.²⁸
- 2.26 In October 1990, over a third of those registered unemployed in Motherwell had been out of work for over a year. Motherwell district also suffered the worst impact from the steel closures with unemployment at 16.9% by October 1991.

²⁶ RTP, 1992

²⁷ *ibid.*

²⁸ *ibid.*

Firm Formation

- 2.27 Lanarkshire contained some 7,600 VAT registered businesses in 1990²⁹. Between 1979 and 1989, all districts experienced positive business formation rates, the highest growth being seen in Clydesdale (220.9%) and East Kilbride (43.4%)³⁰. Between 1980 and 1989 business formation in Scotland increased 15% with 119,100 VAT registered businesses recorded in 1990.³¹
- 2.28 Fifteen percent of employment was in Scottish overseas-owned companies (LDA, 1990). Between 1981 and 1988, 20 of the 28 overseas plants which set up in Lanarkshire located to East Kilbride.³²

Employment Land Supply in Lanarkshire

- 2.29 Prior to Enterprise Zone designation, the main locations of employment land in Lanarkshire were East Kilbride and the Motherwell Food Park (See Location Map). Based on take-up rates and enquires made to SDA and Enterprise Trusts, demand for industrial space was concentrated along the M74, A8 and Whistleberry and Bellshill bypass corridors³³, even though both locations were affected by a lack of good quality land at the time.
- 2.30 In 1990, Lanarkshire also suffered from a shortage in the supply of smaller units under 5,000 sq ft and in particular units under 2,000 sq ft³⁴ (LDA, 1990). Smaller units accounted for two-thirds of demand in 1989 with most of the remaining demand for units up to 10,000 sq ft.³⁵

Industrial Land

- 2.31 In January 1990, Lanarkshire had approximately 630 ha of available (marketable) industrial land within its five districts³⁶. Sites in Motherwell accounted for 50% of the total supply including 70% of Lanarkshire's marketable land and 31% of the areas constrained industrial land.

²⁹ LDA, 1990

³⁰ RTP, 1992

³¹ DTI SME Statistics Unit, Scottish Office.

³² RTP, 1992

³³ James Barr & Son, Lanarkshire: Industrial Land Strategy – Draft Final Report, 1991.

³⁴ LDA 1990

³⁵ James Barr & Sons, 1991

³⁶ Lanarkshire Economic Forum 1990

Table 2-6 Availability of Industrial Land (gross ha), Lanarkshire, Jan 1990

District	Marketable		Constrained		Reserved		Total	
	ha	%	ha	%	ha	%	ha	%
Clydesdale	13.70	4%	21.00	9%	1.00	1%	35.70	6%
East Kilbride	46.10	14%	48.64	20%	20.50	30%	115.24	18%
Hamilton	24.70	8%	37.46	15%	26.79	39%	88.95	14%
Monklands	11.20	3%	60.20	25%	7.01	10%	78.41	12%
Motherwell	224.37	70%	74.82	31%	12.83	19%	312.02	50%
Total	320.07	100%	242.12	100%	68.13	100%	630.32	100%
Total %	51%		38%		11%		100%	

Source: Lanarkshire Economic Forum, 1990.

- 2.32 Demand for sites in Monklands District was particularly high along the A8/M8 Corridor. However, land supply characteristics were not favourable to development. Of a 78 ha supply, (75% of which was in public sector ownership) only 11 ha was considered marketable. Moreover, only 30% of this was available to prospective developers as 70% was in SDA ownership³⁷.

Quality of Industrial Land Supply

- 2.33 The poor quality and supply of industrial and commercial land in Lanarkshire was noted by various studies in the late 1980s and early 1990s (RTP, 1992; PMA, 1988; James Barr, 1990). Particular features included a shortage of good quality development land and a prevalence of site condition constraints. Motherwell and East Kilbride were the only districts providing high amenity marketable industrial land³⁸. Prestige industrial land³⁹ accounted for the greatest proportion of marketable industrial land at 62.9 ha.

Table 2-7 Marketable Industrial Land by District Jan. 1990

Location	High Amenity		Prestige		Local ⁴⁰		Low Amenity ⁴¹		Total	
	ha	%	ha	%	ha	%	ha	%	ha	%
Clydesdale	0.00	0%	12.30	90%	1.40	10%	0.00	0%	13.70	100%
East Kilbride	16.5	36%	23.40	51%	5.00	11%	1.20	3%	46.10	100%
Hamilton	0.00	0%	5.96	24%	18.59	75%	0.15	1%	24.70	100%
Monklands	0.00	0%	2.40	21%	8.80	79%	0.00	0%	11.20	100%
Motherwell	40.00	18%	18.84	8%	18.06	8%	15.17	7%	224.37	100%
Total	56.5	18%	62.90	20%	51.85	16%	16.52	5%	320.07	100%

Source: Lanarkshire Economic Forum, 1990.

- 2.34 Vacant and derelict industrial land was a major constraint for development. Lanarkshire contained over 35% of Central Scotland's derelict and vacant land and had one of the

³⁷ Lanarkshire Economic Forum, Industrial Land in Lanarkshire – A Joint Approach, March 1990.

³⁸ High environmental quality industrial land with good access to motorway network and more suitable for high technology industry and business uses.

³⁹ Good environmental quality industrial land with good access to major road network which has potential to attract a wide range of industrial developments.

⁴⁰ Moderate environmental quality sites within the urban area or on peripheral sites that principally serve local markets.

⁴¹ Principally infill sites and yard-space located within the urban area.

largest concentrations in the UK. Monklands and Motherwell accounted for 90% of Lanarkshire's vacant and derelict land⁴².

- 2.35 In 1989, take up rates across Lanarkshire for industrial land were low with each district maintaining a minimum 13-year supply based on average take-up rates over the previous decade⁴³. The oversupply of general industrial land in most districts (except Monklands) created low land values and rental levels which dampened opportunity for growth.
- 2.36 Take up rates for industrial land averaged 6 ha per annum in Motherwell and approximately 2 ha per annum in Hamilton. In the latter, take up was concentrated on prestige sites particularly in the Whistleberry Corridor.

Availability of Floorspace

- 2.37 Prior to EZ designation the pattern of industrial floorspace distribution was as follows:
- East Kilbride - 745,000 sq m (1989)
 - Monklands - 603,865 sq.m (1989)
 - Hamilton - 460,000 sq.m (1990), 23% in public sector ownership
 - Motherwell - 499,523 sq.m (1990) 7.5% in public sector ownership⁴⁴.

Occupancy and Take Up

- 2.38 Occupancy rates were high for all districts in Lanarkshire in 1989/1990. Monklands District (Council portfolio units) maintained a 98% occupancy rate in 1989 with 95% in Motherwell (floor space) and 90% in East Kilbride (units) in the same year. East Kilbride and Hamilton also had high occupancy rates for units in 1990 at 90% and 83% respectively⁴⁵.

Key Issues

- 2.39 The UK economic climate in 1990 was dampened by an emerging recession. Despite Scotland escaping the severity of the UK economic downturn unemployment was increasing mainly due to a decline of activity in the manufacturing sector.
- 2.40 Lanarkshire's economy was heavily reliant on the manufacturing sector for employment and as a result suffered high unemployment rates. Motherwell experienced the highest levels of unemployment over the period of 1989 to 1991, suffering most as a result of steel closures.
- 2.41 At the same time, Lanarkshire lacked high quality industrial land, increasingly recognised as a means of attracting inward investment and addressing the employment gap left from manufacturing closures. However, there was relatively good demand for smaller properties at low rentals to serve the needs of indigenous businesses.

⁴² LDA 1990

⁴³ RTP 1992

⁴⁴ RTP 1992

⁴⁵ *ibid*

3 POLICY CONTEXT

LDAs Regeneration Context

- 3.1 In 1990, Lanarkshire Development Agency (LDA) set out five strategic objectives for Lanarkshire's regeneration:
- To develop an internationally competitive company base;
 - To develop the human resources of Lanarkshire;
 - To improve the environment and infrastructure;
 - To build self-confidence and improve the external perceptions of the area; and
 - To ensure access to opportunities for disadvantaged groups.
- 3.2 Through their involvement in the development of Strathclyde Business Park, LDA (and their predecessors in the Scottish Development Agency) were, to varying degrees, meeting these strategic objectives.
- 3.3 As a region that was heavily dependent on heavy manufacturing industry as a source of employment for its workforce, it was recognised in the late 1980s / early 1990s that Lanarkshire needed to reduce its exposure to the potential closure of such operations (e.g. British Steel at Ravenscraig). As discussed in the previous chapter, manufacturing employment accounted for a much larger share of the workforce than other Scottish regions and other potential growth sectors (hotels and catering, business services, etc) were under represented.
- 3.4 By the early 1990s Lanarkshire had been successful in attracting more mobile inward investors than elsewhere in the country, with companies in the area accounting for 15% of employment in overseas-owned enterprises in Scotland.⁴⁶ Building on the success of relatively established locations such as East Kilbride, electronics and advanced engineering were two sectors that it was believed offered particular inward investment opportunities for the local economy.
- 3.5 Unemployment (including long term unemployment and geographic concentrations of those without work) was a crucial issue in the early 1990s in Lanarkshire, with the area comparing unfavourably against the Scottish average of 9%. It was acknowledged that initiatives aimed at overcoming the lack of basic literacy and numeracy skills in the workforce, together with other market-led solutions, were key to reducing local unemployment.
- 3.6 A shortage of good quality employment land in Lanarkshire to support new investment had been highlighted as a critical constraint by both the public and private sectors. The image of Lanarkshire was suggested as one of the principal reasons why the private sector was deterred from investing. Although the Scottish Development Agency had been a significant provider of industrial units during the 1980s in Lanarkshire, the private sector had not filled the gap left when this role ceased with the sale of the SDA portfolios in 1990.
- 3.7 The public sector response was to form the Lanarkshire Economic Forum (LEF) which, among a range of economic development tasks, was charged with estimating future land

⁴⁶ Lanarkshire Development Agency Business Plan (Summary); 1990

requirements and establishing a portfolio of suitable sites to attract new investment and secure confidence in the local property market.

- 3.8 LDA's stated priority was to increase the supply of readily available industrial land and buildings. The LWG had highlighted the severe shortage of high amenity employment sites in Lanarkshire as a whole. It concluded that the economic climate in the early 1990s was not conducive to private sector risk in unpredictable circumstances for future investment. LDA supported the use of financial incentives available through the public purse to help service sites for new development in conjunction with private sector partners.
- 3.9 Flexibility and pragmatism were key elements of the LDA's emerging physical development programme. While focusing on projects that would deliver short term benefits (i.e. within 3 years), LDA did not rule out involvement in longer term projects (5 to 10 years).
- 3.10 LDA estimated spending just over £22.6 million in the three financial years 1991/92 to 1993/94 on 13 development projects, including Strathclyde Business Park. This included both physical improvements (£17 million) as well as grant incentives (£5.6 million) for companies locating on particular sites. SBP was one of only two "high amenity" sites defined within this programme of investment, the other being Dunalastair in what was then Monklands District. Table 3-1 shows the relative spend across the 13 sites. In addition, LDA set aside £6 million to assist local companies to build modern bespoke premises for their own occupation over the same three-year period.

Table 3-1 LDA Physical Development Programme: 1991 to 1994⁴⁷

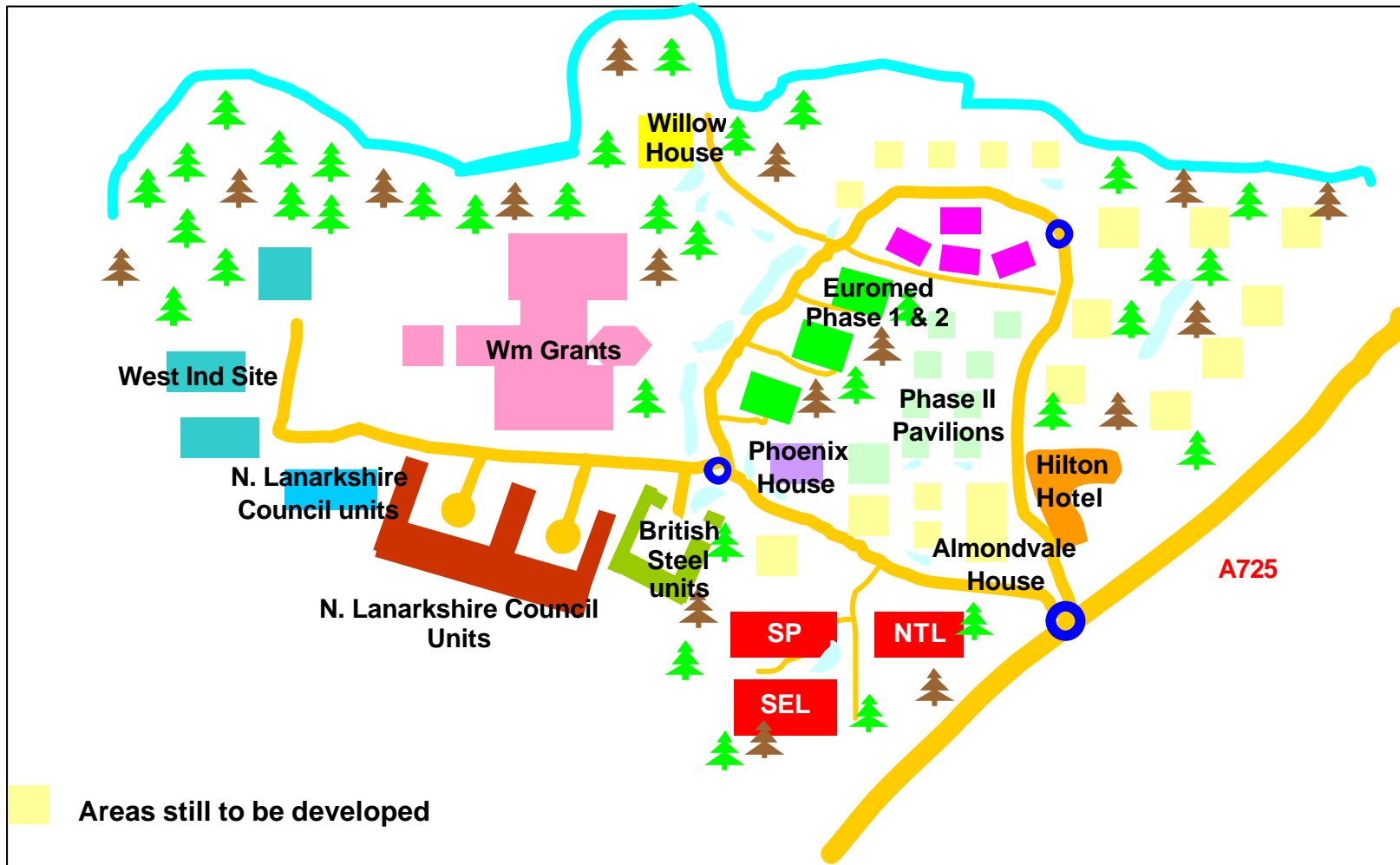
Site	Site Category	Land Acquisition (£000)	Site Servicing (£000)	Environmental Works (£000)	Grant Incentives (£000)	Total LDA Spend (£000)
Strathclyde Business Park	High Amenity	0	1,400	2,400	1,400	5,200
Dunalastair	High Amenity	0	800	300	1,200	2,300
Caterpillar	Prestige	0	800	1,500	1,500	3,800
Calder Street	Prestige	0	1,000	0	700	1,700
Bothwell Park	Prestige	250	350	0	300	900
Pegler Sunvic	Prestige	280	300	0	300	880
Blantyre Park	Prestige	3,000	1,000	0	0	4,000
Finning, Coatbridge	Prestige	0	0	250	0	250
Bargeddie	Prestige	150	200	0	225	575
Excelsior Park	Local	0	1,000	1,000	0	2,000
Chapelhall Brick Wks	Local	360	0	250	0	610

⁴⁷ Source to be inserted

Site	Site Category	Land Acquisition (£000)	Site Servicing (£000)	Environmental Works (£000)	Grant Incentives (£000)	Total LDA Spend (£000)
Greenfield, Blantyre	Local	0	0	200	0	200
Castlehill	Local	0	250	0	0	250
Totals		4,040	7,100	5,900	5,625	22,665

- 3.11 The figures demonstrate the agency priority afforded to SBP in the early 1990s, with the sites promotion accounting for 23% of LDA's Physical Development Programme.
- 3.12 LDA fully intended to share in the success of particular sites by ensuring a "clawback" of the agency's contribution to site development once the site was occupied. Headleases and rent guarantees were two other incentives that LDA intended to employ to meet strategic objectives.
- 3.13 It was also recognised that a number of sites would have reclamation costs in excess of their actual value and therefore site acquisition was considered as one of the steps necessary to ensure appropriate action in advance of bringing the sites to market. LDA therefore sought the backing of the relevant District Councils to pursue any necessary compulsory purchase procedures.
- 3.14 From the early 1990s, LDA Business Plans make clear that the agency did not seek to act as landlords for this new portfolio of business sites and that the policy was to be one of applying the minimum assistance necessary to ensure that the sites came forward. Intervention as a supplier of land was considered more likely where developers were unwilling to carry the risk associated with particular projects.
- 3.15 During the 1980s approximately 40 acres of industrial land had been required per annum in Lanarkshire. Roger Tym & Partners' analysis of the existing employment land supply in Lanarkshire in 1992 highlighted significant deficiencies in quality sites. LDA maintained that substantial increases were required in the amount of available employment land. One of LDA's operating objectives was to target availability of some 65 acres per annum, at the same time ensuring an ongoing programme of site provision. The 3-year rolling supply programme included 14 acres per annum to be made available at Strathclyde Business Park.
- 3.16 Although the possible impact on SBP of investment at other sites in Lanarkshire (especially the Lanarkshire Enterprise Zone) had been considered, it was felt that by tightly controlling EZ management, and by directing assistance to sites outside the LEZ, by releasing land incrementally and by careful marketing of the LEZ, the impact on SBP could be minimised.

Figure 3-1 Strathclyde Business Park



4 THE EVOLUTION OF STRATHCLYDE BUSINESS PARK

Project Summary

- 4.1 In the late 1980s, Strathclyde Business Park (SBP) emerged from an economic climate that was generally very pessimistic. One of the factors it was believed would have a significant bearing on Lanarkshire's future economic renaissance was the provision of high quality employment sites to attract new investment into the area. A similar case was made for Enterprise Zone designation on 9 sites in the area. The SBP site, previously known as North Alderston was itself a candidate for inclusion within the Enterprise Zone but did not make the final selection of sites.
- 4.2 After 15 years, 1.1 million sq. ft of business floorspace (some 70% of the initial SBP masterplan) has been built on the site, through both private investment and public-private joint ventures. Total investment in development on the site has reached approximately £138 million. Some significant opportunity sites remain to be developed on the Park and a further 500,000 sq.ft of business floorspace is planned, to be developed in line with market demand.

Project Evolution

- 4.3 The development of Strathclyde Business Park was originally promoted by landowners HF Developments in the late 1980s. The 155 acre (62 hectare) site was formerly designated as Green Belt and part of the site had been a coal bing in the past.
- 4.4 It was identified as a key opportunity to promote the economic resurgence of the Lanarkshire economy after the significant job losses from the closure of heavy industrial operations in the late 1980s and early 1990s⁴⁸, and stimulating a change in the economic orientation of the economy to one that was more diversified, with a greater emphasis on the developing service and high growth sectors. It was considered that the location offered a unique opportunity for a high quality business park in Lanarkshire and was viewed as complementary rather than competitive towards the Lanarkshire Enterprise Zone sites (established in 1993). Locate in Scotland regarded SBP as a strategically significant location for inward investment. Outline planning permission was granted for the business park in 1989.
- 4.5 Scottish Enterprise's (SEn) initial involvement was linked to a desire to see the removal of Rosehall Bing (an earth mound on the eastern edge of SBP) which it was believed was detracting from the Park's potential to attract strategic investment and constraining the site's development acreage. SEn approved a loan of £1.5m in 1991 to assist in the removal of the bing (this was increased by a further £0.5m in March 1993).
- 4.6 Following submission of a masterplan for the site, detailed planning consent was granted in May 1990 by Motherwell District Council for the first four phases of the business park, amounting to 340,000 sq.ft of development, including business space, hotel, restaurants and crèche facilities.
- 4.7 HF Developments broadened ownership to include Morrison Developments (now AWG) in the early 1990s following an investment of approximately £1.6m (from the sale of two

⁴⁸ Lanarkshire Working Group; June 1991

plots within Phase One and Phase Two). This brought additional financial resources through a larger more established development company. The cost of initial infrastructure for Strathclyde Business Park (approximately £2.5 million) was met by HF Developments.

- 4.8 Lanarkshire Development Agency (LDA) and Scottish Enterprise (SEn) were both keen to be involved in the development in order to provide a high quality business park environment of the type lacking in Lanarkshire and to help broaden the traditional employment choice available to local people. It was also believed that SBP represented a real opportunity to support new employment on a significant scale. SBP could provide a focus for future inward investment, which North Lanarkshire had previously had very little success in attracting. Initially, LDA only intended to be involved in the early phases of development to encourage momentum and help meet early infrastructure costs, with the remainder of the Park development remaining the responsibility of HF Developments and Morrison Developments Ltd.
- 4.9 SEn initially purchased a 12 acre site from HF Developments in 1991 in order to be able to provide a large site for a single user. Outright purchase of the site was considered but agreement could not be reached on this issue. This was within a macro economic context where expectations of mobile investment were considerably higher than they are at present. This site became the location for the Medi-Park development which SEn built as part of a single purpose joint venture company (with Park Med Ltd).
- 4.10 The purchase of this land enabled SEn to develop a significant shareholding in a new Joint Venture Company formed between HF Developments / Morrisons (AWG) and SEn (the three principal landowners). This Joint Venture was named Strathclyde Business Park (Developments) Ltd (SBP(D) Ltd) and at present it owns all remaining development sites within SBP (see below for further information on SBP(D) Ltd).
- 4.11 Initial estimates of the impacts associated with Strathclyde Business Park were based on SBP taking approximately 10 years to develop. Due to the timescales involved and the belief that the development would take place steadily towards completion, no formal exit strategies were developed for SBP(D) Ltd. The joint venture was supported financially through a loan of just over £3 million from SEn which was repayable after 10 years.

Development on Strathclyde Business Park

- 4.12 SBP has grown organically through a strictly controlled management regime established to ensure the quality of development and maintenance throughout the Park. It is generally recognised that SBP – because of this higher quality environment and the ancillary leisure facilities - offers a different product to most other business parks in Central Scotland. Edinburgh Park may be the only other similar offer, although its success has been driven by the major growth in the financial services sector in the late 1990s.
- 4.13 A large proportion of the tenants at SBP are regional operations of national companies which are taking advantage of the site's central location and access to the strategic road network. Such companies include Tarmac, Laing O'Rourke and Scottish Power. Their location at Bellshill enables coverage of much of Scotland and parts of Northern England.
- 4.14 A number of owner occupiers initially took space on SBP including: William Grants Distillers who built a new bottling plant (350,000 sq.ft) and Motherwell District Council and British Steel, who both built speculative units. In the case of the Grants development this

was assisted by £200,000 from LDA towards the cost of foundation works required as a result of unfavourable ground conditions.

- 4.15 LDA board papers illustrate the projected outputs associated with the development of Strathclyde Business Park. It was estimated to have the potential to create over 4,000 jobs. It was assumed that 40-50% of the employment created in business space (offices, etc) would be displaced, with 30-40% displacement anticipated for the proposed industrial units⁴⁹. Taking the lower displacement estimates, it was therefore anticipated that some 2,500 net additional jobs could be created.

Table 4-1 Initial Estimates of the Potential Number of Employees at Strathclyde Business Park

Property	Potential/ Actual Floorspace (sq ft)	Potential Employees (gross)	Employment Density (employees/ 100 sq ft)
Office Campus	410,000	1,640	2.5
Medi-Park	65,000	185	3.5
Available Development Sites	650,000	1,850	3.5
Motherwell District Units	70,000	220	3.0
British Steel Industry Units	48,500	154	3.1
Total	1,243,500	4,049	3.1

Source: Lanarkshire Development Agency Board Paper; 10th November 1993

- 4.16 Of this total floorspace approximately 340,000 ft² (27%) was expected to be provided through the Strathclyde Business Park Developments Ltd joint venture⁵⁰ (see below).
- 4.17 At July 2004, approximately 1.1 million sq.ft has been constructed on the Park, with 30 acres remaining to be developed. This remaining land may add as much as 500,000 sq.ft of offices to the available floorspace at SBP. This shows a significant increase in space beyond that initially proposed due to higher density development and initiatives such as undercroft car parking. This proposed development space does not include the expansion site for Grants Distillers or the West Industrial Area.
- 4.18 All but the initial developments at SBP have been constructed on a speculative basis. A large number of prospective occupiers of business parks wish to be able to view their future accommodation, rather than look at plans and a prospective site. This is due (at least in part) to the fact that many location decisions are taken within relatively tight implementation deadlines.
- 4.19 In this respect the provision and availability of managed office space at SBP appears to have been successful (in a number of instances attracting occupiers from managed city centre office floorspace). High occupancy rates have been maintained for the serviced accommodation, and in addition a large proportion of the companies using the space

⁴⁹ Lanarkshire Development Agency Board Paper; 10th November 1993

have expanded to larger premises on Strathclyde Business Park. Most of the larger employers currently resident at SBP occupied an element of managed workspace in advance of a longer term commitment to the location.

- 4.20 In practice, the organic growth of the Park on a speculative basis has led to a difficult balance in terms of floorspace supply. Not wishing to have an oversupply of floorspace at any particular time, the availability of the SEn loan has made the approach to speculative development easier in terms of controlling timing of implementation. It has also offered security to lending institutions that are often nervous of speculative development on business parks.
- 4.21 Ownership on the Park has become more varied as buildings have been developed and sold on as investments. HF Developments' Investment Group (a subsidiary of HF Developments and a JV with the Royal Bank of Scotland: each with a 50% stake) has purchased the completed managed office space at Willow House, Phoenix House and Murdostoun House. Other properties such as New Lanarkshire House and Mercury House have been sold on to third parties.

Joint Venture Companies on Strathclyde Business Park

- 4.22 A number of joint venture arrangements have been developed to procure the scale, quality and particular types of development seen at Strathclyde Business Park today.

Strathclyde Business Park (Developments) Ltd

- 4.23 Prior to 1994, Scottish Enterprise National had been a participating mortgagor in the development of Strathclyde Business Park. However, the agency made the decision to become involved in a joint venture with the private sector in order to provide a delivery mechanism for speculative property development (sharing of risk) and, secondly to secure the future phased development of the Park to reinforce its strategic role.
- 4.24 In 1993 SEn raised a number of concerns over continuing financial support to the joint venture arrangements at SBP, including:
- Whether further public sector intervention in a successful business park was justified;
 - Whether a simpler, more incremental approach might be more justified; and
 - The potential displacement of jobs from Glasgow and the rest of Lanarkshire.
- 4.25 SEn's full equity partnership in SBP(D) Ltd gained Scottish Office approval in June 1994. This brought together HF Developments, who had originally promoted Strathclyde Business Park, Morrison Developments Ltd, and SE National. The respective shareholdings in the company were based upon the value (at 1993) of the land assets they contributed. The JVC was structured such that SE National offered a partial rental guarantee of up to £450,000 over three years. The joint venture's initial objectives were⁵¹:
- The comprehensive development of Strathclyde Business Park;
 - Development of a self sustaining property market for Lanarkshire outside the Enterprise Zone – offering a product for those companies ineligible for LEZ sites;

⁵⁰ Lanarkshire Development Agency Board Paper; 16th September 1995

⁵¹ source to be inserted

- Reinvestment of £500,000 from the sale of Mercury House and New Lanarkshire House as equity;
- Speculative build of 36,000 sq.ft of multi-user office development (subsequently named New Alderston House). This development benefited from a RAPID grant of £700,000 to support speculative development; and
- Construction of a series of small office pavilions (Avondale Campus) with no public sector financial support.

4.26 At the inception of SBP(D) Ltd, the three partners had landholdings at SBP amounting to approximately 49 acres (net). The distribution (see Table 4-2) was used to calculate the respective shareholdings for each of the partners. This land area represented the majority of the remaining undeveloped land from the original 155 acres at 1993 and, therefore, SBP(D) Ltd is now the dominant stakeholder in the future development of SBP. The average values at the time of SBP(D) Ltd's inception are lower for HF Developments landholding because it included the West Industrial Area (8 acres) which had a value at the time of approximately £80,000 per acre. William Grants are the other principal landholder with development potential on the Park as they have an expansion site adjacent to their existing factory.

Table 4-2 Landholdings in SBP(D) Ltd

Partner	Net Acreage Controlled	Average Value Per Net Acre (Developed)	Landholding Value (Developed)	Shareholding (Landholding Value / Total Value)
Scottish Enterprise	12.50	£120,000	£1.50m	25%
Morrison Developments Ltd (AWG)	14.03	£120,000	£1.68m	31%
HF Developments	22.53	£105,000	£2.36m	44%
Total	49.06	£113,000	£5.54m	100%

Source: Lanarkshire Development Agency Board Paper; 8 Sept 1993

- 4.27 The setting up of the joint venture led to the capitalisation of this land value (£5.54m) with the guarantee that each partner would receive in return at least the initial value of their landholding (i.e. for SEn this will mean a return of £1.5m guaranteed). SBP(D) Ltd achieves this by paying back the percentage shareholding of each partner for each individual acre developed based upon the average value (£113,000 of their combined landholding at the time of the JV's inception).
- 4.28 SEn's landholding contribution (12.5 acres) consisted of the Bing Site (now known as the proposed Calder Campus – north eastern portion of Park). They also retained other landholdings within the Park boundary which they did not contribute towards the joint venture company. The "North Site" (north of Euromed Phase Two and soon to be sold to SBP(D) Ltd for £460,000), Willow House (sold to HF Developments' Investment Group for £275,000) and the Euromed sites were all owned by Scottish Enterprise. They also owned the site on which Phoenix House was developed (later sold to SBP(D) Ltd) but were unable to contribute this to their joint venture landholding due to an option which Mercury had to expand on site at the time the JV was set up.

- 4.29 The joint venture also benefited from a maximum £3.075m loan facility from Scottish Enterprise to enable initial development financing. This was provided on the basis that the loan would be repayable (together with accrued interest) to Scottish Enterprise by July 2004 (11 years from the original arrangement). This date is now under review and has been extended as an interim measure until December 2004. Under the terms of the loan (which has been utilised by SBP(D) Ltd as a development trust) when the capital is in use, Scottish Enterprise is guaranteed 9% return on this initial capital investment and a profit share (25%). When the fund is not being used it accrues only a basic interest rate.
- 4.30 Cash flows within SBP(D) Ltd are complex with payment partially offset by receipts. In principle, receipts are placed in a jointly administered account (a Trust Fund) to enable a rolling programme of approved development projects to take advantage of available funds from this account. Most of these developments have taken place speculatively. The current review of the SEn loan will determine the methods of funding for remaining developments on SBP.
- 4.31 As the SEL Trust Fund monies are used as a revolving funding mechanism i.e. working capital in speculative development projects, the investment sale of the remaining SBP(D) Ltd properties on the Park will also enable the Trust Fund to be replenished by approximately £2 million.
- 4.32 The £3.075m loan is estimated to be presently worth as much as double that amount (based on the accrued interest - estimated at a further £3 million). However, the valuation of each of the partners' stake in SBP(D) Ltd is not straightforward. The nature of the agreement means that the remaining landholdings are included in the calculation of overall service costs for the Park. Therefore, each of the partners is committed to a cost for which they currently receive no return. A similar situation is evident from the communal facilities (e.g. restaurants, bus service) which assist in the marketing of the Park as a whole, but are not commercially attractive. It is unclear how these elements would be funded otherwise. Any future exit strategy will therefore have to consider these issues.

SBP(D) Ltd Exit Strategy

- 4.33 No formal exit strategy was prepared for SEn's involvement in the joint venture company, although the public sector agency can exit from SBP(D) Ltd at any time after 21 July 2004 through the serving of a Transfer Notice in respect of its shareholding. AWG and HF Developments have an option to purchase the released equity should SEn decide to sell their share. If they choose not to take up this option then SEn can sell to another party. SEn have calculated that approximately £500,000 in additional income may accrue from selling the remaining SBP(D) Ltd properties on the Park once they are 100% let compared with present values. SEn's share of this would be 25%.
- 4.34 SEn has agreed to defer its potential exit from SBP(D) Ltd until December 2004, initially, and perhaps until July 2007. This 3 year extension would allow:
- The sale of all assets on SBP apart from undeveloped land;
 - Completion of improvements to road infrastructure at the Strathclyde Business Park entrance (tendered cost of £2.5 m);
 - Sale of the "North site" owned by SEn (agreed purchase price £485,000) to SBP(D) Ltd excluding SEL;
 - Complete the lease / disposal of remaining unlet floorspace within SBP with proceeds going towards the Trust Account; and

- Continue to reduce the overheads to SEn as a result of the Deed of Condition fees on unlet floorspace and undeveloped land (at 2004 this is approximately £50,000 per annum).
- 4.35 An earlier departure from SBP(D) Ltd by SEn would place a significant refinancing requirement on the remaining partners (HF Developments and AWG). The off-site infrastructure improvements are required prior to planning permission being granted for the remaining development phases and SEn is considering a five year loan to SBP(D) Ltd to cover the cost.
- 4.36 In order to cover the risk of the developments remaining incomplete by July 2007, a 3 year business plan has been prepared by SBP(D) Ltd which requires recourse to third party finance in the event that the proposed development profit is not realised. This security cover is linked to the Trust Fund (Loan Facility) which has enabled many of the developments on the Park to take place. This effectively means that SEn's loan finance provided by this means for any particular building receives the first call on the return received by the joint venture when buildings are subsequently sold. This security would be backed up by the finance of AWG and HF Developments if necessary. However, it is unlikely to emerge as an issue until decisions are being made on how to finance the very last of the developments on the Park.

Park Lane Euromed Ltd

- 4.37 In 1992, a second joint venture, Park Lane Euromed Ltd, was set up between Lanarkshire Development Agency (LDA) and Park Lane which enabled Phase One (50,000 sq.ft) of the Medi-Park (6 acres) to be completed in 1993. Each had a 50% stake. Scottish Enterprise subsidised the development through a head lease on the Medi-Park buildings. This approach meant that Scottish Enterprise carried the risk were tenants lost from the Medi-Park. The Park has been aimed principally at companies involved in health care industries.
- 4.38 Phase Two of the Medi-Park (a further 6 acres) was made possible following the sale of Phase 1 for £3.8m. This generated a profit of £900,000. In 1995, the company reinvested around 50% of that profit in Phase Two. LDA secured a profit for Scottish Enterprise of £121,000 given their stake in the Euromed Ltd.
- 4.39 Phase Two consisted of 50,000 sq.ft of new development with the land being purchased from Scottish Enterprise by the JVC for around £400,000. Phase 2 was sold in 2000.
- 4.40 Following completion of both phases and the sale of the land to third parties, Park Lane Euromed Ltd went into voluntary liquidation in July 2001 with a return to SE / SEL of £800,000. Although the developed Euromed complex has been sold to third parties, Scottish Enterprise has retained the 20 year head leases for both sites, which run until around 2011.

Phoenix House Joint Venture

- 4.41 This single purpose joint venture was set up in 1996 in order to develop 25,000 sq.ft of "nursery" office accommodation, subsequently known as Phoenix House, on a 1.5 acre site which was owned by Scottish Enterprise. Unit sizes range from 633 sq.ft to 2,766 sq.ft.

- 4.42 This aimed to provide a facility, previously unavailable on SBP for new companies who wished to lease small areas of floorspace on short term leases. It had been demonstrated that a significant number of enquiries had to be turned away from companies requiring such facilities. By providing such a facility on the Park, it was thought that many of the companies taking space would graduate to larger premises on SBP in the future. To incentivise this movement, tenants looking to renew their original short term lease were charged a premium.
- 4.43 The cost of the project was estimated at £2.6m with SBP(D)Ltd taking a 79% shareholding and the Lanarkshire Development Agency assuming the balancing 21%. Two thirds of total project costs (£1.7m) were secured from external financial sources. The site was sold to the JVC by Scottish Enterprise for £165,000 with a deferred payment for 10 years (with interest accrued at commercial rate).
- 4.44 Upon completion, the building was sold to a subsidiary of SBP(D)Ltd (“Newco”) at cost. Lanarkshire Development Agency decided to leave its shareholding in the new company with a resultant profit share from future revenues. This was done on the basis of a “put” option to sell its shareholding within 7 years of the building’s completion at open market value. Phoenix House’s serviced office accommodation is managed by an HF company and remains the company base for HF Developments.
- 4.45 The overall financial involvement of Scottish Enterprise in Strathclyde Business Park is summarised in Table 4-3 . It illustrates total expenditure of £5.25 million against income and receipts of £8.64 million.

Table 4-3 Financial Involvement of Scottish Enterprise on SBP

Expenditure	(£)	Income	(£)
RAPID grant for New Alderston House	700,000	Profits to date	946,475
Rental guarantees on New Alderston House	450,000	Sale of land for Medi-Park Phase Two	400,000
Equity injection into SBP(D)Ltd	135,000	Return of Equity (see para 4.28 of report)	661,752
Foundation works at William Grants site	200,000	Net return on Euromed Ltd JVC	800,000
Sewer provision	110,000	Estimated value of remaining land (25% share)	851,366
Removal of Rosehall Bing	2,021,000	Sale of Willow House site	275,000
Obligation to complete Phoenix House	500,000	Deferred payment on sale of Phoenix House	165,000
		Value of unsold built property assets held by SBP(D)Ltd	500,000
		Accrued interest on Trust Loan to SBP(D)Ltd	2,981,242
Phase 2 Distributor Road	646,000	Phase 2 Distributor Road	120,000
Phase 3 Distributor Road	492,000	Phase 3 Distributor Road	582,357

Expenditure	(£)	Income	(£)
Hilton Hotel (contribution to development)	500,000	Hilton Hotel (return on loan)	600,000
TOTAL	5,754,000	TOTAL	8,883,192

Key Issues in Evolution of SBP

- 4.46 Key issues in the evolution of SBP include:
- The overall concept, with an emphasis on quality reinforced by measures such as the Deed of Condition, landscaping, public transport, leisure facilities, etc has led to the development of a unique product in West Central Scotland in terms of amenity;
 - Allied to its location, the quality of the development has attracted establishments who otherwise may not have located in Lanarkshire;
 - Availability of loan finance from SEn (£3.075m) has been critical in generating confidence in development;
 - Full equity partnership between public and private sectors; and
 - Planning restrictions on new out-of-town business parks in Glasgow City Council area during most of Strathclyde Business Park's existence have protected its position.

Management of Strathclyde Business Park

- 4.47 This section outlines the management structures adopted to oversee the park's development.
- 4.48 From the start, one of the principles adopted in furthering SBP's development was to agree that subsequent owners and occupiers of the Park would be required to agree to a Deed of Conditions, involving payment of a set cost toward the communal maintenance of SBP, in return for a guaranteed maintenance of a high quality environment. This has proved a successful measure and formed part of the initial vision for SBP. In practice, it continues with the subsequent ownership of all land within SBP and is appended as part of the title deeds.
- 4.49 This fee (currently £0.30 per sq ft of floorspace or undeveloped plot, net and regardless of use) is used to cover the cost of maintaining the features of the Park already in place. This service cost contributes towards administration, landscape maintenance, window cleaning, and subsidisation of the dedicated bus service facility. This approach allows the Joint Management Company (HF Management who manage the Park on behalf of SBP(D) Ltd) to ensure that overall quality is not compromised by the volume or type of development. This approach has led to an attractively landscaped environment and also assisted in the provision of ancillary services for which the Park is now renowned.
- 4.50 The current annual service budget for SBP is approximately £400,000, of which the joint venture (SBP(D) Ltd) contributes around 35% due to its remaining landholding. SBP(D) Ltd remains responsible for the costs of any additional infrastructure and landscaping that is added to the Park over time. The existing tenants only contribute towards existing amenities. When new tenants are secured for the undeveloped portions of the Park it is expected that as maintenance costs rise so will the overall size of the "communal maintenance fund" as more floorspace (tenants) will contribute.

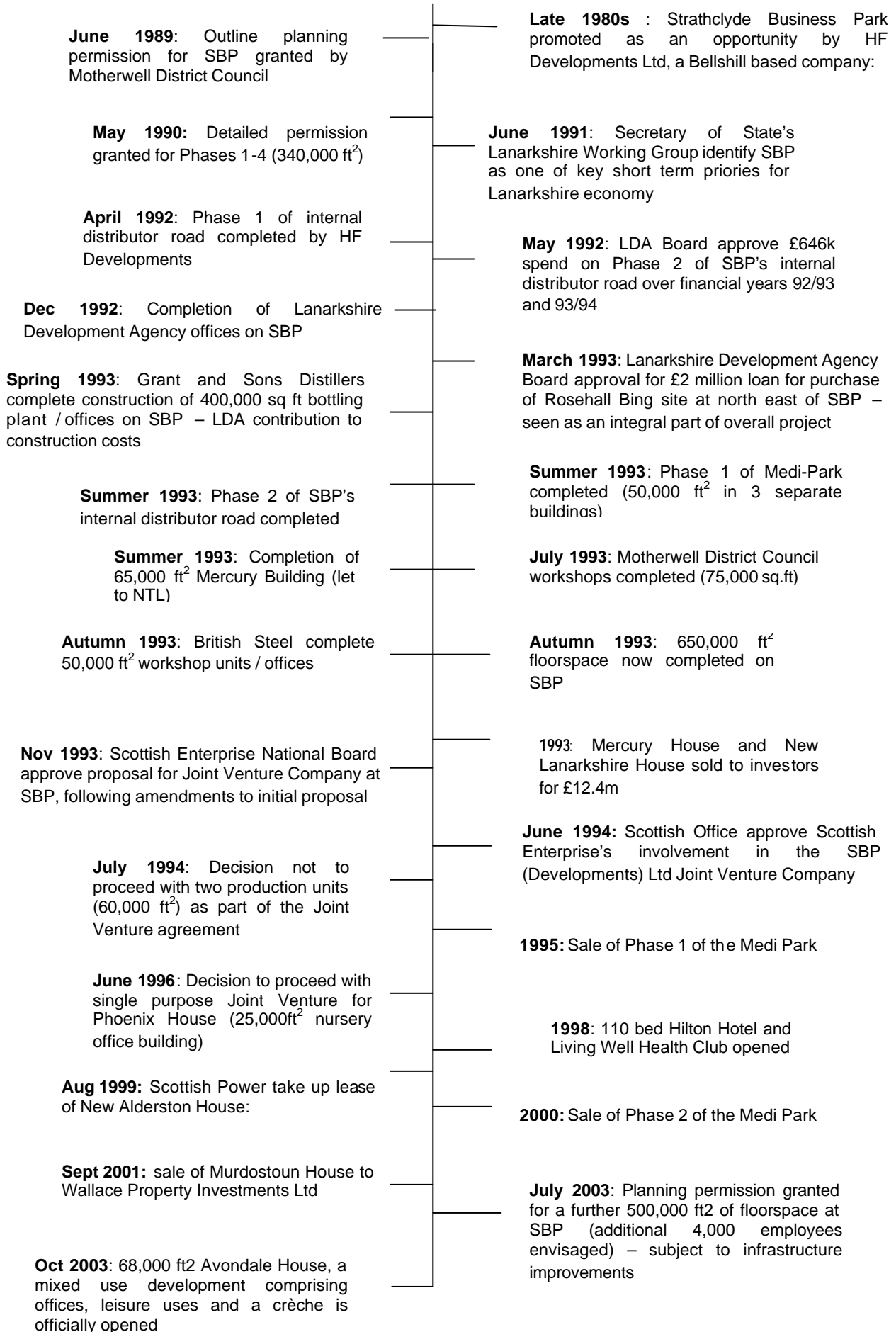
- 4.51 The Joint Management Company is a stand alone, non-profit making company, working under contract to SBP(D)(Ltd). It therefore has to cover any shortfall in the volume of service charge arising from any empty units in the managed office floorspace on the Park. The Management Company has been successful in achieving occupancy rates at Avondale House and Willow House in excess of 80% since they were built. It will also cover the loss in revenue from units that are empty around the Park. The management company covers the cost of void space in terms of service charge to the communal fund, business premises rates (50% of occupied cost) and standing charges to utility companies, etc.
- 4.52 SBP(D) Ltd does not aim to compete with the former LEZ or other similar locations in terms of price. The emphasis on quality environment and the availability of ancillary facilities distinguishes it from neighbouring competitors. The availability of tax incentives in the LEZ meant that rents on SBP were approximately £3.50/sq.ft higher than LEZ sites for a similar specification of building. Target markets for SBP(D) Ltd include those employers who have grown uncomfortable with city centre locations or are looking to expand existing operations or merge operations from more than one location in the Central Belt. In situations where a competitive situation arises between SBP and other sites, SEn make their position known at Board meetings and withdraw from the decision making process.
- 4.53 SBP(D) Ltd views the retention of staff as being a crucial factor in the location choice of present day companies. They have therefore taken a conscious decision to emphasise quality and the ancillary facilities in their marketing initiatives. This has also been a factor in the provision of the dedicated bus service to/from surrounding towns and Glasgow City Centre.
- 4.54 Altogether, some 40 people are employed within HF Developments, SBP(D) Ltd and the various joint venture companies, as well as SBP (Landscaping).

Views of SBP(D) Ltd Partners

- 4.55 As part of the consultation process, the views of SBP(D)Ltd partners were sought as to the key elements of the Park's management. A number of features were highlighted:
- The balance of skills and interests on SBP(D) Ltd has brought a higher level of understanding to all parties involved in how other sectors operate;
 - Almost unique formula for enabling and promoting brownfield development in an industrial context;
 - Employee amenity is a growing issue in selecting business locations;
 - Significant risk accepted by HF Developments in terms of financing the restaurant and bar / grill has made them possible;
 - HFD's Management Company adds value to the Park's offer and their location on the Park is beneficial;
 - Traffic issues are the principal weakness of the Park (e.g. relationship with neighbouring industrial traffic, etc);
 - SEn can demonstrate benefits and returns from SBP more easily than from some large scale inward investment projects;
 - Development rates on Strathclyde Business Park would have been slower (and would be likely to slow in future) in the absence of the SEn loan facility;

- Strathclyde Business Park has retained establishments due to the quality of facilities and the supporting environment; and
- SBP(D)Ltd currently operates an annual £85,000 marketing budget to promote multi-user building and production units.

Strathclyde Business Park timeline



Next steps

- 4.56 Future development of the existing planning permission on SBP (with 500,000 sq.ft still to be implemented) is restricted until such time as the planned road improvements on the A725 slip road (Strathclyde Business Park's main access) are completed. These are currently subject to a planning application to North Lanarkshire Council and are estimated to cost approximately £2.5 million.
- 4.57 The next proposed development within the Park is an Innovation Centre, which will operate as a large managed office space. This will again be speculative development. The potential site is on the A725 frontage on the east side of the Park.
- 4.58 In terms of ancillary facilities SBP(D) Ltd is hoping to introduce additional facilities into Avondale House that will be of benefit to businesses on the Park.

Completion of Strathclyde Business Park

Figure 4-1 Masterplan and virtual image of Strathclyde Business Park



- 4.59 Thirty acres remains undeveloped, held in two land holdings - 5 acres in the North site in the ownership of SEn and 25 acres in the ownership of SBP (D) Ltd. This area would accommodate the 500,000 sq.ft remaining to be developed on the site. It is intended that some 400,000 sq.ft would be developed for business/office use (including the proposed Incubation Centre) with the remainder industrial floorspace. SBP(D) Ltd estimate that additional investment associated with the development of this area would amount to £91.6 million (2004 prices) with a further 3,800 jobs (gross) created. Figure 4-1 shows the masterplan for the extended SBP alongside a virtual image.
- 4.60 Plans for the further development of SBP were approved by the joint venture partners in early 2002, and proposals for road infrastructure improvements approved in outline. At the same time SBP(D) Ltd's directors approved funding of the off-site infrastructure works (estimated at £2.5 million). However, detailed approval from the Scottish Executive and North Lanarkshire Council has only been forthcoming in September 2004.
- 4.61 Development has been unable to proceed in the interim as the junction with the A725 is at capacity until such time as it is improved. This is an issue which also affects Bellshill and Rigghead Industrial Estates, both of which are accessed from the same junction. Indeed,

the supporting transport assessments submitted with the detailed application found that only 50% of traffic movements using the junction were starting from or going to Strathclyde Business Park. It is understood that construction consent is required, likely to be forthcoming in early 2005.

- 4.62 While the initial approval of SBP(D) Ltd's directors dates back two and a half years, the speed with which the company can make funding available for the necessary road infrastructure improvements is linked to the issue of SEN's future involvement in the company.

An Incubation Centre

- 4.63 In June 2003, Scottish Enterprise Lanarkshire identified Strathclyde Business Park as the preferred location for a new Innovation Centre to provide incubation services to companies with high growth potential and also to help stimulate entrepreneurial activity. It was selected sites due to its proven track record, accessibility, high quality environment and the fact that a number of technology companies are already located there. Table 5-3 highlights the broad sectoral range of activity carried out by Strathclyde Business Park establishments. A more detailed analysis has been carried out looking specifically at companies in industry groups identified by Scottish Enterprise as having strong growth potential (and to which additional support might be appropriate), namely: academic commercial spin-offs; aerospace; chemicals; creative industries; electronics; energy; financial services; food & drink; forest industries; life sciences; microelectronics; optoelectronics; software/e-business suppliers; textiles; and tourism. Some 25% (33) of the businesses operating on Strathclyde Business Park are in one of these sectors, together accounting for 49% (1,920) of FTE employment. The Incubation Centre therefore aims to capitalise on this existing concentration and other factors such as the business park environment and peer culture among successful businesses in order to foster additional sustainable employment growth for Lanarkshire.
- 4.64 It is proposed that the centre would occupy some 10,000 sq ft within an overall building of c. 60,000 sq ft. The overall building would be brought forward following the multi-occupation model which has proved successful in the development of Strathclyde Business Park to date. Based on current plans, the Incubation Centre would occupy half of a single floor. A conference centre would also be accommodated at ground level. The conference centre is considered to be beneficial to the Incubation Centre because of the image portrayed to prospective clients. The space provided would be flexible in order to meet changing requirements of start-up companies over time. With appropriate approvals, the building could be constructed by Spring 2006.
- 4.65 Prospective occupiers of the Incubation Centre would be offered the full range of incubation services available at SBP. Should a company to decide to expand into larger premises they will be assisted in finding appropriate premises by SEL. If they choose to remain within Strathclyde Business Park, a normal commercial agreement would be entered into with the property owners (e.g. SBP(D) Ltd). SBP therefore has the potential to act as the "grow on space" for new high growth firms. Some of the companies may be more inclined towards industrial floorspace which may not be available within SBP and would therefore be advised to look elsewhere within Lanarkshire to meet their requirements. Once companies make the decision to leave the Incubator Centre they will be allocated an account manager by SEL and offered access to a specialist advisory team.

- 4.66 The Incubation Centre initiative will align closely with some of the emerging high technology sectors in the region (e.g. energy and life sciences). It is intended that the existence of the Incubation Centre in itself will help trigger entrepreneurial activity between companies brought together in a high quality environment. Figures for 2003/04 show that SEL exceeded its target of 24 new start businesses in high growth sectors (27 businesses were created in the year). These new businesses have an estimated turnover of approximately £27m and employ almost 300 people. The 3 year projections show these figures potentially rising to £58m in turnover and employment in the same companies rising to 482. These figures include an allowance of 25% for business mortality.
- 4.67 It is envisaged that the location of the Incubation Centre on Strathclyde Business Park will have a positive effect on the image of new businesses, while also enabling SEL to provide important services to Lanarkshire's high growth new start businesses from a central location.

Project ATLAS

- 4.68 Project ATLAS (Accessing Telecoms Links across Scotland) aims to improve connectivity within Scotland and to assist development of competitive centres for e-commerce and the knowledge economy. Strathclyde Business Parks is one of six in the country in which passive optical fibre infrastructure will be installed. This will be openly available to support delivery of higher speed telecoms services.

5 STRATHCLYDE BUSINESS PARK OUTPUTS

The Strathclyde Business Park Business Survey

- 5.1 A survey of all establishments on Strathclyde Business Park was carried out in June 2004. Twenty five of these were on the basis of pre-arranged, face-to-face meetings. These were designed to gauge qualitative effects in more depth in addition to 'standard' quantitative information. The remainder were sent a postal questionnaire accompanied by an explanatory letter (see Appendix 1). Where establishments were unwilling to participate, limited data on employment and labour markets was generally provided. Where no information was able to be gathered, assumptions regarding levels of employment and other factors have been made using the most recent estimates supplied by Strathclyde Business Park Limited from their business directory.
- 5.2 Some 128 companies were identified through a combination of: the company data base maintained by SBP Ltd and subsequent validation through a series of site visits and discussion with various occupying businesses and key agency personnel. Fifty one responses (40%) to the full survey were received, although a further 29 businesses were able to supply more limited data on employment, bringing the response rate for employment related items to 62%. The sampling errors⁵² associated with these levels of response are +/-11% and +/-7 % respectively. There was no distinctive pattern to the profile of non-respondents. Therefore, as far as it is possible to tell from the responses received, there is no particular bias in the profile of responses.

Employment

- 5.3 By way of context, the recent assessment of the former Lanarkshire Enterprise Zone indicated that establishments on the 9 sites employed 8,485 people, some 8,429 FTE positions. The survey of businesses at Strathclyde Business Park shows 4,179 people presently employed, representing 3,908 full-time equivalent positions. Employment levels at SBP are 49% (in absolute terms) of those on the former EZ sites.
- 5.4 Analysis of the company by number of employees indicates that over 85% of SBP establishments surveyed employed less than 50 staff, and accounted for 31% of employees. Larger establishments are clearly important in employment terms with 4 establishments accounting for 42% of employees.

Table 5-1 Strathclyde Business Park Establishments and Employment by Size

Business by Size	Businesses		Employment	
	Total Nos.	Total %	Total Nos.	Total %
Small (<50 staff)	110	86%	1275	31%
Medium (50-249 staff)	14	11%	1135	27%
Large (>=250 staff)	4	3%	1769	42%
Total	128	100%	4179	100%

- 5.5 Relative to the former Lanarkshire EZ sites, there is a much firmer emphasis on smaller companies evident in the profile of SBP occupiers. Just over half - 53% - of LEZ businesses employed fewer than 50 people. At the same time, establishments employing

more than 250 people accounted for 48% of employment on the EZ sites – almost equal to total SBP employment.

- 5.6 Information was also sought on employees' place of residence. Most employees - an estimated 56% - are resident in Lanarkshire, with a further 40% accessing SBP from other parts of the Central Belt. Establishments on SBP also employ people from further afield. The proportions vary slightly according to company size, as Table 5-2 indicates.

Table 5-2 Strathclyde Business Park Employees – Place of Residence (Comparison with Lanarkshire Enterprise Zone)

Employees place of residence	SBP		LEZ	
	Lanarkshire	Other Scotland	Lanarkshire	Other Scotland
Size of Business				
Small (<50 staff)	53%	44%	82%	18%
Medium (50-249 staff)	45%	42%	76%	24%
Large (>=250 staff)	67%	32%	90%	10%
Total	56%	39%	84%	16%

- 5.7 While the balance of employment benefits is retained in Lanarkshire, the figures indicate that as an employment location for Lanarkshire, the Enterprise Zones have proved more effective. This said, the SBP 'product' has tended to be pitched at a different level generally attracting companies with relatively high entry level requirements for employment. It is notable that both large and small companies tend to be more dependent on the local workforce.

Business Activity and Location

- 5.8 Business activity focuses more on office and administrative functions, consistent with the type of floorspace developed (certainly in the elements controlled by SBP Ltd). These types of businesses account for almost half of the businesses operating on the Park. Manufacturing and distribution businesses account for a further 38%, compared with 64% of businesses on the former EZ.

Table 5-3 Business Activity on Strathclyde Business Park

	Businesses		Employment	
	no.	%	no.	%
Manufacturing	36	28%	813	21%
Construction	9	7%	384	10%
Distribution	12	9%	279	7%
Transport etc.	8	6%	873	22%
Financial services	4	3%	81	2%
Business activity/real estate	53	41%	679	17%
Other ⁵³	6	5%	799	20%
Total	128		3908	

⁵² at 95% confidence level, assuming 50/50 split variable

⁵³ includes businesses in the public admin, hotel and energy sectors. Figures combined to preserve confidentiality

Subsidiary or HQ Operations

- 5.9 The survey asked whether or not the facility was a subsidiary or branch plant. Of the 25 companies who indicated they were headquartered outside Scotland, 19 (61%) were from other parts of the UK, mainly in England, 2 were based in Europe, 3 had headquarter facilities in the USA, while 1 was from Asia. In terms of the number of companies, this is higher than the numbers observed with external headquarter locations in the Lanarkshire EZ, possibly highlighting SBP's attractiveness to inward investors.

Business Performance and Prospects

- 5.10 SBP businesses were asked for their views on the performance of the Lanarkshire economy over the last three years. While most of those responding (60%) were undecided, 30% thought it had been good, with only 10% seeing the county perform poorly.
- 5.11 Respondents were more committal when discussing their own businesses. Most had a positive view of their own business performance over the last three years, and thought that there would be further improvements over the next three. Only a quarter of businesses had experienced no change in performance.

Table 5-4 Business Performance

Performance	Better	No change	Worse
In the last 3 years	72%	24%	4%
Prospects for the next 3 years	87%	13%	0%

No. of responses =46

- 5.12 There is a reasonable correlation between the answers to this question and business perceptions of changes in sales or employment levels since their location at Strathclyde Business Park, with nearly 70% registering turnover increases and over 60% hiring more staff.

Table 5-5 Business Performance Since SBP Location

Change since SBP location	Yes	No	Don't know
Increased turnover	69%	27%	4%
Increased employment	62%	36%	2%

No. of responses=43

- 5.13 Business were also asked to indicate the extent to which they agreed with statements suggesting that their location on Strathclyde Business Park was a key factor in increased turnover and employment. From the responses, there is a slight negative balance, which is more pronounced when attributing changes in turnover to business location.

Table 5-6 Attribution of Performance to SBP Location

Attribution of change to SBP location	agree strongly	agree	undecided	disagree	disagree strongly	balance
Increase in level of employment	5%	26%	26%	35%	9%	-12%
Increase in level of sales	5%	19%	31%	36%	10%	-22%

No. of responses =43

- 5.14 From the current survey, data covering 34% of establishments is available showing when they located at SBP. This suggests that most company location - certainly by the existing occupiers – has taken place since 2000, two thirds of respondents having moved their businesses to Strathclyde Business Park since then.

Qualitative Findings

- 5.15 The survey also tried to identify factors influencing decisions to locate on Strathclyde Business Park. Eighty percent of those responding to the full questionnaire (41 businesses) provided an indication of the characteristics of SBP which persuaded them to locate there. Location relative to the strategic transport network and markets across Central Scotland has been a key consideration for most establishments – one of the associated benefits being ease of (road) access for employees. This also helps to ease recruitment and certainly recruitment difficulties do not appear to have been prominent in the experience of SBP establishments (see paragraph 5.21).
- 5.16 The availability of property of the right type, quality and size is the second most often quoted factor. Improving the stock of industrial and office accommodation in Lanarkshire was part of the underlying rationale for the park's development. Its availability has been a key factor in attracting and retaining companies. Cost factors accounted for one in ten responses. The quality of both external and internal environments has also proved to be important. While a pleasant working environment is one of a number of features which help to attract staff, the availability of central facilities also appears to have been significant. The quality of central facilities and the surrounding environment is also an important consideration in projecting company image to existing and prospective clients. Environmental factors, the range and quality of services provided, combined with the market positioning associated with occupation in a prestige business park, account for 26% of responses.

Table 5-7 Key Factors in SBP Location

Key factors in location	Responses		Comparison with Lanarkshire EZ
Access/location factors	38	38%	32%
Employees access	1	1%	
Motorway access	15	15%	
Central location	22	22%	
Property factors	17	17%	29%
Property availability	2	2%	
Quality of accommodation	9	9%	
Size of accommodation	4	4%	
lease arrangements	2	2%	
Quality of environment	13	13%	3%
Cost	10	10%	13%
Facilities	7	7%	
Prestige Business Park	6	6%	
Parking	3	3%	
SEL Support	1	1%	
Proximity of business partners	1	1%	
Workforce availability	1	1%	
Room for expansion	1	1%	
Total	98	100%	

- 5.17 A broad comparison has been made with the locational influences of establishments locating on the former Lanarkshire Enterprise Zone sites. The similarity in responses – with the exception of environmental quality – indicates that the former EZ sites and Strathclyde Business Park share a number of inherent locational advantages, in the main related to their accessibility. However, the provision of appropriate sites and accommodation has further strengthened them.
- 5.18 The survey also sought information on other locations that may have been considered by businesses presently operating from Strathclyde Business Park. While only half of those business completing the full questionnaire responded on this issue, the findings are still of interest. Given the availability of Enterprise Zone benefits from 1993 to 2003, it is not surprising that a range of sites in Lanarkshire (and in areas with EZ sites) were considered by various businesses. However, East Kilbride emerges as the main 'alternative' location considered by businesses, with the Scottish Enterprise Technology Park site prominent.
- 5.19 In Glasgow, alternative areas considered included the West of Scotland Science Park and Glasgow Business Park. A number of businesses also considered locations on the outskirts of both Edinburgh and Glasgow before deciding to locate at Strathclyde Business Park. In Edinburgh's case, this would presumably include business park floorspace at the Gyle, while in Glasgow, locations would include established areas such as Hillington, alongside more recently developing areas such as Phoenix Park at Linwood and Glasgow Business Park at Baillieston. Stirling's Central Business Park was also mentioned. The range of alternative locations indicates that Strathclyde Business Park is

attractive to those seeking high quality business environments, as well as providing a viable option for establishments with more locally specific location criteria.

Table 5-8 Other Business Locations Considered By SBP Occupiers

Other areas considered	Alternative 1	Alternative 2	Total
Lanarkshire			
Hamilton/ ITP	3	1	4
East Kilbride	3	2	5
Coatbridge	2	1	3
Tannochside	1	0	1
Motherwell	0	1	1
N Lanarkshire	2	0	2
Other			
Glasgow	8		8
Stirling	1	0	1
Central Belt	1	0	1
Edinburgh	0	2	2
Linwood	0	1	1
None/NA	7	0	7
Total	28	8	36

Previous Location

- 5.20 The survey found that over a third of those responding had relocated from elsewhere in Lanarkshire, generally attracted by the quality of the premises on offer, and Strathclyde Business Park's environmental and accessibility attributes. A further 10 businesses had moved from Glasgow or other parts of Central Scotland. Many of the remaining businesses felt that this question was not relevant as they were either new start operations or businesses expanding into the Central Scotland or Scotland market.

Skills, Recruitment and Training

- 5.21 As a whole there appear to have been relatively few difficulties experienced in staff recruitment, skills and training issues. Only 7 establishments of 44 responding to this question (16%) indicated that they had experienced or were continuing to have difficulties. For these companies, recruitment issues focused on the lack of suitably experienced or qualified staff in the local area and perceptions in the broader Lanarkshire workforce of the park as being relatively inaccessible.

Business Perceptions of Strathclyde Business Park

- 5.22 Businesses were asked for their views on particular aspects of the performance of Strathclyde Business Park and the services provided. The factors differed for establishments in the area controlled by SBP(D) Ltd and those outside it. Overall SBP attracts a fairly high satisfaction rating from businesses trading from it. As a landlord, SBP Ltd had few if any detractors for their management style or their attention to detail in respect of building repairs, facilities management or other aspects.
- 5.23 Environmental quality and its maintenance are considered high by the vast majority of businesses. The maintenance of site roads was also considered very good. Transport and accessibility was the main area where negative sentiments were clearly shared by a

large proportion of responding businesses. This applied to public transport links which are generally viewed as indirect and inadequate. The shuttle bus which is provided through (SBP) Ltd was generally seen as restricted, both in terms of the routes it covers and the hours it operates.

- 5.24 Access to the M8 or indeed the A725 also featured prominently in negative comments, with peak time congestion noted by most of those responding.

Table 5-9 Business Perceptions of Strathclyde Business Park

	Factor	Business View				
		Very Poor	Poor	Undecided	Good	Very Good
	Overall Satisfaction with Services	2%	9%	7%	73%	9%
	Buildings/ Facilities Management & Repairs	0%	0%	0%	100%	0%
	Other Landlord Services	0%	20%	0%	60%	20%
(54)	Quality of Environment	2%	0%	2%	33%	63%
(47)	Site Roads & maintenance	0%	4%	6%	60%	30%
(47)	Transport Access	21%	30%	19%	28%	2%
(44)	Public Transport Links	18%	25%	30%	14%	14%
(47)	Overall Satisfaction with location	2%	0%	9%	72%	17%

() = no. of responses

Assessment of Outputs

- 5.25 The survey of businesses on Strathclyde Business Park is the basis of our assessment of its net impact and a comparison of overall costs related to the benefits recorded. In assessing the additionality of employment generated at Strathclyde Business Park, displacement and leakage effects have been taken into account.
- 5.26 In the process of development and occupation, the availability of business accommodation at Strathclyde Business Park has introduced new economic activity to the area. However, some of the activity represents relocation of existing Lanarkshire establishments and, unless expansion is enabled by the move, effectively constitutes **displacement** at the Lanarkshire level. Expansion enabled through location on Strathclyde Business Park and other activity generated by establishments new to the area or start up businesses enabled their SBP location would be considered as **additional** activity which can broadly be attributed to Strathclyde Business Park. At a level wider than Lanarkshire, displacement effects are likely to be greater. The level of economic activity which would have occurred regardless of Strathclyde Business Park and its development is referred to as **deadweight** or the counter-factual case.
- 5.27 In the process of generating new employment opportunities not all of the jobs will be gained by residents in the local travel to work area. This **'leakage'** effect means that the employment benefits accruing to the area are reduced by the degree to which residents of other areas benefit from the employment opportunities generated. While this is clearly an

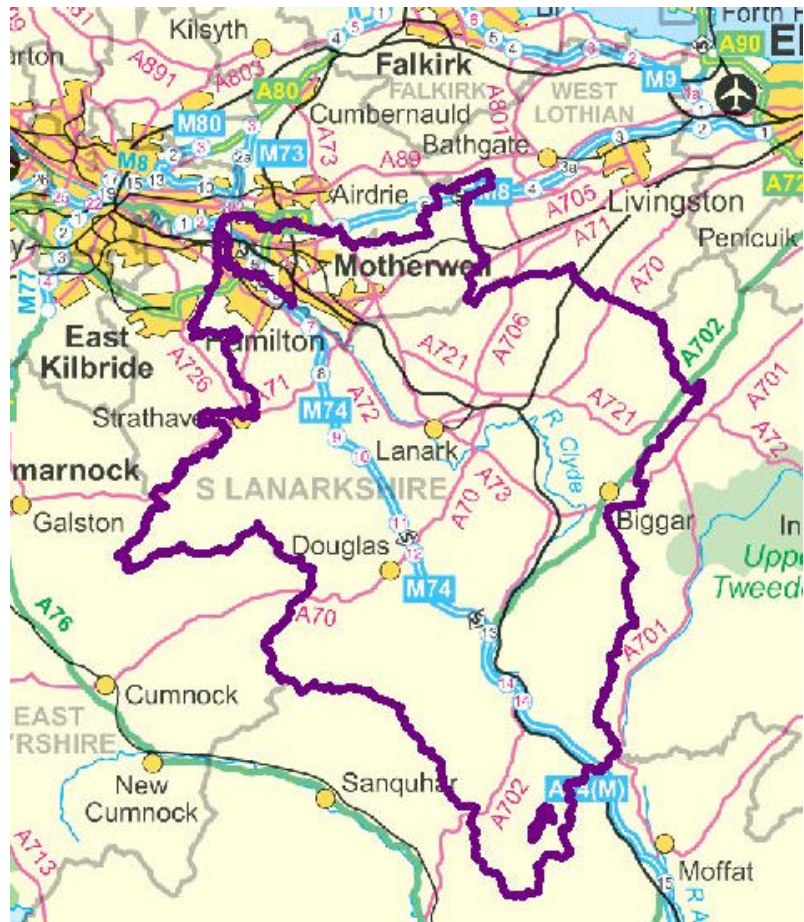
issue in areas of higher accessibility, such as Lanarkshire, the leakage effect also varies according to the nature of employment generated.

5.28 However, new development and company activity also has a significant impact and extends benefits to a wider area through additional economic activity at a local and regional scale. This derives from the additional supply purchase effects experienced by businesses at local and regional level, and by the additional income and expenditure generated by employees translated into additional demand for goods and services. These **multiplier** impacts have also been taken into consideration in determining the net employment effects of company activity at Strathclyde Business Park.

Area of Benefit

Figure 5-1 Motherwell & Lanark TTWA

5.29 For the purpose of this evaluation, the Motherwell & Lanark travel to work area is assumed to be the area in which most of the employment and investment benefits can be expected.



Displacement

5.30 The creation of new employment through development potentially displaces employment from elsewhere. Therefore in assessing displacement the following questions require to be answered:

- Where are the initiative's main competitors?
- Is the initiative likely to attract business away from these competitors?
- From where will the jobs be drawn? Will this be drawn from the available labour supply, displaced from other existing employers in the area, or will they migrate to the area?
- Where will the occupiers come from? Is this a new investment from outside the area, or relocation?
- If the initiative did not proceed, where will the potential occupiers be located?

5.31 To provide a context for understanding relative displacement rates, recent guidance⁵⁴ in England derived from a review of evaluation research indicates that in the absence of

⁵⁴ English Partnerships and the Regional Development Agencies – Additionality: A Full Guide (May 2001) prepared by Amion Consulting in association with Dr Peter Tyler

specific local information the level of displacement/substitution can be assessed as follows:

Table 5-10 Displacement Effects

	Displacement/Substitution	Displacement Effect
None	No other firms affected/no substitution	0%
Low	There are expected to be some displacement/substitution effects upon local firms, although only to a very limited extent	25%
Medium	About half of the activity would be displaced/substituted	50%
High	A high level of displacement/substitution is expected to arise	75%
Total	All of the activity generated will be displaced/substituted from other local firms	100%

Source: DETR (October 2000)

5.32 However, specific questions were asked in the survey questionnaire to provide an indication on a company by company basis as to previous location, and whether the move to Strathclyde Business Park enabled increased turnover or new or expanded staffing levels.

Leakage

5.33 As with displacement, the survey responses form the basis for the evaluation of leakage effects. Where insufficient detail was provided, assumptions were developed based on actual responses. Average ratios for the proportion of employees living in Lanarkshire, other central Scotland, other Scotland and elsewhere were prepared for small, medium and large establishments using the definitions employed previously (see Table 5-1). Where these averages are not suitable, assumptions have been drawn from "Additionality: A Full Guide", guidance prepared for English Partnerships and the Regional Development Agencies. This assesses leakage effects as follows:

- None (0%) - All of the benefits go to people living in area / the target group;
- Low (10%) - The majority of benefits will go to people living within the area;
- Medium (25%) - A reasonably high proportion of the benefits will be retained within the area;
- High (50%) - Many of the benefits will go to people living outside of the area of benefit;
- Very high (75%) - A significant proportion of those benefiting live outside of the area of benefit; and
- Total (100%) - All of the benefits go to people living outside of the area of benefit.

5.34 The survey responses indicated that in large part, investment in office, industrial and distribution floorspace of the type brought forward at Strathclyde Business Park has generally been limited to a small number of locations close to major population centres in Central Scotland.

5.35 Where the particular questions relating to displacement and leakage were not addressed by respondents, we have applied assumptions, based on a combination of the guidance set out above, and observations from responding establishments in similar sectors and of similar scale⁵⁵. In total, 60% of establishments gave details of where they accessed

⁵⁵ averages have been developed on a sectoral basis from the profile of responding companies.

supplies and where their workforce was resident, providing sufficient data for assumptions regarding displacement and leakage to be developed.

Multipliers

- 5.36 Multipliers are taken from the Input-Output Tables for Scotland 2000 which were published in January 2004⁵⁶, employing Type 2 Multipliers.

Table 5-11 Multipliers

1.217	wearing apparel	1.584	research and development
1.239	other business services	1.586	public administration etc
1.268	hotels, catering, pubs, etc	1.592	special purpose machinery
1.294	Plastic products	1.680	machine tools
1.349	real estate activities	1.710	fish and fruit processing
1.372	metal goods	1.810	recreational services
1.438	accountancy services	1.946	computing and related services
1.449	miscellaneous manufacturing nes	1.987	auxiliary financial services nes
1.457	wholesale distribution	2.014	electronic components
1.476	electrical equipment nes	2.089	Construction
1.508	medical& precision instruments	2.328	health and veterinary services
1.525	Advertising	2.475	Telecommunications
1.546	Renting of machinery	2.625	repair aviation equipment
1.548	printing and publishing	5.526	electricity production & distribution

- 5.37 After allowing for leakage, displacement and multiplier impacts, the net employment impacts of Strathclyde Business Park can be estimated and these are shown in Table 5-12. The findings of the recent evaluation of the Lanarkshire Enterprise Zone are presented alongside for comparison.
- 5.38 Comparison with the initial employment assumptions adopted at the inception of Strathclyde Business Park shows that gross employment levels are slightly above the target for direct employment excluding construction employment. However, when additionality factors are taken into account, net employment levels are 88% of the anticipated level within the Motherwell and Lanark travel to work area.
- 5.39 It should be noted, however, that no specific objectives related to leakage were adopted at the Park's inception (unlike the Lanarkshire EZ). SBP did however, target different types of businesses and specific sectors such as medical devices and related business. It's proximity to the motorway network and the labour force requirements of the occupying establishments have combined. Leakage levels are therefore greater than those experienced in the wider area, as establishments have been able to draw on a wider labour market to satisfy their staff requirements.
- 5.40 Displacement particularly at the Scottish level has been relatively high, reflecting the proportion of existing establishments locating on the Park. Many, including inward investors, were seeking locations in the CentralBelt.

⁵⁶ Multipliers are from 128-industry IO tables and multipliers for Scotland (including type 1 and 2 Leontief): Scottish Executive.

Table 5-12 Strathclyde Business Park – Strathclyde Business Park Outputs (Comparisons with Lanarkshire Enterprise Zone)

	Strathclyde Business Park		Lanarkshire EZ	
	Actual	Target	Actual	Target
No. of businesses (Spring 2004)	128	-	89	-
Floorspace (million sq.ft)	1.110	1.243	3.318	5.673
Employees				
Gross	4,179	4,049	-	-
Direct (FTE)	3,908	-	8,429	12,222
<i>Additionality Factors</i>				
Displacement				
Across Lanarkshire	64%	-	25%	-
Jobs after displacement - Lanarkshire	1,391		6,335	
Across Scotland	84%		47%	
Jobs after displacement – Scotland	608	-	4,487	-
Leakage				
% employment ex Lanarkshire	46%		15%	
Jobs after leakage – Lanarkshire	745	-	5,394	5,579
% employment ex Scotland	4%		0%	
Jobs after leakage – Scotland	584	-	4,487	-
Multiplier Effects				
Lanarkshire	2.71	-	1.53	
Scotland	1.73	-	1.56	-
Net Additional Employment				
Lanarkshire	2,023	2,500	8,253	7,493
Scotland	1,008		7,000	
Construction-related employment	-	247	-	1,389
Additional GVA 2004 (2004 prices) £m	-	137.12	-	341.11

- 5.41 The figures in Table 4-3 show total estimated SE sector costs in bringing Strathclyde Business Park forward. Excluding the loan facility, it shows expenditure of some £5.754 million. These are gross costs. Receipts and income of some £8.883 million has been generated through receipts of land sales and dividends.
- 5.42 While no initial forecasts were established in cost per job terms, the Park's performance in terms of value for money (see Table 5-13) exceeds those achieved on the Lanarkshire Enterprise Zone. The gross cost per net additional job is less than £3,000, contrasting with the cost per job outputs achieved for the Lanarkshire Enterprise Zone which range from £14,000 gross to £9,000 (net of receipts). By way of context, cost per job benchmarks developed for English Partnerships to reflect a range of land and property interventions range from a minimum of £16,600 gross per net additional job to a maximum £42,000⁵⁷. Net of receipts, the cost to the public sector of each additional job generated at Strathclyde Business Park has been negative.

⁵⁷ English Partnerships, Best Practice Note 15, October 2003

- 5.43 Floorspace provision has been in accordance with forecast estimates, although there are plans to develop a further 500,000 sq.ft. Implementation will yield further employment benefits to the area. In addition, the further development of the Park will improve road traffic infrastructure in the area (it should be noted that none of the costs of improvements to neighbouring strategic road infrastructure have been apportioned to the development of Strathclyde Business Park).

Table 5-13 Cost Per Job Outputs

SE Cost Per Job		Employment		Cost Per Job	
	SE Costs	Gross FTE	Net Additional FTE	Gross FTE	Net Additional FTE
Total	£5,754,000	3,908	2,023	£1,473	£2,844
Net of receipts	-£3,129,192	3,908	2,023	-£801	-£1,547

6 THE PROPERTY MARKET

6.1 This chapter outlines the property context for the development of Strathclyde Business Park. It discusses the arrangements used in its delivery, and specific features of the Park's management. It also examines the property market effects of SBP development. Reference is made to the parallel development of the Lanarkshire Enterprise Zone and the relationship between the two initiatives in property market terms and how this was effectively managed. Key issues in the park's development are identified.

Context

- 6.2 Prior to the development of Strathclyde Business Park, the Lanarkshire economy had been dominated by traditional industries such as steel and coal mining. Accordingly, much of the industrial property in the area reflected this, with traditional manufacturing space the main form of provision. The sole exception to this was East Kilbride where higher quality units were being brought forward to inward investors, often in areas of high and developing technology.
- 6.3 Historically, the provision of industrial property in Lanarkshire had been dominated by traditional industries, often owner occupiers while the supply of sites had tended to be led, for economic development reasons, by the public sector initially through Scottish Industrial Estates and subsequently, the Scottish Development Agency.
- 6.4 Significant estates in the Lanarkshire area at this time were Newhouse to the immediate east of Eurocentral, Blantyre Industrial Estate to the immediate north of Hamilton International Technology Park as well as more modern developments, such as at Victoria, Airdrie and Etna, Motherwell.
- 6.5 With the wind up of the 5 New Town Development Corporations and the SDA under the 1991 Enterprise and New Towns (Scotland) Act, these portfolios were largely sold to private investors, with 2 SDA portfolios purchased by Rutland/Hanover Property Unit Trust and Caledonian Land, a joint venture between London & Edinburgh Trust and Lilley. Ashtenne purchased the majority of the East Kilbride portfolio.
- 6.6 These industrial estates provided traditional low eaves height space, often not suited to modern occupiers and indeed properties were being let for around £1.25 per sq ft in Newhouse and for larger space £0.50 per sq ft in Blantyre.
- 6.7 East Kilbride had dominated the supply of industrial space largely on a direct provision basis under the authority of the former New Town Development Corporation. It had been extremely successful in attracting inward investors, in particular, the electronics sector and built upon the early commitment of Motorola (now Freescale) to build a wafer fabrication plant in the town.
- 6.8 When these assets were sold, Scottish Enterprise was formed on the basis of withdrawing from the direct provision of space, other than in exceptional circumstances. This strategy was entered into in order to allow the private sector to supply land and property where possible. At the time there was almost no office market as such in Lanarkshire other than local occupiers in town centres or public sector space.
- 6.9 Development of Strathclyde Business Park was part of a comprehensive approach to the development and enhancement of Lanarkshire's industrial and business property market. The Lanarkshire Working Group Report, published in June 1991, highlighted the issues:

“3.3.....There are currently few sites of quality to market. Many have poor access. Lanarkshire’s large areas of dereliction and blight give it a poor image. Closures have served to reinforce this perception in the eyes of the public and likely investors.

3.4 So measures are necessary to improve the quality and range of industrial sites and premises on offer; develop infrastructure at key locations; promote investments which both create jobs and help restore a positive image; and build on the area’s strengths.

3.5 We see the need to establish, as a matter of priority:

- A network of new business parks;
- Better sites and premises for industry in each district;
- New access to key sites; and
- Improvement in the national road network, and linkages to it.

In addition, we wish to provide opportunities for:

- flagship projects;
- service sector development; and
- investment in successful local enterprise.”

6.10 While Strathclyde Business Park was identified as the first of short term projects which the LWG recommended, it was one of 16 identified. As a priority business development measure, the Group also recommended the identification of “strategic industrial development sites in North Lanarkshire to be given enterprise zone status.⁵⁸”

Lanarkshire Enterprise Zone

6.11 Following the closure of Ravenscraig Steelworks, Enterprise Zone status was conveyed on 9 sites over 500 acres in total, spread across Motherwell, Monklands and Hamilton Districts (succeeded in 1996 by North Lanarkshire Council and South Lanarkshire Council). There were some key factors in the original designation which while building on lessons learned in previous Enterprise Zones across the UK, also help to explain why Strathclyde Business Park was not designated. These key factors included:

- 100% public sector land ownership, to avoid windfall benefits to the private sector and to enhance control over the quality of development;
- Fundamentally good location between Glasgow and Edinburgh; and
- An early commitment to expensive site serving infrastructure works.

6.12 From the planning schemes adopted on the nine sites, and the marketing of the different opportunities, Strathclyde Business Park was clearly differentiated from the Enterprise Zone sites, certainly in terms of the approach to site development, environmental quality and maintenance and the ongoing management approach. Both were seen as critical to Lanarkshire’s economic regeneration.

Development Procurement

6.13 SEn/SEL had stated its intention of long term withdrawal from the direct provision of space. In part this was to be achieved through active encouragement of private sector

financial investment, and a number of initiatives were entered into by SEN/SEL. These included the following approaches:

- Head lease;
- Public sector servicing with flexibility maintained on land disposal;
- Private sector provision of site servicing/infrastructure work;
- Public/private sector joint ventures;
- Rental guarantee; and
- Environmental assistance e.g. to overcome ground conditions.

Head Lease

- 6.14 This is a relatively primitive tool developed to ensure the procurement of space on a speculative basis by the private sector as it takes away almost all private sector development risk and can disincentivise lettings.
- 6.15 Head leases have not been used often in Lanarkshire although they were used by local authorities in the early days of the Lanarkshire Enterprise Zone. In relation to sectoral developments, the Medi Park at Strathclyde Business Park is significant. This was an initiative by Park Lane Developments who were involved with a sister company seeking new space and became involved in the Medi Park initiative.

Public Sector Site Servicing

- 6.16 The lack of high quality sites had been identified as a major constraint to economic development in Lanarkshire. Consequently, site servicing by the public sector was seen to have a major role in bringing forward site development opportunities, particularly where site conditions were so clearly affected by the legacy of previous economic uses.
- 6.17 At Strathclyde Business Park, following receipt of planning consent, the high cost of site servicing including bing removal and initial road/utilities construction was a key factor in HF Developments forming a joint venture with Morrison (now AWG), a major construction/development company and of course, Scottish Enterprise Lanarkshire.

Private Sector Infrastructure Provision

- 6.18 At the time of Strathclyde Business Park's initiation, it was almost unheard of for the private sector to undertake major infrastructure projects on anything other than retail led developments. Even in the Lanarkshire EZ, this was only partially experienced - at Eurocentral with AMEC and Dunalastair with HBG Properties/ Scottish Provident Institution - in return for the control over major landholdings.
- 6.19 At Strathclyde Business Park, the private sector was the initiator of the development, although the owner, HF Developments sought to spread their risk through the involvement of public and private sector joint venture partners. However, given prevalent market conditions, this was still considered a major speculative cost at the time.

Joint Ventures

- 6.20 The joint venture approach to procurement was in its infancy at the time of SBP's initiation although it has been one of the most successful and enduring. The use of fully blown joint

⁵⁸ Lanarkshire Working Group Report 1991, p22

ventures has diminished. While this is in part due to changes in approach, the associated corporate structure and legal requirements are not always conducive to particular property development strategies and can become cumbersome.

- 6.21 Other joint ventures in Lanarkshire include the Eurocentral Partnership and Akeler Scotland Ltd. Arguably, neither have had the success of Strathclyde Business Park (Developments) Ltd.

Inward Investment

- 6.22 Initially, it was envisaged that the Lanarkshire Enterprise Zone would be targeted at the inward investment market and clearly, in the mid to late 1990's there was a boom in the global electronics sector and the number of footloose projects was very high.
- 6.23 In this highly competitive international market, Scotland was competing mostly with Ireland and other UK regions as Britain became the most successful location for inward investment projects in Europe.
- 6.24 Some of this competition also had EZ status e.g. North East England but others competed without the benefit of this status. At this time, the policy of Regional Selective Assistance awards was that these were to be uniform throughout the UK and as such, RSA assistance was curtailed in Enterprise Zones compared to non Enterprise Zones. This could be viewed as counter productive.
- 6.25 However, the pressure brought by these companies to receive assistance, often advised by the major accounting practices, on the individuals within the Scottish Office/Locate in Scotland/LDA to deliver the project, led to property transactions which now appear unwise.
- 6.26 Similarly at this time there was a substantial growth in call centres throughout the UK often as essentially a cost cutting move by occupiers across almost all service sectors. This involved large numbers of jobs and initially less transfer of positions. Whilst city centres were often preferred due to accessibility to public transport and labour pools dedicated facilities outwith the cities were also successful.
- 6.27 While SBP has been successful in attracting inward investors, i.e. occupiers based overseas, few of these were entirely footloose and won in competition with other UK locations. For example, Morgan Stanley and First Direct both made major investments in Lanarkshire involving service sector jobs at Cumbernauld and Hamilton respectively. Both located outwith the Park.
- 6.28 In part, the Strathclyde Business Park has been a victim of its own success – Morgan Stanley liked SBP as a location but was concerned over competition for staff, for example. Also, some of the occupiers were from the IT/telecoms sectors, who at the time were experiencing major business growth and often did not require financial assistance.

Non-Enterprise Zone Development

- 6.29 The focus of development in the Enterprise Zone was very much initially on manufacturing, supplemented by distribution at Eurocentral. However, in latter years, in response to the changing economy in the West of Scotland, the office market saw a

period of unprecedented growth. In Lanarkshire, Strathclyde Business Park was the main focus of this activity.

- 6.30 Strathclyde Business Park has established itself as the West of Scotland's premier business park, stealing a march on competing sites, despite a lack of direct motorway access. This has been based on the volume of development and the quality of the environment and space provided. With the economy moving towards a service sector one demand has grown for office space and developers have responded to this.
- 6.31 When some EZ sites were initially earmarked for offices e.g. Plot F, Tannochside Park there was deep scepticism in the local property market as to their viability. This site in particular was the first to be put to the market for office use. After substantial competition Grantside was appointed and 2 phases of offices developed now occupied by Wimpey, Jacobs Engineering and ADT. Whilst not of a high quality at rents of £12.50 per sq ft these pioneered the market.
- 6.32 In the second half of Lanarkshire Enterprise Zone timescale there has been as much interest in office development as industrial. Indeed, there are now developments at Hamilton International and Eurocentral as well as non Enterprise Zone developments at Philipshill, East Kilbride, Newhouse and Hamilton Business Park.
- 6.33 This volume of supply is unprecedented and in part fuelled by the tax shelter property investment market, particularly on former Enterprise Zone land where capital allowance benefits have been extended by 'golden contracts'. With the adoption of such contracts, the future use of the land is effectively fixed and is likely to be built out over the next 10 years. As such, there is a substantial long term development pipeline for office use particularly at Eurocentral and Hamilton International.
- 6.34 However, within this overall picture there are niche sectors which attract high levels of demand and may be said to be relatively undersupplied. There has been continued interest in new, high quality and well located floorspace. At Hamilton International Technology Park, two newly-constructed buildings are presently under offer. Accommodation at Strathclyde Business Park has consistently attracted occupiers due to a combination of the quality of the floorspace provided and its setting alongside innovative management. Recent lettings have taken place at Avondale House, Dalziel House and Braidhurst House, the latter two under multi-occupation arrangements similar to those witnessed in the serviced accommodation on the Park. Such arrangements are also characterised by greater flexibility over the term of the lease and break options. Conventional lettings on FRI leases are commonly for 10-15 years. At Dalziel and Braidhurst, lettings are for five year periods with an option to break at Year 3. Under these arrangements, services are also included. Such arrangements understandably attract a premium –rentals under these arrangements are more than 40% higher (per sq.ft) than those generated under conventional letting arrangements. The investment in Dalziel and Broadhurst has been sold on the open market.

Lanarkshire Enterprise Zone

- 6.35 With the initiation of the Lanarkshire Enterprise Zone with effect from 1st February 1993, clearly there could have been a conflict between this and SBP's successful development.
- 6.36 With the subsidies associated with Enterprise Zones (including rates free occupation and 100% capital allowances), occupiers could receive better financial packages in the EZ.

However, there was very much a focus on manufacturing in the EZ from an early stage and also on inward investment. Within the EZ, SEL did not promote land for office use until 1995/1996 when a plot in Tannochside Park was offered to the market.

- 6.37 Interestingly, HF/AWG (the developers of Strathclyde Business Park) made a bid to develop this site which was unsuccessful.
- 6.38 The only other office space developed at this time in the EZ was at Brandon Street, Hamilton, the majority of which was quickly let to Hamilton District/South Lanarkshire Council.
- 6.39 With the success of these EZ developments, albeit at rents of £12.00 per sq ft and substantial incentives, interest grew in locating primarily at Tannochside as most of the other sites did not, at that time, have the necessary environment, profile, etc. This also reflected the increasing change in the economy to a service led one.
- 6.40 Over the next 5 years, a number of office occupiers located at Tannochside, although these were largely on a bespoke basis including Orange, Stiell, Jacobs Engineering, Wimpey Homes, Alexander Russell, AWG Construction and Hewden Stuart (pre-let from HF Developments). Hewden decided to split their relocation to offices in SBP and Tannochside with the latter offering lower quality, cheaper space. It is considered that most of the occupiers would not have located on Strathclyde Business Park on cost grounds. Rents at Tannochside were initially £12.00 per sq ft compared to £15.50 per sq ft at the same time at SBP. This was followed by Airbles Road, where the same developers AWG/HF combined to speculatively develop 46,000 sq ft and lease it to Land Securities Trillium at £14.50 per sq ft. Developments are now completed on the former Lite-On expansion land (120,000 sq ft), HSBC expansion land (80,000 sq ft) and as a result of the tender at Hamilton International (96,000 sq ft including a serviced office). Rentals on these are all £13.50-£14.50 per sq ft.
- 6.41 It is only close to expiry of the EZ that office developments have sprung up at Eurocentral and Hamilton. The first major developments were undertaken on land previously in the ownership of inward investors, First Direct and Lite-On, and as such, were not promoted by SEL.
- 6.42 The only other 2 sites promoted for this use were firstly at Airbles Road, Motherwell where HBOS purchased a site for their own occupation and following tender, a second plot was sold to HF/AWG for a 46,000 sq ft speculative development. This was successfully let to Trillium at a rent of £14.00 per sq ft.
- 6.43 Secondly, part of Hamilton International was promoted for office use including a multi-user building. This was again won by HF Developments/AWG Developments with HF operating a serviced office, International House.
- 6.44 While the instigation of the EZ was potentially a threat to SBP, it therefore appears to have had little impact with office developments in both being successful. It could be argued that without EZ designation and release of land for office use that SBP would have been even more successful. However, on balance both appear to have worked together well. There has been little significant competition and the distinct rental differential between SBP and the former EZ locations tends to support this. Strathclyde Business Park effectively helped to re-establish Lanarkshire as a suitable location for office and commercial uses. Moreover, it is considered likely that had land not been released for

office development in the EZ, the market may have reacted by supplying more space in other locations including East Glasgow, Livingston etc.

- 6.45 Instead, the two private sector joint venture partners in Strathclyde Business Park have also become very active in the Lanarkshire Enterprise Zone supplying buildings at Airbles Road and Hamilton International speculatively.
- 6.46 However, there are likely to be more active challenges in the future with major development potential at Eurocentral in particular with the benefit of EZ 'golden contracts' and consent on the Douglas Support site to the north of SBP for a major office led development.

Property Values

- 6.47 In the life of Strathclyde Business Park to date, there have been major changes in property value. On the Enterprise Zone land, values initially varied from £75,000 per acre to £125,000 per acre measured on a net developable basis. While there were differentials between sites and particular uses, variances were relatively low.
- 6.48 There is, when measuring land values, a potential conflict. Investors, and as a result, developers, wish to minimise allocated land values as these are non-allowable for 100% capital allowances and therefore lower values make resultant investments more tax efficient.
- 6.49 However, where land was subject to tender towards the end of EZ status, such as at Airbles Road and Hamilton International, for office use, land bids from developers have been up to £450,000 per acre. This increase in value is attributable largely to increased developer interest and lack of site availability through public sector control over land release. While such an increase in value shows a high level of market demand, it is developer demand whereby the availability of tax shelter investment funding has pushed up developer bids.
- 6.50 These scenarios do not really exist outside Enterprise Zones and can lead to pricing difficulties. Outside the EZ, typical land values in Scotland for industrial use ranged from £65,000 per acre in 1994 to £89,000 per acre in 2003⁵⁹. There have been few land transactions on significant business parks simply as there is very little quality land and the landowners rarely wish to sell.

Industrial Rental Values

- 6.51 The Scottish industrial investment market over the life of the EZ has been one of the best performers in all property investment sectors. Investment Property Databank (IPD) measured these as follows:

⁵⁹ Valuation Office

Table 6-1 Rental Values

Year	Scotland Total Return	UK Total Return
1993	20.72	21.31
1994	15.03	11.79
1995	8.12	2.77
1996	10.17	10.34
1997	12.56	16.47
1998	11.96	13.26
1999	15.63	17.15
2000	12.71	13.77
2001	10.99	8.19
2002	11.98	10.78
2003	11.92	11.27

- 6.52 In 5 of the 10 years, returns in Scotland exceeded those in the UK which as a whole also enjoyed excellent market conditions. This is despite the major downturn in occupier demand, particularly from the electronics sector over the last 5 years. Industrial take up in Glasgow over this period was as follows:

Table 6-2 Take Up of Industrial Accommodation in Glasgow 1993-2002

Year	Sq.ft	Year	Sq.ft
1993	1.86 million	1998	1.66 million
1994	0.99 million	1999	1.06 million
1995	0.75 million	2000	1.54 million
1996	1.24 million	2001	1.43 million
1997	1.77 million	2002	0.94 million

Source: PROMIS

- 6.53 There can be little doubt that EZ status has pushed Lanarkshire rental levels upwards. Rental levels outside the EZ, both in non-EZ Lanarkshire and the West of Scotland generally also increased as Strathclyde Business Park developed and as the Enterprise Zone was gradually occupied.
- 6.54 Whilst industrial use played a key role in the early development of SBP, there is unlikely to be any further major industrial use on the site. One remaining plot to the rear of Wm Grant's ownership remains undeveloped, although it is subject to high servicing costs, making industrial development unattractive.

Office Sector

- 6.55 The Central Scotland office market until the early/mid 1990's was almost completely dominated by Glasgow city centre. Glasgow city centre is relatively large for its catchment and has good road and public transport access with the M8 servicing it directly. The International Airport is also closeby in comparison to other UK regional cities. The supply of space was relatively plentiful at this time with rents of £18.00 per sq ft.

- 6.56 England and Wales had received an earlier change in planning regulations which allowed the use of previously allocated industrial land for office use without statutory planning consents. As such, landowners often sought to develop higher value office use on these locations.
- 6.57 At the same time, a combination of increasing rentals and greater volumes of traffic made cities such as London, Birmingham and Manchester ripe for out of town office development. This followed the US concept of business parks and growth in the UK was increasingly fuelled in the course of the 1990's by IT/telecoms companies which saw unprecedented levels of growth in out of town office demand.
- 6.58 Over this period of time, changing economic conditions in the UK and Glasgow towards a service led economy meant an increase in total demand for office space. Since 1993, Glasgow city centre office take up has been as follows:

Table 6-3 Take Up of Office Accommodation in Glasgow 1993-2002

Year	Sq.ft	Year	Sq.ft
1993	423,000	1999	826,000
1994	833,000	2000	625,000
1995	605,000	2001	680,000
1996	438,000	2002	594,000
1997	525,000	2003	349,000

(Source – PROMIS measured Sept-Sept)

- 6.59 During SBP's development, Glasgow city centre also witnessed strong levels of take up and as a result, rentals were pushed up. Other factors also pushed occupiers to consider out of town locations including increasing rents and service charges and lower availability due to increasing competition for city centre sites from residential and hotel/leisure uses.
- 6.60 Having secured business park style accommodation in other regional UK cities, some occupiers also sought similar type space in Glasgow which offered good quality space and high levels of parking with easy access to the motorway network at a reduced cost relative to the city centre. This opportunity was spotted initially by HF Developments as landowner and helped secure the subsequent involvement of AWG and SEL.
- 6.61 Initial development of the site was dominated by industrial use although LDA committed to their new headquarters on the Park and Mercury also pre-let a new regional headquarters building (subsequently Cable & Wireless and now NTL).
- 6.62 This allowed speculative office development to proceed with Avondale House, initially earmarked as a multi-user building with SE financial assistance and Avondale Campus first phase. These attracted occupiers at rents of £13.50 per sq ft, the highest out of town rents at the time and a further 3 phases of pavilions have been undertaken. They have been joined by a 4 star Hilton Hotel and health club. Headline rents are now £17.25 per sq ft and occupiers include Mitel, Cisco Systems, Pitney Bowes, Scottish Power, First Engineering, etc.
- 6.63 Much of this boom in take up was from the IT/telecoms sectors. This has slowed substantially affecting the rate of development at Strathclyde Business Park. The park has sought to broaden its availability and appeal to occupiers through the supply of business

centres and serviced office space whereby occupiers can enter into 5 year leases over large amounts of space on a 'serviced' basis including furniture, IT cabling, telephony, etc.

- 6.64 These serviced arrangements have taken place due to the long term view on investment on the Park taken by the joint venture company, and particularly from HF who manage the serviced offices at Phoenix House and Willow House. HF also have ongoing interest in investments through their joint venture, with RBS purchasing some of the completed investments and HF also having an ongoing role managing the Park.
- 6.65 In comparison to other business parks, this is somewhat unusual with many developers undertaking transactions with third party serviced office providers such as Regus, MWB, etc which means a lack of control over quality and has also led to problems when such occupiers withdraw.
- 6.66 The latest addition, Avondale House, offers retail facilities as well as 'serviced' space options for floors of up to 17,000 sq ft – almost unprecedented in Scotland. The restaurant facilities are also run by an HF company. This again retains control and perhaps allows a longer term view for individual profitability targets.
- 6.67 Despite its potential locational difficulties – it does not have a direct motorway access – SBP has established itself as the premier business park location in the West of Scotland.
- 6.68 While this level of supply - at Strathclyde Business Park and on former EZ sites - is unprecedented in Lanarkshire, it has not prevented office development in other locations. At Philipshill, East Kilbride, Taylor Woodrow developed 50,000 sq ft; Hamilton Business Park, Silverbank Developments completed 24,000 sq.ft.
- 6.69 However, the lack of control over land and tax driven investment demand has led to a potential oversupply of space. There is now over 300,000 sq ft of office space available on the former EZ and a further 150,000 sq ft on non-EZ Lanarkshire locations.
- 6.70 Developments have also been undertaken in suburban Glasgow such as Central Quay, Pacific Quay, Citypoint, City Park and to the west of Glasgow with Cirrus at Glasgow Airport.

Property Issues

- 6.71 The property aspects of Strathclyde Business Park can only be viewed as highly successful to date due to the relatively high take up of land and buildings and the rental growth achieved. Key elements include:
- Early development commitment;
 - Strong environmental quality;
 - Major investment in ancillary services; and
 - Procurement of speculative development.

- 6.72 Positive and negative issues associated with the Park and its development include:

Location

- 6.73 SBP is to some extent a victim of its own success and also of increasing traffic flows generally in the area. Its initial location difficulty of not having direct motorway access in comparison to many other developments of similar nature in Birmingham and Manchester for example, was overcome due to its early development. Indeed, at its inception, there

was no competition and no other developer had made such a commitment to business park development in Scotland.

- 6.74 While road improvements are being made, the upgrading of the A8 to motorway status is required in the longer term.

Facilities

- 6.75 SBP has fought hard to secure the correct type of facilities to suit its image and occupier line up. For example, whilst a site was earmarked for a hotel, some approaches were rejected on quality grounds and a 4-star hotel and health club secured by Stakis, now Hilton. There is likely to be an increased focus on this and a need for continuing investment as competition increases.

- 6.76 There is no doubt there are cheaper locations close by, some offering good quality buildings, but none currently have the level of facilities available at SBP.

Environment

- 6.77 It is now well established practice for strong management regimes to be made over business park regulating both owners and occupiers. However, this has been particularly strong in SBP and its environment rivals anything in the UK. This is an important factor to many occupiers.

Rents

- 6.78 Rents have grown strongly in the Park from £13.50 per sq.ft to over £17.00 per sq ft with serviced offices around £30.00 per sq ft. With increased competition, albeit mostly of lesser quality, rental growth is likely to slow in comparison to that experienced in the initial years.

Building Design

- 6.79 There is a strict design criteria at SBP enshrined in the management regime. This appears to have been loosened on occasions e.g. Wm Grant and Medi Park. It also needs to balance continued innovation to make the buildings distinct and modern, whilst not breaking managing guidelines.

Joint Venture

- 6.80 The joint venture arrangement has served SBP well unlike many similar public/private property development initiatives.
- 6.81 While the potential withdrawal of SE from this arrangement might appear to be appropriate given the Park has been so successful and enjoys a market profile which means the involvement of SE financially is no longer required, there are issues which could affect its future success including low levels of general demand (although this contrasts with increasing interest in managed floorspace in Lanarkshire), infrastructure improvements required and increased competition.

7 CONCLUSION

- 7.1 This evaluation has found that Strathclyde Business Park has achieved most of its original objectives.

Site Development

- 7.2 Its development was initially promoted by landowners HF Developments in the late 1980s. The 155 acre (62 hectare) site was formerly designated as Green Belt and part of the site had been a coal bing. Outline planning permission was granted in 1989 followed by a detailed planning consent for 340,000 sq.ft of development in May 1990. Linking into the activity of the Lanarkshire Working Group and the recommendations of its 1991 report, it developed in the late 1980s/early 1990s as part of a broad programme of improvement to address the lack of high quality industrial and business accommodation in Lanarkshire.
- 7.3 The high prevalence of derelict and contaminated land from Lanarkshire's industrial past formed a major constraint to new development, not only in raising the cost of development, but also in the image projected by the area. In addition, the area was affected by a relatively limited supply of available industrial and commercial sites and premises.
- 7.4 Unemployment in parts of Motherwell, Monklands and Hamilton exceeded the national average, reflecting decline in the area's traditional industries, particularly steel. This, and the extent of industrial dereliction was further compounded in 1992 by the closures of Ravenscraig and Clydesdale Tubeworks, later followed by the Dalziel and the Imperial works.
- 7.5 Site acquisition and clearance work at Strathclyde Business Park had already commenced before the Lanarkshire Working Group (LWG) reported. Building on its essentially sound location relative to the motorway network and between Glasgow and Edinburgh, the LWG saw the 155 acre site as a key high amenity business park with the capacity to accommodate between 2,300 and 3,000 jobs, assisting in key business development objectives for Lanarkshire i.e. to:
- Encourage new inward investment;
 - Strengthen the indigenous company base;
 - Promote new firm formation; and
 - Enhance Lanarkshire's business infrastructure.
- 7.6 Locate in Scotland regarded SBP as a strategically significant location for inward investment. The stated priority of the newly-formed Lanarkshire Development Agency (LDA) was to increase the supply of readily available industrial land and buildings, acknowledging the severe shortage of high amenity employment sites in Lanarkshire as a whole. It concluded that the economic climate in the early 1990s was not conducive to private sector risk in such unpredictable circumstances for future investment and so supported the use of financial incentives available through the public purse to help service sites for new development in conjunction with private sector partners.
- 7.7 Significant resources were earmarked to enable this and LDA estimated spending just over £22.6 million between 1991 and 1994 on 13 development projects in Lanarkshire. However, Strathclyde Business Park was the main priority accounting for 23% of the projected development programme.

7.8 The joint venture approach to the Park's development emerged in the early 1990s as HF Developments broadened involvement to include both Morrison Developments (now AWG) and Scottish Enterprise, reflecting land purchases (although the initial involvement of SEn and LDA had been intended to assist early infrastructure and ensure development of high quality). Scottish Enterprise's full equity partnership in SBP (D) Ltd gained Scottish Office approval in June 1994. Shareholdings were related to land ownership, with Scottish Enterprise having a 25% share. AWG has a 31% shareholding, while HF Developments hold the remaining 44%. The joint venture also benefited from a maximum £3.075m loan facility from Scottish Enterprise to enable initial development financing. The overarching objectives for the joint venture were;

- The comprehensive development of Strathclyde Business Park; and
- Development of a self sustaining property market for Lanarkshire.

7.9 The latter objective was one which it was hoped would also be assisted by the designation of 9 Enterprise Zone sites in Lanarkshire in 1993. Although the possible impact on SBP of investment in the Lanarkshire Enterprise Zone was considered, it was felt that any impact could be minimised by tightly controlling EZ management, and by directing assistance to sites outside the LEZ, and by incremental land release and careful marketing. In this respect SBP(D) Ltd does not aim to compete with the former LEZ or other similar locations in terms of price. The emphasis on quality environment and the availability of ancillary facilities act to distinguish it from neighbouring competitors.

Management

7.10 The management of Strathclyde Business Park is distinguished by a number of features which help to ensure the quality of the business environment and the standard of service to occupiers is maintained:

- The requirement for subsequent owners and occupiers on the Park to agree to a Deed of Conditions, involving payment of a set cost toward the communal maintenance of SBP;
- A comprehensive service charge (£0.30 per sq ft of net floorspace or undeveloped plot);
- Provision of Park services including: administration, landscape maintenance, window cleaning, subsidisation of a dedicated bus service; and ancillary restaurants (where required); and
- Management services provided by a stand alone, non-profit joint management company making company contracted to SBP(D)(Ltd).

Property & Delivery

7.11 Overall, Strathclyde Business Park has been successful by ensuring that high quality new office buildings have been made available to contribute to the successful regeneration of Lanarkshire. Without such a supply of land and property, such regeneration could not take place.

7.12 Key factors are:

- Early public sector investment to serve and remediate designated land to make it available for development;
- Long term financial commitment;
- Fundamentally sound location;

- Commitment to a high quality business environment and a strong management regime;
- Commitment to central facilities even when not initially financially viable; and
- Early commitment and continuing investment in speculative development.

Strathclyde Business Park Achievements

- 7.13 Outputs associated with the development of Strathclyde Business Park are presented in Table 7-1 below and compared with initial forecasts. The percentages quoted summarise the displacement and leakage effects identified in each of the recent business surveys. These are calculated from individual survey responses. The displacement percentage represents the proportion of jobs which it is estimated would have occurred elsewhere in the area in the absence of either Strathclyde Business Park or the Lanarkshire EZ respectively. The percentage attributed to leakage identifies the proportion of jobs taken by people from outside the area.
- 7.14 The multipliers indicated represent the overall multiplier effect of Strathclyde Business Park or the Lanarkshire EZ, combining the effect of additional on-site employment on supply chains, purchasing patterns and the income effects of additional employment.

Table 7-1 Strathclyde Business Park Outputs (Comparisons with Lanarkshire Enterprise Zone)

	Strathclyde Business Park		Lanarkshire EZ	
	Actual	Target	Actual	Target
No. of businesses (Spring 2004)	128	-	89	-
Floorspace (million sq.ft)	1.110	1.243	3.318	5.673
Employees				
Gross	4,179	4,049	-	-
Direct (FTE)	3,908	-	8,429	12,222
<i>Additionality Factors</i>				
Displacement				
Across Lanarkshire	64%	-	25%	-
Jobs after displacement - Lanarkshire	1,391		6,335	
Across Scotland	84%		47%	
Jobs after displacement – Scotland	608	-	4,487	-
Leakage				
% employment ex Lanarkshire	46%		15%	
Jobs after leakage – Lanarkshire	745	-	5,394	5,579
% employment ex Scotland	4%		0%	
Jobs after leakage – Scotland	584	-	4,487	-
Multiplier Effects				
Lanarkshire	2.71	-	1.53	
Scotland	1.73	-	1.56	-
Net Additional Employment				
Lanarkshire	2,023	2,500	8,253	7,493
Scotland	1,008		7,000	
Construction-related employment	-	247	-	1,389
Additional GVA 2004 (2004 prices) £m	-	137.12	-	341.11

- 7.15 Relative to the original targets, Strathclyde Business Park has performed well. Floorspace provision has been in accordance with forecast estimates, although there are plans to develop a further 500,000 sq.ft. It is noted that implementation will yield further employment benefits to the area.
- 7.16 It is estimated that in 2004, the establishments operating on Strathclyde Business Park will have generated an additional £137.1 million Gross Value Added to the Scottish economy.

Table 7-2 Strathclyde Business Park Cost Per Job

SE Cost Per Job		Employment		Cost Per Job	
	SE Costs	Gross FTE	Net Additional FTE	Gross FTE	Net Additional FTE
Total	£5,754,000	3,908	2,023	£1,473	£2,844
Net of receipts	-£3,129,192	3,908	2,023	-£801	-£1,547

Comparisons with Lanarkshire Enterprise Zone

- 7.17 While no initial targets were established in cost per job terms, Strathclyde Business Park's performance in terms of value for money exceeds that achieved on the Lanarkshire Enterprise Zone. As Table 7-2 shows, the gross cost per net additional job is less than £3,000, contrasting with the cost per job outputs achieved on the Lanarkshire Enterprise Zone which range from £14,000 gross to £9,000 (net of receipts). By way of context, cost per job benchmarks developed for English Partnerships to reflect a range of land and property interventions range from a minimum of £16,600 gross per net additional job to a maximum £42,000⁶⁰. Net of receipts, the cost to the public sector of each additional job generated at Strathclyde Business Park has been negative.
- 7.18 The scale of employment generated at Strathclyde Business Park emphasises the benefits of developing a high quality product in one of the most accessible (by road) locations in Scotland, and combining these advantages with close management to ensure that the quality of the offer is maintained.
- 7.19 Although, clearly smaller in scale, SBP has generated direct employment equivalent to 46% of the Lanarkshire EZ level. The multiplier effects are also notably increased, reflecting the increased proportion of companies in high growth and emerging sectors operating from Strathclyde Business Park.
- 7.20 Moreover, it is clear that the different sites were differentiated in market terms, with SBP targeting the requirements of headquarters, high technology, and prestige operations. The Lanarkshire EZ was to a larger extent concerned to develop a modern and marketable supply of general industrial and commercial floorspace in the area, although high quality has clearly been part of the development at Tannochside and HITP.
- 7.21 This is clear when local benefits are considered. The levels of displacement and leakage associated with Strathclyde Business Park are higher at the Lanarkshire level than witnessed on the EZ. Occupation of units at Strathclyde Business Park was not subject to the application process in place for the Lanarkshire EZ, and therefore was not as

⁶⁰ English Partnerships, Best Practice Note 15, October 2003

concerned over displacement, or where employment opportunities are accessed from. A higher proportion of the employment opportunities at Strathclyde Business Park require high skill levels. Outside a major city, meeting these requirements in turn implies the ability to draw on a wider labour market area. The accessibility benefits enjoyed by Strathclyde Business Park also mean that a higher proportion of employment opportunities have been taken by residents outside Lanarkshire.

Comparing Achievements with Expectations

- 7.22 Strathclyde Business Park would therefore appear to have broadly met the expectations of the joint venture partners. In terms of helping to establish a self sustaining industrial and business property market in Lanarkshire, all but the initial developments at SBP have been constructed on a speculative basis. The provision and availability of managed office space at SBP appears to have been successful. High occupancy rates have been maintained for the serviced accommodation, and in addition a large proportion of the companies using the space have expanded to larger premises on Strathclyde Business Park.
- 7.23 The availability of the SEn loan has made speculative development easier, offering security to lending institutions who are often nervous of speculative development on business parks.
- 7.24 However, one of the original objectives was the complete development of the Park and clearly this has not been achieved, although SBP(D)Ltd does have plans to pursue this.

The Continued Involvement of Scottish Enterprise

- 7.25 As stated above, one of the JVs original objectives was the complete development of Strathclyde Business Park. Scottish Enterprise Lanarkshire now proposes that the date of SEn's exit from SBP(D)Ltd be extended to July 2007 i.e. by a further 3 years to enable this to proceed. Development of the remaining 30 acres of the site (including the proposed Incubation centre and the development which would accommodate it) has been delayed pending approval for off-site road infrastructure improvements (see paragraphs 4.60 to 4.62).
- 7.26 It has been proposed that SEn's exit be deferred until such time as the above infrastructure works are completed. SEL, acting on SEn's behalf would thereby be able to oversee the development of site road infrastructure and development of the remaining elements, and the development of the Incubation Centre, while not directly procuring either roads infrastructure or buildings (see paragraph 4.63).
- 7.27 The terms of the original £3.075 million loan made available by SEn were clear, provided on the basis that the loan would be repayable (together with accrued interest) to Scottish Enterprise by July 2004. This has been extended as an interim measure until December 2004. The £3.075m loan (initially consolidating SEn's prior involvement in site acquisition and servicing) is estimated to be worth as much as approximately £6 million (based on the accrued interest estimated at a further £3 million). It was provided to enable initial development financing and it has clearly been successful in this regard.
- 7.28 As the figures above demonstrate, SBP(D) Ltd has also been broadly successful in achieving its original objectives. There are a number of factors which should be considered before deciding the future direction of SEn's involvement.

Completion of Strathclyde Business Park

- 7.29 Completion of the remainder of development on Strathclyde Business Park is dependent on road infrastructure improvements. These can be funded from SBP(D)Ltd resources at present. However, were SEn's shareholding and loan facility removed, this could affect the JVs continued involvement. While it may be possible for HF Developments/AWG to raise sufficient funds to acquire SEn's shareholding, it is less clear whether the 'rump' JV would be in a position to complete the required junction improvements. Moreover, there is a degree of uncertainty over the position the different JV partners would adopt in the advent of SEn disposal i.e. whether both parties would wish to remain part of the JV or whether one would also seek to dispose of its share. This uncertainty would lend further delay, possibly up to 18 months, to commencement of the road improvements.
- 7.30 In the absence of the loan facility, it is likely that development would proceed at a slower pace.
- 7.31 Both of the above factors could help raise the relative profile of other sites in the area with more direct motorway access (such as Eurocentral) to the detriment of the completion of SBP, and importantly ambitions for the Park to provide a strong focus for high growth industries.
- 7.32 SEn's continued involvement in SBP(D) Ltd would also afford SEL a greater degree of influence over the Incubation Centre and its relationship with accommodation on the remainder of Strathclyde Business Park.
- 7.33 It is noted that the option remains for the Incubation Centre to be delivered on another site. However, in this eventuality the benefits of networking with the existing concentration of companies in growth-oriented companies at SBP would be minimised. In the absence of SE involvement, the prospect of control over the nature and quality of development at Strathclyde Business Park would be diminished.

Financial

- 7.34 While the value of SEn's shareholding and the interest accrued on the loan has grown over the last 11 years, disposal either to one of the remaining JV partners (who have first call) or another party, could act to minimise it. This would reflect the relative value of undeveloped land with a requirement for off-site infrastructure provision attached as well as construction of on-site roads. These obligations would depress values.
- 7.35 Retention of funds will enable planning constraints to development of the remainder of Strathclyde Business Park to be alleviated i.e. improvement to access arrangements to and from the A725. Retention of the loan facility would also ensure that development confidence in Strathclyde Business Park (relative to other sites) is maintained and provide greater prospect of it being built out in the short term. Site values would also be reinforced, in the process adding value to the shares held by SEn in SBP(D) Ltd. At SBP(D)Ltd's inception, it was envisaged that Strathclyde Business Park would have been built out within the term of the loan. Withdrawal from the joint venture was therefore presumably also based on realising end values. Deferral of SEn's exit would enable these to be realised.
- 7.36 There would therefore appear to be strong economic development and financial benefits in deferring SEn's exit including:
- Consolidation of Strathclyde Business Park as a premier business park;

- Consolidation of Strathclyde Business Park as a centre for businesses in high growth companies in line with local strategic objectives;
- Achieving access benefits for occupiers of neighbouring industrial estates in the short term through alleviating traffic constraints;
- Improving the shareholding/asset value of SEN's initial investment;
- Development of a further 500,000 sq.ft of speculative floorspace, generating up to 3,800 jobs (gross); and overall
- Ensuring the sustainability of Strathclyde Business Park and the adjoining industrial estates.

APPENDIX ONE

BUSINESS SURVEY INTRODUCTORY LETTERS AND QUESTIONNAIRES

10 June 2004



Dear

MEASURING THE PERFORMANCE OF STRATHCLYDE BUSINESS PARK

As a partner in Strathclyde Business Park (Developments) Ltd, Scottish Enterprise Lanarkshire has commissioned economic development consultants Roger Tym & Partners to assess the performance and economic impacts of Strathclyde Business Park.

As an establishment located on the business park, your views on the way the park is managed and its effects on your business are essential.

This study is required to learn lessons for the way Scottish Enterprise Lanarkshire continues to work with its partners to develop the business park for the benefit of occupiers and the wider Lanarkshire economy.

We have asked the consultants to contact all of the establishments on the business park, and we welcome your feedback and comments. We would therefore be grateful if you could complete the attached questionnaire and return it to the consultants in the stamped address envelope provided, if possible before Friday 18 June 2004.

The findings of the work will be available from our website on completion (http://www.scottish-enterprise.com/sedotcom_home/about_se/local_enterprise_companies/lanarkshire.htm). Please note any individual company information collected during this process will remain strictly confidential.

For further information on the study, please contact Nairn Pearson at Roger Tym & Partners on 0141 332 6464, or alternatively by e-mail to scotland@tymconsult.com.

Thank you for your attention and we look forward to hearing from you.

Yours sincerely,

A handwritten signature in cursive script that reads "A. McPherson".

Dr Alastair McPherson
Senior Research & Evaluation Executive
Scottish Enterprise Lanarkshire

EVALUATION OF STRATHCLYDE BUSINESS PARK BUSINESS SURVEY

Establishment Name & Address:

Establishment Activity:

Contact Name & Position:

1. Service Delivery

1.1 **What is your overall level of satisfaction with the services provided to you by Strathclyde Business Park Ltd?**

Please **circle** one number: 1=Very Unsatisfied; 2= Unsatisfied; 3= Undecided; 4= Satisfied; 5= Very Satisfied

1 2 3 4 5

Comments

1.2 **This question asks about your views of the level of specific services provided by Strathclyde Business Park Ltd.**

Please **circle** one number: 1=Very Poor; 2=Poor; 3=Undecided; 4=Good; 5=Very Good

a) *Buildings and Facilities Maintenance and Repairs*

1 2 3 4 5

Comments

b) *Other Landlord Services*

1 2 3 4 5

Comments

c) *Quality of business park environment*

1 2 3 4 5

Comments

d) *Site Roads Maintenance (gritting etc)*

1 2 3 4 5

Comments

e) *Transport Access*

1 2 3 4 5

Comments

f) *Public Transport Links*

1 2 3 4 5

Comments

g) *Other (please specify)*

1 2 3 4 5

Comments

1.3 **What is your overall level of satisfaction with your location on Strathclyde Business Park?**

Please **circle** one number: 1=Very Unsatisfied; 2= Unsatisfied; 3= Undecided; 4= Satisfied; 5= Very Satisfied

1 2 3 4 5

Comments

2. Property and Location Choice

2.1 Do you currently own or lease the premises you occupy? (*Tick One*)

Owner occupied

Lease

2.2 When did you occupy your current premises on Strathclyde Business Park?

Year

2.3 What is the size of your current property?

square metres (*OR*)
 square feet

2.4 If this establishment moved to this site from another location, where was this?
Please specify the town/city and country.

Location

2.5 What were the main factors influencing your company's decision to locate on Strathclyde Business Park?

1	<input type="text"/>
2	<input type="text"/>
3	<input type="text"/>
Other	<input type="text"/>

2.6 Can you indicate any other business locations which you may also have considered?

3. Business Performance and Prospects

3.1 In general, how was your overall business performance over the last 3 years?

(Tick One)

Better	<input type="checkbox"/>
No Change	<input type="checkbox"/>
Worse	<input type="checkbox"/>

Comments

3.2 What is your view of your establishment's business prospects over the next 3 years?

(Tick One)

Better	<input type="checkbox"/>
No Change	<input type="checkbox"/>
Worse	<input type="checkbox"/>

Comments

3.3 Have your establishment's sales expanded since locating on Strathclyde Business Park? *(Tick one)*

Yes No Don't know

Please describe any changes

3.4 Have your establishment's number of employees expanded since locating on Strathclyde Business Park? *(Tick one)*

Yes No Don't know

Please describe any changes

3.5 **Do you agree with the following statements about the impact on your business of locating on Strathclyde Business Park?**

Please **circle** one number: 1=Strongly Agree; 2=Agree; 3=Undecided; 4=Disagree; 5=Strongly Disagree

- Locating on the business park has led to an increase in the number of people employed at this establishment.

1 2 3 4 5

Comments

- Locating on the business park has led to an increase in the sales of this establishment.

1 2 3 4 5

Comments

3.6 **How does the establishment view the overall business performance of the Lanarkshire economy over the last ten years?**

Please **circle** one number: 1=Very Poor; 2=Poor; 3=Undecided; 4=Good; 5=Very Good

1 2 3 4 5

4. Your Business Background

4.1 **Are you a subsidiary or branch plant of a larger parent company? (Tick one)**

Yes No

If yes, could you please specify the headquarters location (town/country) of your parent company?

--

4.2 **How many staff does your establishment currently employ? (Write number)**

Permanent: Full time (31 hours per week or more)

Permanent: Part time (30 hours per week or less)

Temporary: Full time (31 hours per week or more)

Temporary: Part time (30 hours per week or less)

Others (please specify)

Total

4.3 Could you provide an indication (%) of where your employees live?

Location

% of Staff

- Local (i.e. within 5 miles of site)
- Elsewhere in Lanarkshire
- Elsewhere in Scotland
- Elsewhere in rest of UK
- Other locations (please specify)

Total
100%

4.4 Could you tell us the proportion of your workforce employed in the following occupations?

%

- Managers & Professionals
- Administrative & Secretarial
- Skilled Trades
- Sales & Customer Services
- Process, Plant and Machine Operatives
- Other Elementary/ Manual Workers e.g. Labourers, Packers & Cleaners
- Other

<i>(please specify)</i>
Total
100%

4.5 Please provide an indication of your annual turnover (for 2002/03). This will be treated in strictest confidence.

£

4.6 If you cannot provide a figure, could you please indicate which of the following categories applies to your business?

Turnover

(Tick One)

- Small – (less than or equal to £2.8 million)
- Medium – (between £2.8 million and £11.2 million)
- Large –(more than £11.2 million)

4.7 Where does this establishment access supplies and products for your business?

Location

(%)

- Local (i.e. within 5 miles of site)
- Elsewhere in Lanarkshire
- Elsewhere in Scotland
- Elsewhere in rest of UK
- Other locations

<i>(specify)</i>
Total
100%

4.8 **Has this establishment experienced any staff recruitment or training difficulties in the last three years?**

Yes

No

Don't know

If yes, then please provide further explanation in the space below.

5. Comments

5.1 **If you have any further comments, please use the space below.**

**End of Questionnaire
Thank you for your Assistance**

EVALUATION OF STRATHCLYDE BUSINESS PARK BUSINESS SURVEY (for businesses outside SBP(D) Ltd

Establishment Name & Address:

--

Establishment Activity:

--

Contact Name & Position:

--

1. Service Delivery

1.1 What is your overall level of satisfaction with the services provided to you by Strathclyde Business Park Ltd?

Please **circle** one number: 1=Very Unsatisfied; 2= Unsatisfied; 3= Undecided; 4= Satisfied; 5= Very Satisfied

1 2 3 4 5

Comments

--

1.2 This question asks about your views of the level of specific services provided by Strathclyde Business Park Ltd.

Please **circle** one number: 1=Very Poor; 2=Poor; 3=Undecided; 4=Good; 5=Very Good

a) Quality of business park environment

1 2 3 4 5

Comments

--

b) Site Roads Maintenance (gritting etc)

1 2 3 4 5

Comments

--

c) *Transport Access*

1 2 3 4 5

Comments

d) *Public Transport Links*

1 2 3 4 5

Comments

e) *Other (please specify)*

1 2 3 4 5

Comments

1.3 **What is your overall level of satisfaction with your location on Strathclyde Business Park?**

Please **circle** one number: 1=Very Unsatisfied; 2= Unsatisfied; 3= Undecided; 4= Satisfied; 5= Very Satisfied

1 2 3 4 5

Comments

2. Property and Location Choice

2.1 **Do you currently own or lease the premises you occupy? (Tick One)**

Owner occupied

Lease

2.2 **When did you occupy your current premises on Strathclyde Business Park?**

Year

2.3 What is the size of your current property?

	square metres (OR)
	square feet

2.4 If this establishment moved to this site from another location, where was this?
Please specify the town/city and country.

Location

2.5 What were the main factors influencing your company's decision to locate on Strathclyde Business Park?

1	
2	
3	
Other	

2.6 Can you indicate any other business locations which you may also have considered?

3. Business Performance and Prospects

3.1 In general, how was your overall business performance over the last 3 years?

(Tick One)

Better	<input type="checkbox"/>
No Change	<input type="checkbox"/>
Worse	<input type="checkbox"/>

Comments

3.2 What is your view of your establishment's business prospects over the next 3 years?

(Tick One)

Better	<input type="checkbox"/>
No Change	<input type="checkbox"/>
Worse	<input type="checkbox"/>

Comments

3.3 Have your establishment's sales expanded since locating on Strathclyde Business Park? (Tick one)

Yes No Don't know

Please describe any changes

3.4 Have your establishment's number of employees expanded since locating on Strathclyde Business Park? (Tick one)

Yes No Don't know

Please describe any changes

3.5 Do you agree with the following statements about the impact on your business of locating on Strathclyde Business Park?

Please **circle** one number: 1=Strongly Agree; 2=Agree; 3=Undecided; 4=Disagree; 5=Strongly Disagree

- Locating on the business park has led to an increase in the number of people employed at this establishment.

1 2 3 4 5

Comments

4.4 **Could you tell us the proportion of your workforce employed in the following occupations?**

	%
Managers & Professionals	<input type="text"/>
Administrative & Secretarial	<input type="text"/>
Skilled Trades	<input type="text"/>
Sales & Customer Services	<input type="text"/>
Process, Plant and Machine Operatives	<input type="text"/>
Other Elementary/ Manual Workers e.g. Labourers, Packers & Cleaners	<input type="text"/>
Other	<input type="text"/> (please specify)
Total	100%

4.5 **Please provide an indication of your annual turnover (for 2002/03). This will be treated in strictest confidence.**

£

4.6 **If you cannot provide a figure, could you please indicate which of the following categories applies to your business?**

<i>Turnover</i>	<i>(Tick One)</i>
Small – (less than or equal to £2.8 million)	<input type="checkbox"/>
Medium – (between £2.8 million and £11.2 million)	<input type="checkbox"/>
Large –(more than £11.2 million)	<input type="checkbox"/>

4.7 **Where does this establishment access supplies and products for your business?**

Location	(%)
Local (i.e. within 5 miles of site)	<input type="text"/>
Elsewhere in Lanarkshire	<input type="text"/>
Elsewhere in Scotland	<input type="text"/>
Elsewhere in rest of UK	<input type="text"/>
Other locations	<input type="text"/> (specify)
Total	100%

4.8 **Has this establishment experienced any staff recruitment or training difficulties in the last three years?**

Yes No Don't know

If yes, then please provide further explanation in the space below.

5. Comments

5.1 **If you have any further comments, please use the space below.**

**End of Questionnaire
Thank you for your Assistance**