

# SCOTTISH ENTERPRISE BORDERS CAVALRY PARK, PEEBLES IMPACT EVALUATION

## FINAL REPORT




# **An Evaluation Of Cavalry Park, Peebles**

**Prepared on Behalf of**



<b>Contents</b>		<b>Page No.</b>
<b>Executive Summary</b>		
<b>1</b>	<b>Introduction</b>	<b>10</b>
<b>2</b>	<b>Background</b>	<b>12</b>
<b>3</b>	<b>Strategic Context</b>	<b>15</b>
<b>4</b>	<b>The Companies</b>	<b>21</b>
<b>5</b>	<b>Economic Evaluation</b>	<b>24</b>
<b>6</b>	<b>Quality of Jobs</b>	<b>33</b>
<b>7</b>	<b>Companies' Activities</b>	<b>37</b>
<b>8</b>	<b>Future of Cavalry Park</b>	<b>45</b>
<b>9</b>	<b>Occupancy Experience</b>	<b>48</b>
<b>10</b>	<b>Management of Park</b>	<b>53</b>
<b>11</b>	<b>Services of SE Borders</b>	<b>56</b>
<b>12</b>	<b>Companies' Concluding Remarks</b>	<b>58</b>
<b>13</b>	<b>Conclusions</b>	<b>59</b>
<b>Appendices</b>		
<b>1</b>	<b>Potential Job Creation Calculation</b>	
<b>2</b>	<b>Actual Job Creation Calculation</b>	
<b>3</b>	<b>List of Interviewees</b>	
<b>4</b>	<b>Company Questionnaire</b>	
<b>5</b>	<b>Nature of Employment &amp; Distances Travelled to Place of Work/Study</b>	



## EXECUTIVE SUMMARY

### Summary of Achievements to Date

Indicator	Forecast	Actual
Gross Jobs	88	96 <sup>1</sup>
Net FTE Jobs <sup>2</sup>	67-81	84-124
No. of Jobs in Companies	24.5 <sup>3</sup>	96
Average increase in companies' employment levels	n/a	121% <sup>4</sup>
Cost-per-job <sup>5</sup>	£19,382-£28,672	£3,334-£14,400 <sup>6</sup>
Contribution to GDP <sup>7</sup>	£688,000-£2.4 million	£967,204-£3.4 million

### Introduction

Scottish Enterprise Borders [SEB] appointed PRA Economic Development Consultants to undertake an evaluation of Cavalry Park, Peebles. The purpose of the evaluation is to determine what impact the project has made on the economy and the tenant companies; whether its procurement and management are in accordance with good practice; and whether the project demonstrates value for money to the public purse.

### Background

Cavalry Park is located on the south eastern outskirts of Peebles and is a business park in a landscaped setting. The site extends to c. 6.1 ha [15 acres] and was acquired in 1984 by the then SDA as a high-technology, single-user, inward investment site. Due to lack of demand for this usage, the site was re-designated as a business park with the emphasis on high-technology companies.

Initial site servicing was carried out in 1995/6 by SE Borders [SEB]. The creation of the access road divided the site into two areas: the western site was to be divided into smaller plots whilst the eastern site was left as a 2.8 ha [7 acre] plot suitable for use by larger users.

<sup>1</sup> Number of jobs accommodated on Cavalry Park, i.e. excludes indirect and induced jobs.

<sup>2</sup> After allowing for indirect and induced jobs, less displacement [low to medium] and deadweight.

<sup>3</sup> Figures supplied by companies – employment levels prior to locating on Cavalry Park.

<sup>4</sup> This should be treated with caution as it applies to only three existing companies. Of the remainder; four of the companies were new starts; one was an existing company that opened a new branch; three had no change in employment levels, and one has had a reduction in employment.

<sup>5</sup> Local figures only used.

<sup>6</sup> Based on the net cost per jobs, i.e. less capital value of asset, value of remaining undeveloped land, and income from land sales.

<sup>7</sup> Local figures only used.



The first development on the site was undertaken by SEB as a speculative office building providing units ranging from 35-130 sq m [380-1,400 sq ft]. At the time of the evaluation 9 of the 12 units were occupied by six different companies.

Further developments followed:

- The sale of 0.2 ha [0.5 acre] of land for the development of a private-sector childcare facility.
- The sale of 0.4 ha [0.97 acre] plot for the development of two buildings containing fifteen units and providing a total of 512 sq m [5,500 sq ft] of office accommodation. This development was undertaken by Pearson Developments Limited.

### Objectives of Cavalry Park

The main *objectives* of the project were to:

- Address a lack of provision of office accommodation in the Peebles area by providing business space in a range of sizes;
- Accommodate local demand by housing company expansion and new start businesses and to attract inward investment to the area;
- Encourage the establishment of high-quality business in the Scottish Borders to assist in the economic development and diversification of the economy while providing employment opportunities.

### Methodology

PRA carried out a series of interviews with twelve existing companies on Cavalry Park, the Park managers and staff of SE Borders. Twelve of the companies took part in the survey; four companies did not. Information on one of the four companies that did not take part was provided by SE Borders' Account Manager. Two of the companies were in the process of moving out and provided limited information; one owner was abroad and no one else could answer; and the fourth company refused to take part.

The information gathered during those interviews was analysed and combined with information drawn from documentation provided and research carried out.

Various aspects of the project were considered, including:

- Contribution to strategy
- Economic benefits derived
- The companies
- The companies' views on the Park
- Park management
- The services of SEB

Detailed analyses of the performance of Cavalry Park in relation to all of those aspects were then prepared and conclusions drawn.



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## Conclusions

The conclusions drawn from the analyses carried out on all aspects of Cavalry Park have been organised under three headings:

- Strategic Planning
- Economic Impact
- Management

### [a] Strategic Planning

#### [i] Cavalry Park to Date

The development of Cavalry Park has achieved its main objectives, secured the proposed benefits and exceeded its output targets<sup>8</sup>.

There is a mixture of companies on the Park, carrying out a diversity of activities, and operating in both local and national markets. Of the companies that took part in the study one-third were new starts and two-thirds existing businesses.

The development of Cavalry Park has created an opportunity to attract businesses to Peebles and to provide an environment where modern, innovative companies can do business and provide employment opportunities to local residents.

Cavalry Park clearly contributes to “a quality environment for living, studying, working and trading” by making a direct contribution to the economic development of vacant land by the provision of industrial and commercial property, resulting in access to employment opportunities for the local community.

#### [ii] Future of Cavalry Park

The Park has an important future role to play in the economy of the Scottish Borders region as, of the 15 sites designated as employment land, it has the most direct access to Edinburgh city centre, the road network, and Edinburgh International Airport.

There is scope for attracting satellite offices to the Park based on the numbers of commuters and the occupational mix of those in employment.

The remaining seven-acre site offers an opportunity to move the Park up-market in terms of attracting high-growth, mobile technology-based companies to the area. The quality of the Edinburgh-Peebles road may be a drawback, as it is single-lane in either direction [until the Edinburgh by-pass is reached] and suffers from congestion at peak times: that may, however, contribute to the attraction of satellite offices reducing the frequency of journeys to Edinburgh.

The success of the seven-acre site is likely to require a high level of input from SE Borders in both financial and marketing support if the “quantum leap” sought by SEB’s Business Manager is to be achieved.

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<sup>8</sup> See Section 1 Introduction.



The development proposals for the site around Rowan Court are predominantly suited to smaller companies serving a more local market, although the proposed two pavilions offer more flexibility in attracting larger companies serving a wider geographic market.

Future development proposals should consider the move towards owner-occupation among SMEs and evaluate a wide range of options.

There is some evidence that a lack of flexibility in some of the areas in Block 1 is a drawback to full occupancy and that future development proposals should consider whether central services [i.e. toilets, kitchen area, etc] may be more appropriate to a multi-occupancy building. The accommodation provided by Pearson Developments complements that in Block 1 and, together, provide a wide range of size and type of accommodation.

## **[b] Economic Impact**

### *[i] Employment*

Net FTE jobs, allowing for indirect and induced jobs, construction jobs, displacement and deadweight, is 63-93 at the local level and 44-77 at the national level.

Only 24% of the jobs on the Park can be classed as deadweight, i.e. pre-existing jobs moved to Cavalry Park: the remaining 76% of the jobs on the Park are new additional jobs. Prior to moving to Cavalry Park, the companies employed 25 people against current employment level of 96. Around 83% of the jobs on the Park are filled by people living locally in the Scottish Borders region.

### *[ii] Contribution to GDP*

The contribution to GDP from the companies on Cavalry Park is between £967,000 to £3.4 million at the local level and in the range £760,000 to £2.4 million at the national level.

### *[iii] Skill Levels*

Half of the jobs on Cavalry Park have been classified as highly-skilled by the businesses themselves, and a further 43% as skilled.

### *[iv] Salary Levels*

The salary levels on Cavalry Park compare well with regional figures, with around 48% of the salaries being above the regional average and the remainder in a comparable band

### *[v] Recruitment*

There was evidence of difficulties in recruiting trained professional people, although 80% of employees on the Park lived within the Scottish Borders region. The main recruitment difficulty was in the recruitment of property professionals and IT people. Two of the companies thought that being located on the Park had made recruitment easier due to improved image. In line with the Scottish Parliament's Fresh Talent Initiative introduced to the Scottish Parliament in February 2004 by the First Minister<sup>9</sup> two of the companies had addressed recruitment difficulties by recruiting employees from former eastern bloc countries: another company owner mentioned that this was something he was looking into as it seemed to offer a solution to his company's recruitment difficulties.

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<sup>9</sup> New Scots: Attracting Fresh Talent to Meet the Challenge of Growth, Scottish Executive, 2004

*[vi] Propensity for Growth*

There was clear evidence that the companies, including the “new starts” were growing annually and seemed to be performing better than the average for the region. There was a wide variety of reasons for the increased turnover ranging from expanding market through improved quality of staff, to introduction of new product. An average of 73% of the companies’ turnover was derived UK-wide and an average of 6% from Scotland [other than Scottish Borders].

*[vii] Markets*

There is a cluster of property/construction-related businesses on the Park [c. 39%] with 15% each in computer-related and IT; wholesale/retail; and marketing/graphic design/publishing. Almost half of the businesses were in the business-to-business market, 38% sold direct to consumers, and the remainder dealt with public-sector organisations. Only 17% traded solely within the Scottish Borders region, and 39% traded UK wide. One company traded in European as well as domestic markets. The 39% of the businesses trading UK-wide account for an average of 73% of total turnover. Two-thirds of the companies intended to widen their geographical markets over the next three years.

Overall it is believed that the companies are growing, are trading well geographically and they would seem to be well-placed to withstand any local changes in demand.

**[c] Perceptions**

*[i] The Environment of Cavalry Park*

The companies were split fairly evenly when asked whether the environment on the Park was a feature in their decision to locate there; with 69% of them saying that the environment was important or very important to their company’s success. The companies were, on the whole, satisfied with their environment with the suggested changes falling into two categories: minor irritants and suggested improvements.

*[ii] Accommodation*

The single most important aspect of accommodation was cost, followed equally by size and access to road network. The availability of car parking and IT infrastructure were considered to be important to business. The majority of the companies – around three-quarters – believed they had the length of lease they wanted and that rental levels were reasonable. As with their environment, the companies seem to be generally content with their accommodation with only the two negative comments being received.

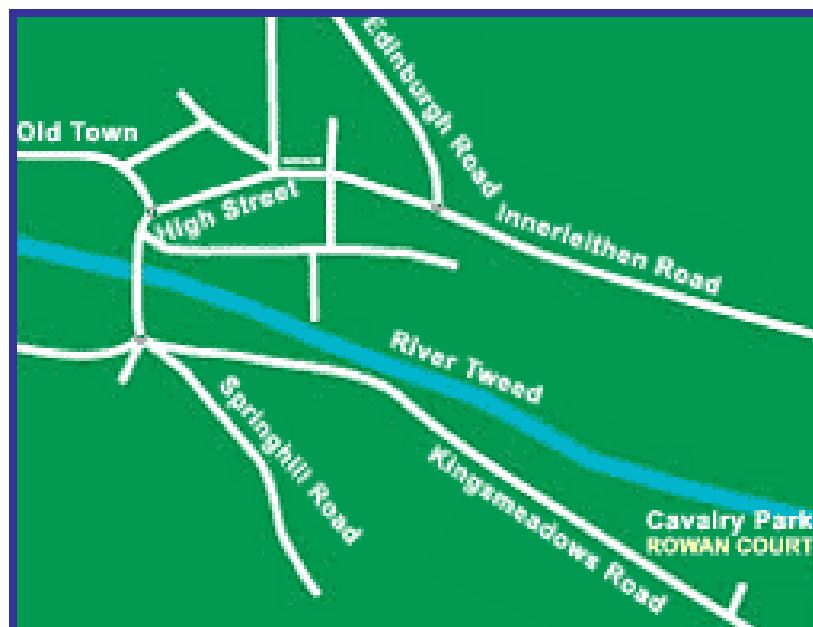
*[iii] Management of the Park*

Fifty-four percent of the companies thought that the management could be better or was unsatisfactory. There was a range of suggested improvements from gritting of areas not gritted by the council to improving response/paperwork on the part of the managing agents. Only two of the companies thought the current management was value for money and six of them thought they could get equal quality for less outlay. The Park managers, CRE Colliers, said there had been several problems in the past but felt that they were all resolved.



*[iv] Services of Scottish Enterprise Borders*

Eighty-five percent of the companies had dealt with SEB. The most common type of dealing was financial through the Enterprise Division. Five of the companies would not rate their level of satisfaction with SEB. There was a feeling that SEB could be more pro-active in promoting their services and that there was always a negativity and lack of business orientation. There was also a feeling that SEB placed an emphasis on larger businesses and had "lost their way" with smaller businesses.



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## CAVALRY PARK: EVALUATION

### 1 INTRODUCTION

PRA Economic Development Consultants were appointed by Scottish Enterprise Borders to undertake an evaluation of the Cavalry Park project located on the south-eastern outskirts of Peebles.

The issues to be addressed included:

- an assessment of the interventions in meeting main objectives and targets (in quantitative and qualitative terms).
- a review of the number, size and range of companies benefiting from the project.
- an assessment of the value of the jobs created throughout the project.
- measurement of the impact of the interventions, in both quantitative and qualitative terms including:
  - the direct effects of both the site servicing works and the office developments on existing tenants and the wider economy, and the outputs and impacts which can be attributed to the overall project;
  - assessment of additionality, displacement and multiplier effects; assessment of value for money of the overall project and each of the individual interventions;
  - an assessment of the success of the assisted project in achieving desired benefits and outcomes.
- a consideration of the views of existing companies, including:
  - an assessment of the 'do nothing/do less options';
  - an insight into companies' levels of satisfaction with Cavalry Park's managing agents.
- identification of key findings or learning points which could be applied to future interventions of this nature.
- any recommendations which would help to inform future strategic development and development of the project.
- any suggestions on how to gauge business perception of Cavalry Park as a business location, both locally and outwith the region.

In order to address those questions PRA proposed to:

- Inform Scottish Enterprise Borders of the economic and physical impact of Cavalry Park on its tenants, the local economy and the contribution to national GVA. To identify whether the physical aspects of the Park and the demographics of the area attracted businesses to the location. To identify and quantify the contribution of the project in terms of the companies' propensity to growth, employment generation, quality of jobs/skill levels, and thus to a *Smart Successful Scotland*.
- Evaluate the performance of the management regime on the Park and to provide SE Borders with a clear statement on the actual performance.

A series of interviews were carried out with the tenants on the Park – both SE Borders' tenants and private-sector tenants; staff of SE Borders and the service providers.

In all a total of sixteen interviews took place [14 face-to-face, one by telephone, one by post], including SEB's Business Manager, SEB Account Manager and the representative of CRE Colliers responsible for the management of the Park. One of the interviewees responded in several guises: as the owner/CEO of three separate companies and as the developer of Rowan Court 1 and 2, and proposed Rowan Court 3, 4 and 5.

Two companies have not responded: [1] Mewstead Ltd: PRA has spoken with the owner's wife twice and have sent out a questionnaire by mail; [2] Black Circles Ltd: PRA has left messages with a member of staff on five occasions, spoken with adjoining owner [EBS Europe Ltd, at the suggestion of SEB's Business Manager], and, on one occasion, spoke with the owner of the company who said he would only take part if he was "guaranteed to a direct benefit out of it, as he was fed-up banging-on at SE Borders". Some information on Black Circles has been made available to PRA via SE Border's Account Manager for the company. Two other companies, Moss Bros and Think Engine did not provide all of the information as they left the Park during the evaluation process.

The results of the interviews have been input to a database and detailed analyses carried out.

This report is the result of the analyses of all of the data, comparison with the experience of others, and conclusions drawn. The conclusions have been arranged to address the main evaluation criteria.



## 2 BACKGROUND

### [a] Development of the Park<sup>10</sup>

Cavalry Park is located on the south eastern outskirts of Peebles and is a business park in a landscaped setting. The site extends to c. 6.1 ha [15 acres] and was acquired in 1984 by the then SDA as a high-technology, single-user, inward investment site. Due to lack of demand for this usage, the site was re-designated as a business park with the emphasis on high-technology companies.

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The first development on the site was undertaken by SEB as a speculative office building providing units ranging from 35-130 sq m [380-1,400 sq ft]. At the time of the evaluation 9 of the 12 units were occupied by six different companies.

Further developments followed:

- The sale of 0.2 ha [0.5 acre] of land for the development of private-sector childcare facility.
- The sale of 0.4 ha [0.97 acre] plot for the development of two buildings containing fifteen units and providing a total of 512 sq m [5,500 sq ft] of office accommodation. This development was undertaken by Pearson Developments Limited.

### [b] Anticipated Outcomes<sup>11</sup>

The main *objectives* of the project were to:

- Address a lack of provision of office accommodation in the Peebles area by providing business space in a range of sizes;
- Accommodate local demand by housing company expansion and new start businesses and to attract inward investment to the area;
- Encourage the establishment of high-quality business in the Scottish Borders to assist in the economic development and diversification of the economy while providing employment opportunities.

The proposed *benefits* of the project were:

- Provide a supply of quality industrial land;
- Encourage private-sector property development;
- Provide the opportunity for companies to establish in the area;
- Provide the opportunity for job creation;
- Provide business space to accommodate local demand and attract inward investment;
- Assist in diversifying the economy of the Borders;
- Encourage new employment opportunities;

<sup>10</sup> Source: Project Brief provided by SEB.

<sup>11</sup> Source: Ibid.



- Provide a childcare facility to assist/attract businesses and enable parents to enter the local labour market;
- Act as an example of sustainability in building design practice.

The project output targets included:

- Up to 12 companies assisted
- Approximately 1,349 sq m [14,500 sq ft] property developed
- Up to 58<sup>12</sup> new jobs created

### [c] Summary of SEB's Interventions at Cavalry Park

SEB's interventions in the development of Cavalry Park have spanned a thirteen-year period and are summarised in Table 1 below: both expenditure and income are shown.

**Table 2.1 Summary of Interventions<sup>13</sup>**

Intervention	Amount	Approximate Date
<i>Capital Expenditure</i>		
Site acquisition	£120,000	1988
Design of Site Servicing Works	£12,000	1992
Carrying out site servicing and environmental works	£400,000	1992/94
Marketing of site	£20,000	1995/6
Construction of Block 1	£770,000	1996/1998
Preparation of Master Plan/Feasibility	£26,000	2001
Contribution to private-sector development [Rowan Court 1 and 2]	£75,000	2002
<b>Total Capital Expenditure</b>	<b>£1,423,000</b>	
<i>Capital Receipts</i>		
Granting of Wayleave to residential developers	£45,000	1996
ERDF contribution towards construction of Block 1	£332,000	1996/1998
Sale of Land to Kingsmeadow Nursery	£15,000	1999
Sale of Land to Pearson Developments	£20,125	2002
<b>Total Receipts</b>	<b>£412,125</b>	
<b>NET COST</b>	<b>£890,875</b>	

<sup>12</sup> From the three developments [Block 1, Rowan Court and Kingsmeadow Nursery], the approval papers anticipated a total of 88 jobs.

<sup>13</sup> Source: Derived from SEB Approval Papers and ERDF Application and amendments supplied to PRA by SEB.

A second phase of site servicing in the eastern part of the site was approved in 2001 by the Board of SE Borders. However, following the development of an adjoining housing site, difficulties arose around sewage capacity and this proposal had been abandoned until the infrastructure restraint is resolved. The difficulties were finally resolved earlier this year and the proposed works were approved in June 2005. Tender documents have been prepared and sent out. It is anticipated that work will start early in 2006.



**Block 1, Cavalry Park**

### 3 STRATEGIC CONTEXT

The strategic context for Cavalry Business Park can be considered at three levels:

- National
- Regional
- Local

#### [A] National

The work of the Scottish Enterprise network [SEN], and thus of Scottish Enterprise Borders [SEB] is rooted in the strategic economic and enterprise strategies proposed by the devolved government in Scotland and articulated by the Scottish Executive.

Those strategies are:

- Framework for Economic Development in Scotland
- A Smart Successful Scotland

A third strategic document has been devised by SEN relating solely to the role of Competitive Place. That strategy has been devised for all of the Competitive Infrastructure Departments throughout the network.

- A Framework for Competitive Place: Future Intervention and Prioritisation.

Each of those strategic documents is considered briefly.

#### [a] **Framework for Economic Development in Scotland**

The vision of the *Framework* is defined as:

*“to raise the quality of life of the Scottish people through increasing the economic opportunities for all on a socially and environmentally sustainable basis.”*

That is reflected in the Executive's *Partnership for a Better Scotland* which notes that:

*“Growing the economy is our top priority. A successful economy is key to our future prosperity and a pre-requisite for building first-class public services, social justice and a Scotland of opportunity.”*

The *Framework* defines the critical element in stimulating economic growth [and economic development in the broader sense] as the enhancement of productivity throughout all Scottish enterprises. The approaches to sustainable increase in the rate of economic growth are defined as:

- *Rate of innovation*: increased research & development and embodiment of technical advances in the production process;
- *Quality of human capital*: derived from basic educational training or from the pursuit of lifelong learning;
- *Physical capital investment*: where such investment, for example, provides a vehicle for more rapid introduction of new technical processes;



- *Use of resources*: more effective and efficient uses coupled with the need to modernise;
- *An environment in which new enterprises can flourish*: including, inter alia, the establishment of new enterprises, growing enterprises, and collaboration between enterprises and academic establishments;
- *The infrastructure – physical, educational and electronic*: that impacts on all aspects of the above.

The *Framework* concludes that some areas require the intervention of the public-sector; and states that:

*“It is understood throughout the world that government has a central role to play in the provision of physical and human infrastructure – often securing both efficiency and equity objectives that would not be otherwise attainable – whether funded through only public or public-private partnership channels.”*

**The development of Cavalry Park creates an opportunity to attract businesses to Peebles – and the whole of the Scottish Borders - and to provide an environment where modern, innovative companies can do business and provide employment opportunities to local residents.**

#### **[b] A Smart, Successful Scotland**

In his foreword to the revised [2004] *Smart, Successful Scotland* [SSS], Jim Wallace MSP, said that in refreshing SSS the Executive had interpreted three themes in the light of changing challenges and opportunities:

##### *Challenges:*

- Sustainable economic growth and the integrated regeneration of places and communities;
- Continuing poor productivity;

##### *Opportunities:*

- Opportunities from the global interest in sustainable development which Scottish companies can exploit;
- Opportunities to transform areas on untapped potential in our cities to make them globally attractive places to do business and create wealth;
- Opportunities to strengthen communities in rural areas, creating employment and reversing population decline.

**Cavalry Park is evidence of building on an opportunity to strengthen a rural community by attracting businesses to the area that will provide local employment opportunities, ultimately reducing the need for residents to commute to Edinburgh.**



The three main organising themes of SSS are:

- *Growing Businesses*: innovative companies growing in scale;
- *Skills and Learning*: developing skills to make best use of our human capital and to prepare for tomorrow's labour market;
- *Global Connections*: world class locations, part of Europe and connected to the global economy.

SSS adds two further elements; the spatial dimension and cross-cutting themes.

**Spatial Dimension:** economic growth is the basis for achieving our objectives of more even regional development and reduced disparities. The approach will reflect the opportunities presented by:

- Improved understanding of the role of city regions in driving growth across urban and rural Scotland; and
- Regeneration – working in partnership to exploit opportunities for regeneration where these can provide both economic and community benefits.

SSS states that the growth of Scotland's economy is dependent on creating and promoting vibrant, diverse and attractive places which offer a quality environment for living, studying, working and trading. SSS advocates a co-ordinated approach to ensure:

- Provision of appropriate infrastructure and development of commercial and industrial property;
- Improved skills and employability;
- Investment in community development;
- Good quality public services.

SSS states that SEN's contribution should vary dependent on project, but that it may include: development of the overall strategy; setting up delivery vehicles; remediation of vacant and derelict land; provision of industrial and commercial property; skills development; access to employment opportunities; and place marketing.

**Cavalry Park clearly contributes to “a quality environment for living, studying, working and trading” by making a direct contribution to the economic development of vacant land by the provision of industrial and commercial property, resulting in access to employment opportunities for the local community.**

**Cross-cutting Themes:** the themes of SSS interact with each other and will be pursued in an integrated manner to:

- Achieve the objective of sustainable development and exploit the business opportunities arising from global interest in sustainable development; and
- Close the gap in opportunities and quality of life between different groups and areas within Scotland, strengthen communities and promote equality of opportunity.



Closing the Gap is of particular importance to the role of competitive place. A smart, successful Scotland should be achieved while contributing to closing the opportunity gap. While SEN must focus on economic growth, it will do so in a way that supports closing the opportunity gap.

*“Economic growth and tackling poverty and disadvantage go hand in hand. As Scotland’s population declines and ages, it will be increasingly important for all who can to contribute to the nation’s economic prosperity.”*

The Executive’s vision is of an ambitious, confident Scotland where the benefits of a strong, dynamic economy are shared across all communities. Everything SEN does must have a clear economic rationale but the design and delivery of programmes will take account of Ministers’ commitment to closing the opportunity gap.

**Cavalry Park contributes to the goal of achieving sustainable development and is helping to close the gap by strengthening the community through the provision of employment opportunities within the local area.**

### **[c] Framework for Competitive Place: Future Intervention and Prioritisation**

The third relevant strategic document is SEN’s *Framework for Competitive Place*. That paper was prepared by the Competitive Place Network Operations Team in conjunction with Competitive Place Teams from SE Renfrewshire, SE Tayside and SE Lanarkshire.

The paper provided a response to the challenges presented by “Business Transformation Project – Competitive Place Strategic Prioritisation”; the purpose of which, it is stated, was to re-focus SEN’s place activities to ensure delivery of the highest possible contribution to SSS. The paper also responded to the SEN Board’s emphasis on the need for clear prioritisation with respect to investment decisions.

The paper acknowledges the renewed emphasis on the importance of place, regeneration and modernising physical infrastructure.

The Role of Scottish Enterprise in delivering the maximum Place contribution to SSS is defined in terms of playing:

*“a key role in securing the major place creation opportunities for Scotland which aim to transform blighted and failing places into vibrant, economic assets in a smart, successful Scotland.”*

It is further recommended that SEN focuses its investment on:

*“the highest impact projects which address the core market failures, leaving smaller, community-based regeneration projects with local authority partners and Community Scotland”.*

The SEN Framework goes on to state, that based on work commissioned, a range of strategic locations have been identified against which “SE could consider future resource allocation decisions”.

Whilst no project in the Borders Region is identified in the Framework by SEN as a “High Impact Project”, the paper does recognise that

*“rural Scotland particularly the main market towns where rural population is concentrated have important roles [sic] to play in supporting economic growth. Our investment in these areas should be focused on very specific responses to market failure and on assisting these places build upon their distinct strengths.”*

**Cavalry Park, whilst not a high-impact project in national strategic terms, does provide an opportunity to create a high impact on the local and, eventually, regional areas. Whilst Peebles is not a “blighted and failing place” the development of the business park will further strengthen both the economic and social fabric of the town.**

The Framework’s statement on rural areas is fleshed out in the document, “Rural Fund Allocation: 5-Year Investment Plan”. This document clarifies the position of the rural LECs and the importance of the rural areas to a healthy, thriving national economy. The four main activities identified in the strategy are:

- Providing property solutions for account and client managed companies; particularly those in key industries and clusters as well as supporting inward investment;
- Ensure an adequate provision of business space for small businesses and start-up businesses, particularly where, due to low land values, this will not be undertaken by the private-sector;
- Undertake site servicing in order to bring employment land to the market;
- Develop a focussed business agenda to address the adverse economic impact caused by the major closure of dominant industrial sector; this could include site clearance, re-cycling of key buildings, preparation of development sites and environmental improvements.

**Cavalry Park contributes directly to ensuring an adequate provision of business space and was undertaken with the direct objective of bringing employment land to the market.**

## **[B] Regional**

The Scottish Borders Regional Economic Strategy, New Ways, was published in May 2003. The long-term vision of the strategy is stated as:

“A stronger economy and thriving communities”



The aim of the strategy is defined as:

*“to develop and sustain a diverse, high value economy for the Scottish Borders”*

The strategy outlines four strategic themes:

- Business
- People
- Place
- Communities

**Cavalry Park makes a direct contribution to the four themes by:**

- **Attracting new businesses;**
- **Providing employment opportunities<sup>14</sup>;**
- **Providing childcare facilities allowing<sup>6</sup>;**
- **Providing suitable business property;**

**By providing employment opportunities within the community, Cavalry Park will also contribute to the enhancing and strengthening of the local community.**

## **[C] Local**

Within the Scottish Borders Local Plan<sup>15</sup>, specific proposals<sup>16</sup> are put forward for Peebles in respect of housing, education, employment, built-up area boundary, and settlement profile.

The proposals include a specific reference to Cavalry Park “to allow greater flexibility to allow a wider range of employment generating uses”. The only other reference to employment land in the local area is a proposal to include consideration of “employment land at South Park Road”.

In the Summary of Proposals for Employment Land by Settlement, Cavalry Park is listed as the fifth largest single employment site in the region. The area of the Park, however, is given as 5.4 hectares whilst the SEB measurement is given as 6.1 hectares, which would make it the third largest single employment site in the region after Gunsgreen at Eyemouth and Charlesfield. Both Selkirk and Hawick have more land [7.45 and 8.57 hectares respectively] but not listed as being on a single site.

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<sup>14</sup> *[Both this and the preceding contribution will assist people getting into the labour market]*

<sup>15</sup> Second Stage Consultation, Consultation Deadline 12 August 2005

<sup>16</sup> These are included in the list of Proposed Changes to Consultative Draft Local Plan



In any event, Cavalry Park is one of the region's most important employment-land sites and, of the fifteen employment sites listed in the Local Plan, Peebles is the closest to Edinburgh and should, therefore, if further developed with high-quality, modern accommodation be capable of attracting businesses to the area. The business that could be attracted include those from the capital seeking a better working environment; those with employees presently commuting from Peebles who might be interested in a satellite office; businesses from elsewhere in the UK seeking a distinctive lifestyle but with access to the amenities of a city; and high-tech, high-growth mobile businesses looking for a clean, high quality image but, again, within reach of major road networks and airport. This may be tempered by the quality of the road from Edinburgh coupled with congestion at times throughout the day.

In summary, Cavalry Park contributes to the achievement of national, regional and local strategic objectives and has the capacity to build on its achievements to date.

## 4 THE COMPANIES

Of the twelve companies that took part in the survey plus the information made available on Black Circles, eight are limited companies, three partnerships<sup>17</sup> and one sole trader.

Eight of the companies existed prior to locating on Cavalry Park and four of them were new starts. Details are in Table 4.1 below.

**Table 4.1 Type of Business**

Existing/New Business	Limited Company	Partnership	Sole Trader
Existing	4	3	1
New Start	5	0	0

Table 4.2 gives information on when the companies moved to Cavalry Park and, in the case of the existing companies, where they moved from. Four of the companies moved from another location with Peebles, two moved from outside Scotland, and two from other areas of Scotland [one outside Scottish Borders region]. Three of the companies are, therefore, inward investments to the Scottish Borders region.

**Table 4.2 When and from Where Companies Moved to Cavalry Park**

Existing/New Start Company	Date Moved to CP	Previous Location
Existing	2002	Northgate Centre, Peebles
Existing	2002	Northgate Centre, Peebles
Existing	2002	Northgate Centre, Peebles
Existing	2000	London - Islington
Existing	2004	Peebles, Northgate
Existing	2004	Leatherhead, Surrey
Existing	2004	Melrose
Existing	2002	Edinburgh
New Start	2000	
New Start	2001	
New Start	2004	
New Start	1998	
New Start	2000	

<sup>17</sup> One of which is a limited liability partnership.

The companies' reasons for locating on Cavalry Park were varied. Four of them cited ease of car parking; three of the companies moving to Peebles did so because at least one of the key members of staff lived or had lived in Peebles. Three of the companies said there was no other choice [one company had been looking for two years for suitable premises], and one of the inward investment companies chose the Park for its convenience and connectivity. One company was influenced by the quality of advice and support available from SE Border's High Growth team coupled with a competitive rent.

When asked how they knew about Cavalry Park the results were:

**Table 4.3 How Companies Knew About Cavalry Park**

How Company Knew About CP	Number of Companies
From SE Borders	3
From Pearson Donaldson	5
Own knowledge/looking around area	5

The companies were then asked where they would have gone had Cavalry Park not been available.

**Table 4.4 Second-Choice Locations**

Second Choice Location	Number of Companies
No other choice	3
Looked in town centre	3
Worked from home	1
Stayed in Galashiels	1
Livingston	1
Edinburgh or West Lothian	1
South side of Edinburgh	1
South Park	1
Don't know	1

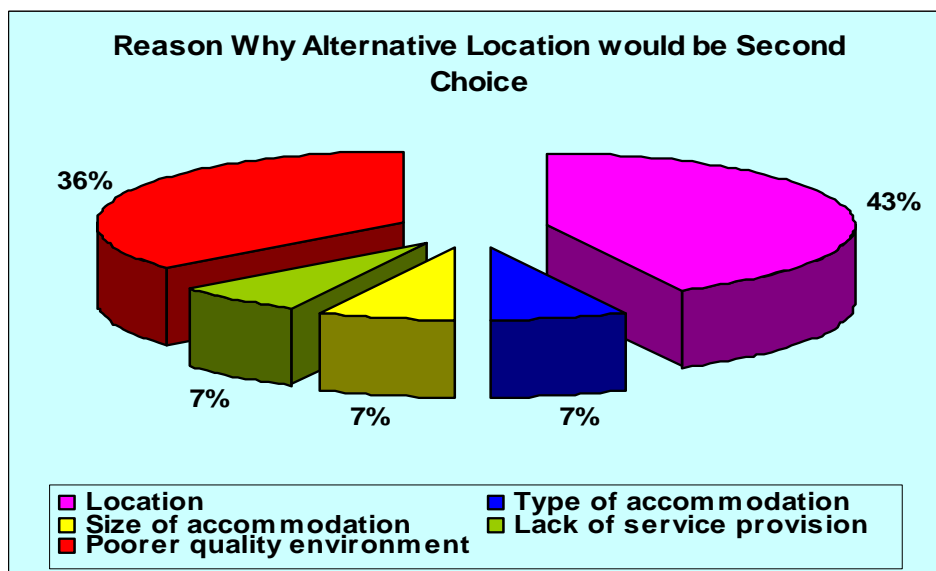
Only the company that would have worked from home and the one that would have stayed in Galashiels had a specific alternative in mind. The four companies with another destination in mind [Livingston, Edinburgh, West Lothian and South Park] had not identified a suitable property.

Without Cavalry Park, therefore, it is likely that the majority of the businesses would have been lost to Peebles and possibly from the Scottish Borders region.

The companies were asked why their second choice [or alternative location] would have been second choice in favour of Cavalry Park.

The most common reason [43%] was location; i.e. any other location would have been inferior to Cavalry Park. The second most common reason was poor quality environment [36%]. Size and type of accommodation and lack of service provision all scored 7%. It should be noted that in answer to this question some of the companies gave more than one reason.

**Figure 4.1 Reason for Being Second Choice**



It can be seen that Cavalry Park was selected mainly because of its location and the high-quality environment. Any other location would have been a compromise decision for the companies. There is no evidence that, by bringing Cavalry Park to the market and by developing Block 1, SEB has displaced any private-sector developments. Only three of the companies would have tried to identify suitable accommodation in Peebles town centre, four had identified no alternative accommodation, and four had identified alternative accommodation outside the Scottish Borders region.



**Kingsmeadow Nursery**



## 5 ECONOMIC EVALUATION

### [a] Forecasts

In the Board Papers seeking approval to the funding of the interventions on Cavalry Park, SEB appraised the economic benefits of the individual approved developments and anticipated employment generation as follows:

**Table 5.1 Anticipated Employment Outcomes**

Development	Number of Anticipated Jobs
Rowan Court 1 and 2	30
Kingsmeadow Nursery	8
Block 1	50
<b>Total</b>	<b>88</b>

Utilising SEB's expenditure on construction-related works in Table 2.1 [£1,245,000] together with private-sector expenditure on construction of Rowan Court and the nursery facility, total construction-related expenditure on the Park to date amounts to £1,686,500: this would equate to the generation of 6.3 Full Time Equivalent [FTE] construction jobs at the national level, and 3.8 FTE construction jobs at the local [Borders] level.

At the time of the implementation of the developments on the Park, employment could have been anticipated as follows:

**Table 5.2 Net Full Time Equivalent Calculation**

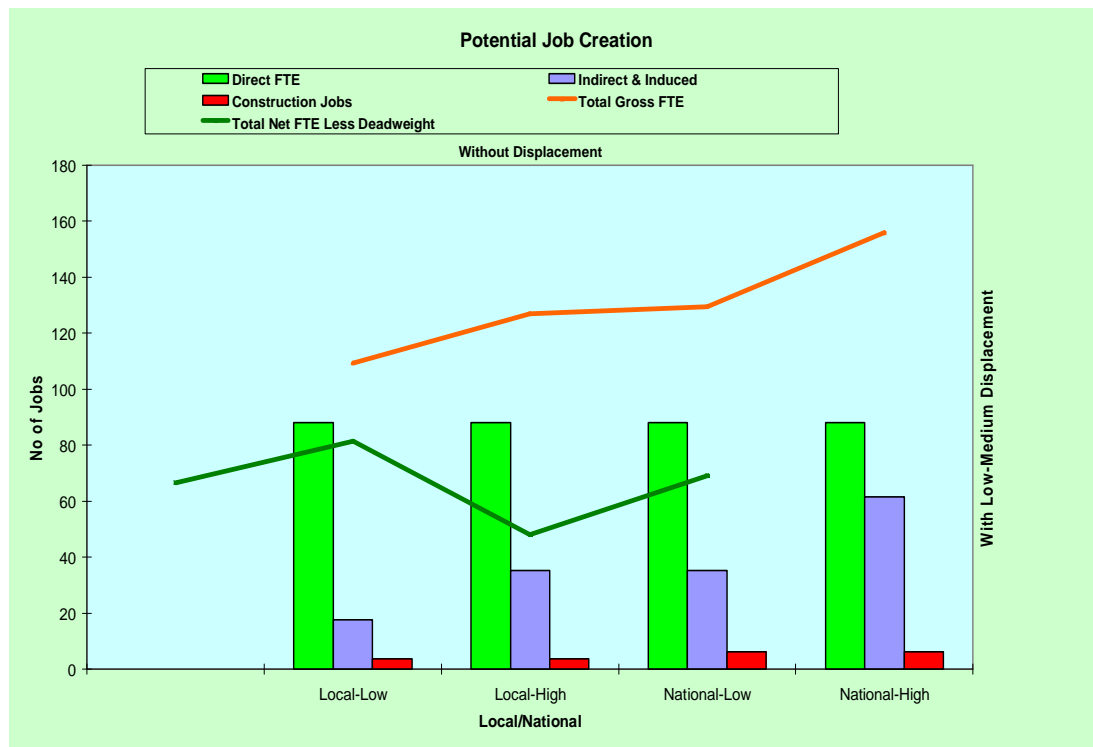
Employment Generator	Gross Estimated FTE Jobs			
	Local		National	
	Low	High	Low	High
Block 1	50	50	50	50
Rowan Court	30	30	30	30
Nursery	8	8	8	8
Construction Jobs	4	4	6	6
Indirect and induced <sup>18</sup>	18	35	35	62
<b>Total Gross FTE Jobs</b>	<b>109</b>	<b>127</b>	<b>129</b>	<b>156</b>
Displacement Local 10%	95	111		
Displacement Local 30%	74	86		
Displacement National 40%			74	90
Displacement National 60%			49	60
Construction Jobs	4	4	6	6
<b>Total Net FTE Jobs</b>	<b>78</b>	<b>115</b>	<b>56</b>	<b>96</b>
<b>Total Net FTE Jobs Less Deadweight<sup>19</sup></b>	<b>67</b>	<b>81</b>	<b>48</b>	<b>69</b>

<sup>18</sup> Allowed at 1.2 at the local level and 1.5 at the national level.

<sup>19</sup> Deadweight [existing jobs brought into the new premises] has been allowed at 15% [low] and 30% [high] in line with DETR [now DLTR] evaluations which show that to be the trend.

The potential job creation at the time of the implementation of the developments is illustrated in Figure 5.1 below

**Figure 5.1 Potential for Job Creation**



A cost-per-job calculation has been calculated utilising the figures in Table 5.2 above. As with the potential job creation calculation, this has been calculated in order to provide a benchmark with which to compare the actual out-turn. The full calculation is shown at **Appendix 1**.

**Table 5.3 Cost-Per-Job Calculation – Low to Medium Displacement**

Level	Lowest	Highest
Local	£19,382	£28,672
National	£22,829	£39,660

This cost-per-job calculation is high as all of the costs of developing the infrastructure are carried by the projected employment in Block 1, Rowan Court and the nursery development. At the time of the approvals, around 7-8 acres of the Park would remain undeveloped. Using a 30% density for new build, the undeveloped land could accommodate a further 190 gross FTE jobs, which would reduce the cost-per-job as shown in Table 5.4 below [again, utilising low-to-medium displacement].

**Table 5.4 Forecast Cost-Per-Job on Development of All Land**

Level	Lowest	Highest
Local	£6,335	£9,439
National	£7,703	£13,776

A further calculation has been carried out to assess the potential impact of the Net FTE jobs on Gross Domestic Product [GDP].

The table below gives the estimated contribution to GDP utilising the all industries, total employment index. The All Industries index is used to cover the range of activities carried out on Cavalry Park.

**Table 5.5 Potential Contribution to GDP from Net FTE**

Index Used	GVA/GDP Per Employee/Per Capita	Number of Net FTE Jobs <sup>20</sup>		Amount of Contribution		Data Level
		Local	National	Local	National	
Construction Industry <sup>21</sup>	£31,143 <sup>22</sup>	4	6	£124,572	£186,858	National
All industries <sup>23</sup>	£32,759 <sup>24</sup>	70	53	£2,293,130	£1,736,227	National
Scottish Borders <sup>25</sup>	£10,345 <sup>26</sup>	74	59	£765,530	£610,355	Local
Scotland <sup>27</sup>	£14,900 <sup>28</sup>	74	59	£1,102,600	£879,100	National
Scotland <sup>29</sup>	£32,500 <sup>30</sup>	74	59	£2,405,000	£1,917,500	National

## [b] Actuals

From the interviews carried out with the tenants and owners on Cavalry Park it has been possible to obtain a reasonably accurate picture of actual employment levels as at August 2005. It has not been possible to be totally accurate as one tenant refused to be interviewed or to complete the questionnaire in private<sup>31</sup>, information from another is still awaited and two others, who are leaving the Park shortly, provided only limited information. Where appropriate, two part-time jobs have been converted to one FTE.

<sup>20</sup> In the case of both local and national figures the average of the high and low figures has been taken.

<sup>21</sup> United Kingdom National Accounts: The Blue Book 2004

<sup>22</sup> Per employee

<sup>23</sup> United Kingdom National Accounts: The Blue Book 2004

<sup>24</sup> Per Employee

<sup>25</sup> Regional Economic Activity, ONS 2004

<sup>26</sup> Per capita

<sup>27</sup> Scottish National Statistics 2004

<sup>28</sup> Per capita

<sup>29</sup> Scottish National Statistics 2004

<sup>30</sup> Per employee

<sup>31</sup> The employment figures for that company have been provided by SE Borders.

**Table 5.6 Employment Levels Prior to Locating on Cavalry Park**

Company Status		Full Time		Part Time		Total
New	Existing	Male	Female	Male	Female	
4	8	19	4	1	2	24.5

Base=12 companies

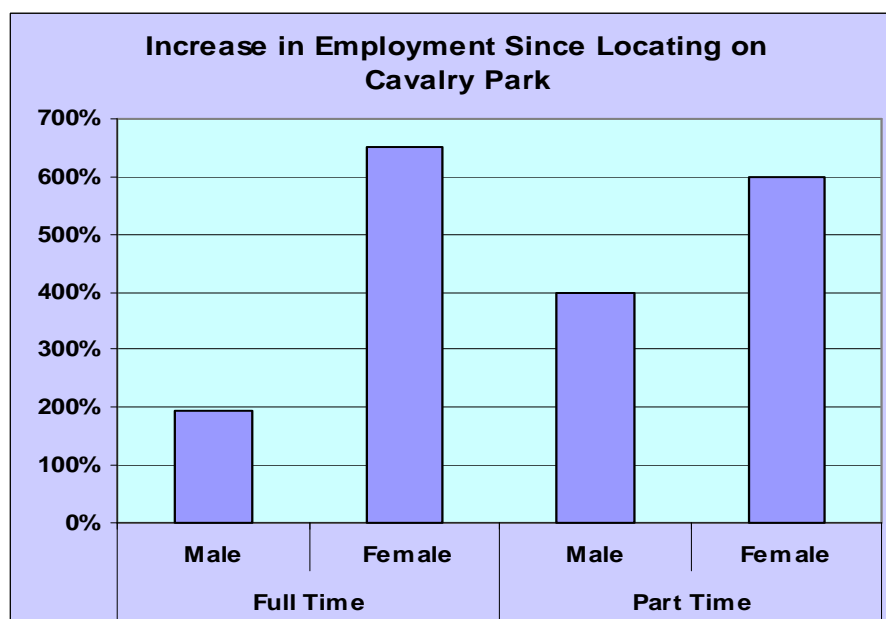
**Table 5.7 Current Employment Levels on Cavalry Park**

Company Status		Full Time		Part Time		Total
New	Existing	Male	Female	Male	Female	
5	8	56	30	5	14	95.5

Base=15 companies<sup>32</sup>

The increase in actual employment figures since the companies located on the Park is illustrated in Figure 5.2 below.

**Figure 5.2 Percentage Increase in Employment since Locating on CP**



The Net FTE jobs calculation is shown below utilising the actual gross employment figures as at August 2005. The results are shown in Table 5.8 below. Full Calculation is at **Appendix 2**. The high increase in female employment is due primarily to the continued expansion of the nursery. The nursery provides appropriate employment opportunities for qualified returners to the workplace seeking to work around family commitments.

<sup>32</sup> Estimated employment for one non-respondent has been included.

**Table 5.8 Net FTE Job Calculation Utilising Actual Employment Figures**

Gross Jobs Created	Local-Low	Local-High	National-Low	National-High
Direct FTE	96	96	96	96
Indirect & Induced	19	38	38	67
Construction Jobs	4	4	6	6
<b>Total Gross FTE</b>	<b>118</b>	<b>137</b>	<b>140</b>	<b>169</b>
<b>Net FTE Jobs Created</b>				
Direct/Indirect	115	134	134	162
Displacement Local - 10%	103	120		
Displacement Local - 30%	80	94		
Displacement National - 40%			80	97
Displacement National - 60%			53	65
Deadweight %	15%	30%	15%	30%
Construction - Local	4	4		
Construction - National			6	6
<b>Total Net FTE</b>	<b>84</b>	<b>124</b>	<b>60</b>	<b>104</b>
<b>Total Net FTE Less Deadweight</b>	<b>63</b>	<b>93</b>	<b>44</b>	<b>77</b>

Figure 5.3 illustrates the job creation calculation utilising the actual employment figures as a base. Full calculation is at **Appendix 2**.

**Figure 5.3 Job Creation Utilising Actual Employment Figures**

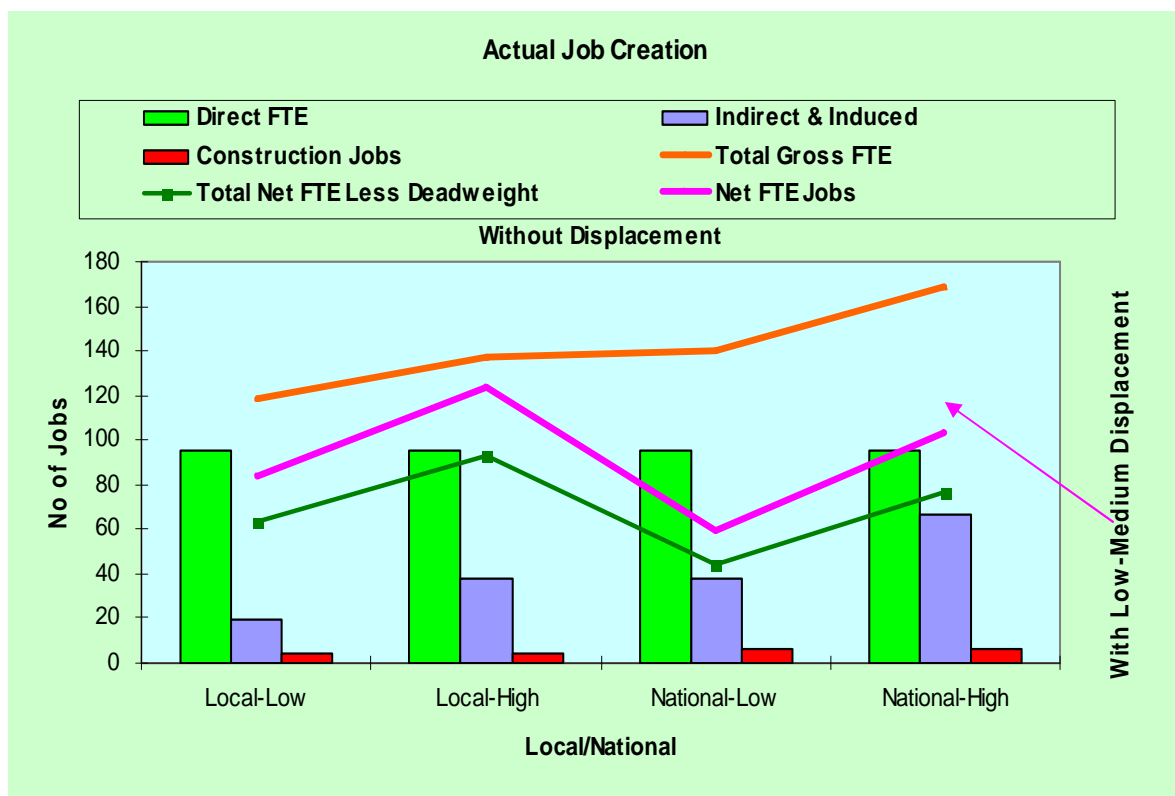
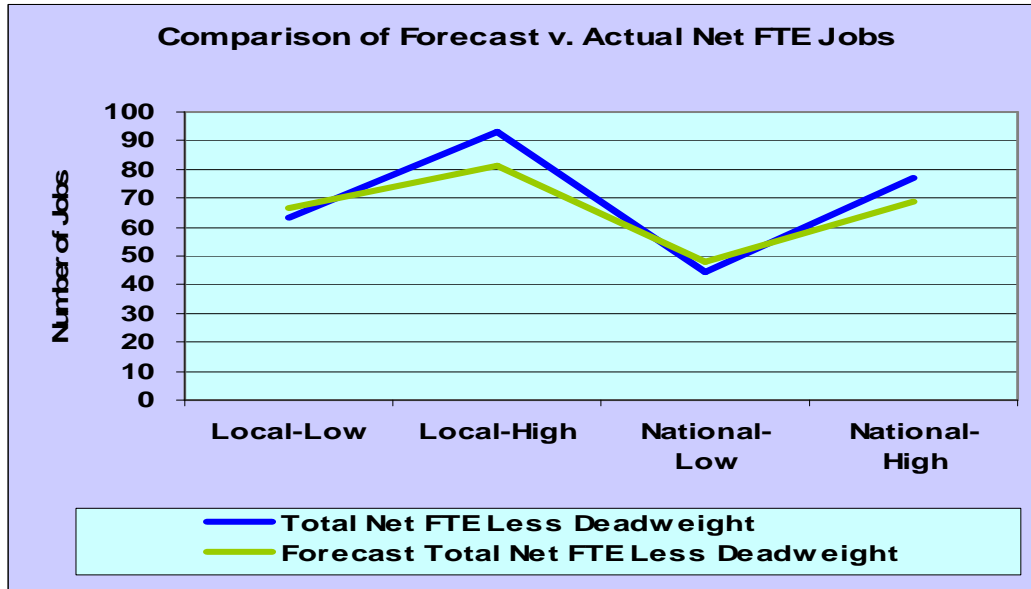


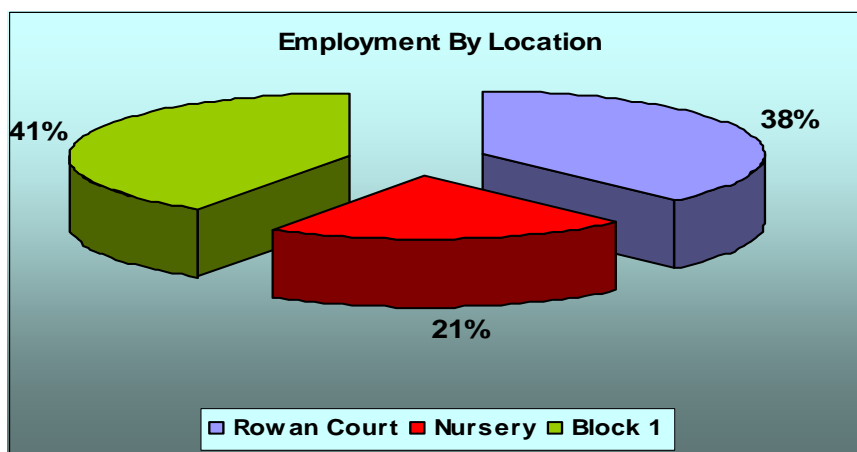
Figure 5.4 Comparison of Actual Net FTE Jobs with Forecast



The actual figures, as illustrated in Figure 5.4, can be seen to be slightly higher than that forecast although, as shown below, not all of the property is occupied.

The current employment by location on the Park is shown in Figure 5.5.

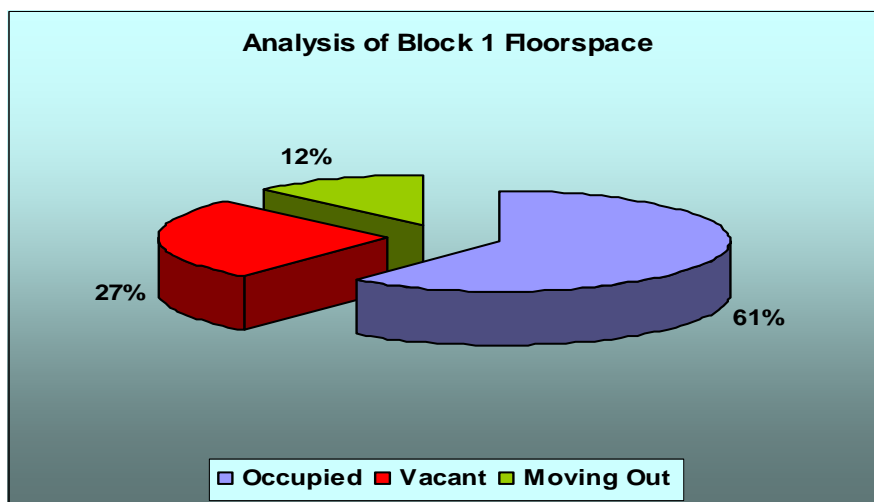
Figure 5.5 Employment by Location on Cavalry Park



It can be seen that the largest percentage of employment is in Block 1. Both Rowan Court and the nursery facility have performed, in employment terms, better than forecast. The forecast employment for the nursery was 8 jobs against actual 22 jobs; and Rowan Court was forecast as accommodating 30 jobs against actual 40 jobs.

Block 1 accommodates a lower-than-forecast number of jobs [46 against forecast of 50], primarily due to the vacant units and two companies moving out at the time of the evaluation.

Figure 5.6 Analysis of Floor space in Block 1



One of the larger, vacant units is being pursued by two of the existing companies at this time.

Table 5.9 Cost-per-Job Calculation – Low to Medium Displacement

Level	Low	High
Local	£16,919	£30,116
National	£20,464	£42,992

Full calculation for job creation Low to Medium Displacement is at **Appendix 2**.

Those calculations, however, ignore the fact that the completed asset is owned by SE and also the income received from land sales and ERDF<sup>33</sup>. The estimated investment value of the asset has been calculated as £565,086<sup>34</sup>. The net cost per job<sup>35</sup>, therefore, has been re-calculated as shown in Table 5.10 below. This net calculation allows for the value of the completed asset, the value of the undeveloped land, and income received to date from land sales. The lowest figures are based on SE Borders' net expenditure and the highest on the total of ERDF funding, together with SE Borders' net expenditure.

<sup>33</sup> See Table 2.1.

<sup>34</sup> Calculated as:

Total Lettable Area - psf	8,033
Average Rent psf	£9
Yield	12.5%
Capital Value	£565,086

Yield used is based on initial yield employed of 13.3% [in board paper] and lowered to take account of tenancies secured.

<sup>35</sup> Calculated with low to medium displacement.

**Table 5.10 Net Cost-per-Job Calculation**

Level	Lowest	Highest
Local	£3,334	£14,400
National	£4,033	£20,557

Again, it should be noted that total costs have been attributed to the jobs created to date.

A further calculation has been carried out to assess impact of the actual Net FTE jobs on GDP. Once again, the All Industries UK index has been used<sup>36</sup>.

**Table 5.11 Contribution to GDP from Actual Net FTE**

Index Used	GVA/GDP Per Employee/Per Capita	Number of Net FTE Jobs <sup>37</sup>		Amount of Contribution		Data Level
		Local	National	Local	National	
Construction Industry <sup>38</sup>	£31,143 <sup>39</sup>	4	6	£124,572	£186,858	National
All industries <sup>40</sup>	£32,759 <sup>41</sup>	100	75	£3,284,909	£2,471,503	National
Scottish Borders <sup>42</sup>	£10,345 <sup>43</sup>	104	82	£967,204	£759,566	Local
Scotland <sup>44</sup>	£14,900 <sup>45</sup>	104	82	£1,549,939	£1,217,200	National
Scotland <sup>46</sup>	£32,500 <sup>47</sup>	104	82	£3,380,740	£2,654,967	National

<sup>36</sup> HM Treasury, Government Accounts, Blue Book, 2002

<sup>37</sup> In the case of both local and national figures the average of the high and low figures has been taken.

<sup>38</sup> United Kingdom National Accounts: The Blue Book 2004

<sup>39</sup> Per employee

<sup>40</sup> United Kingdom National Accounts: The Blue Book 2004

<sup>41</sup> Per Employee

<sup>42</sup> Regional Economic Activity, ONS 2004

<sup>43</sup> Per capita

<sup>44</sup> Scottish National Statistics 2004

<sup>45</sup> Per capita

<sup>46</sup> Scottish National Statistics 2004

<sup>47</sup> Per employee



[c] Summary of Comparisons

Table 5.12 Summary

Indicator	Forecast	Actual
Gross Jobs	88	96 <sup>48</sup>
Net FTE Jobs <sup>49</sup>	67-81	84-124
No. of Jobs in Companies	24.5 <sup>50</sup>	96
Average increase in companies' employment levels	n/a	121% <sup>51</sup>
Cost-per-job <sup>52</sup>	£19,382-£28,672	£3,334-£14,400 <sup>53</sup>
Contribution to GDP <sup>54</sup>	£688,000-£2.4 million	£967,204-£3.4 million

The summary table above, [Table 5.12], shows that the project has clearly exceeded the performance level that could have been anticipated at the approval stage. As already mentioned there is 27% vacant floor space in Block 1 plus 12% about to become vacant. In spite of this level of vacant accommodation, the project has still performed better than anticipated. This demonstrates that the companies included in the survey are performing better in terms of employment levels than could have been anticipated. This is reinforced in terms of the quality of the jobs [see below] and the companies' own views of their performances [see Section 7].



Block 1, Cavalry Park

<sup>48</sup> Number of jobs accommodated on Cavalry Park, i.e. excludes indirect and induced jobs.

<sup>49</sup> After allowing for indirect and induced jobs, less displacement [low to medium] and deadweight. Displacement at the national level is 40%-60%, whilst at the local level it is 10%-30%: resulting in a wide range in the Net FTE jobs.

<sup>50</sup> Figures supplied by companies – employment levels prior to locating on Cavalry Park.

<sup>51</sup> This should be treated with caution as it applies to only three existing companies. Of the remainder; four of the companies were new starts; one was an existing company that opened a new branch; three had no change in employment levels, and one has had a reduction in employment.

<sup>52</sup> Local figures only used.

<sup>53</sup> Based on the net cost per jobs, i.e. less capital value of asset, value of remaining undeveloped land, and income from land sales.

<sup>54</sup> Local figures only used.

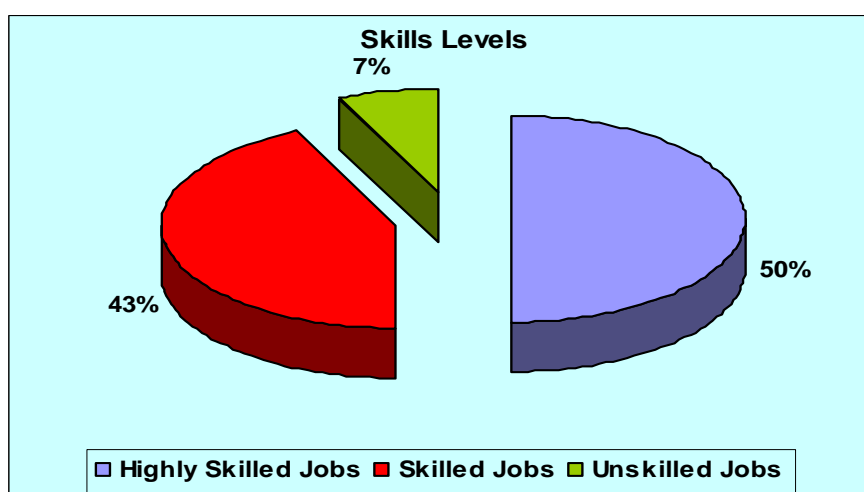
## 6 QUALITY OF JOBS

### [a] Skill Levels

The tenant companies were asked to break down the current jobs into three categories: Highly Skilled, Skilled and Unskilled.

All of the companies provided this information and gave considerable thought to allocating all staff members to the right categories.

**Figure 6.1 Skills Profile**



Half of the jobs on the Park have been classified as highly-skilled. The companies provided their own interpretation of the categories and it is believed that a few of the highly skilled jobs would not be so classified using a more rigid classification. However, as the classifying of skills level is open to interpretation, we have adhered to the classifications provided by the companies.

### [b] Salary Levels

The three skill categories were analysed further by salary range. The results are in table 6.1 below.

**Table 6.1 Salary levels on Cavalry Park**

Skill Level	£20,000	£21-£30,000	£31-£40,000	>£40,000
Highly Skilled	5	28	9	9
Skilled <sup>55</sup>	41	3	0	0
Unskilled	7	0	0	0

Base=102 jobs<sup>56</sup>

The salary levels achieved by the staff of the Cavalry Park companies are compared with those for The Scottish Borders, Scotland and GB as shown in Table 5.2 below.

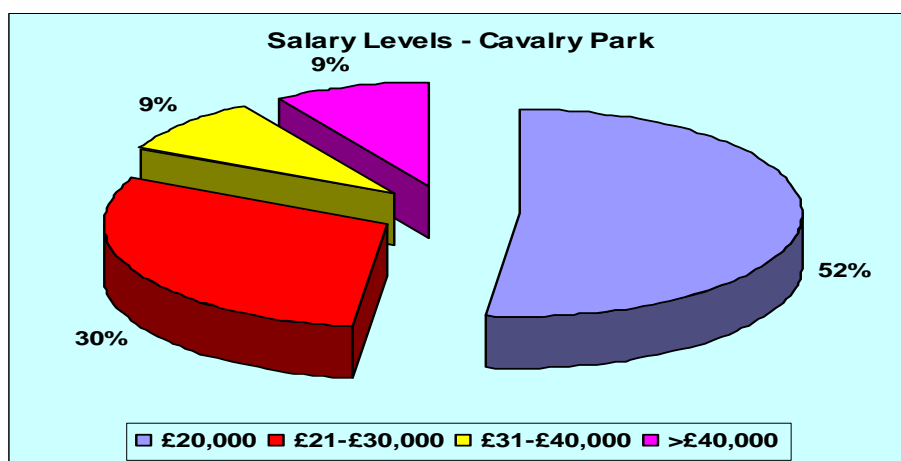
<sup>55</sup> Includes 22 FT jobs in the nursery, where salary levels are traditionally lower than in industry generally.

<sup>56</sup> Number of gross jobs on the Park, i.e. not FTE.

**Table 6.2 Salary levels in Scottish Borders, Scotland and Great Britain**

Area	All employees 2003 Per annum <sup>57</sup>	All employees 2002 Per annum <sup>58</sup>	Percentage Change
Scottish Borders	£18,491	£17,950	+3%
Scotland	£22,708	£21,034	+8%
Great Britain	£24,736	£23,104	+7%

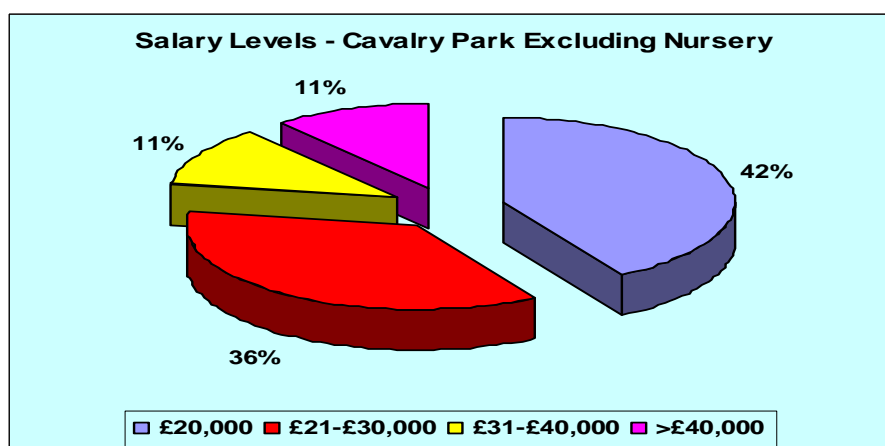
**Figure 6.2 Cavalry Park Salaries**



From Table 6.2 above it can be seen that the average salary for all employees in the Scottish Borders in 2003 was £18,491 per annum. In looking at the salaries on Cavalry Park in Figure 6.2 above, it can be seen that at least 48% of the salaries are above the average for the region and the remainder [52%] are in a comparable band.

If employment in the nursery is excluded, the position would be as shown in Figure 6.3 below.

**Figure 6.3 Salary Levels – Excluding Nursery**



<sup>57</sup> Weekly figures taken from Scottish Economic Statistics 2004 and extrapolated.

<sup>58</sup> Weekly figures have been taken from Peebles Profile of Catchment Area: Key Figures August 2002 and extrapolated.

It can be concluded, therefore, that the jobs on Cavalry Park are of a high quality in terms of both skill levels and remuneration.

### [c] Recruitment

The companies were asked if they had experienced any difficulties in recruiting staff prior to locating to Cavalry Park, whilst on the Park and whether, in their view, the move had had any impact on staff recruitment.

**Table 6.3 Recruitment Difficulties**

Type of Company	Pre Cavalry Park Location		Post Cavalry Park Location	
	Difficulties	No Difficulties	Difficulties	No Difficulties
Existing	3	5	2	6
New Start	n/a	n/a	3	2

Of the eight existing companies interviewed, three experienced difficulties prior to locating to Cavalry Park: that has decreased slightly in that only two experienced difficulties after re-locating. Of the five new-start businesses three of them have experienced recruitment difficulties.

The difficulty seems to be in a shortage of trained professional people locally and in attracting those who are qualified to move to Peebles from Edinburgh. Four of the companies said that young, qualified people tend not to want to work in the Scottish Borders.

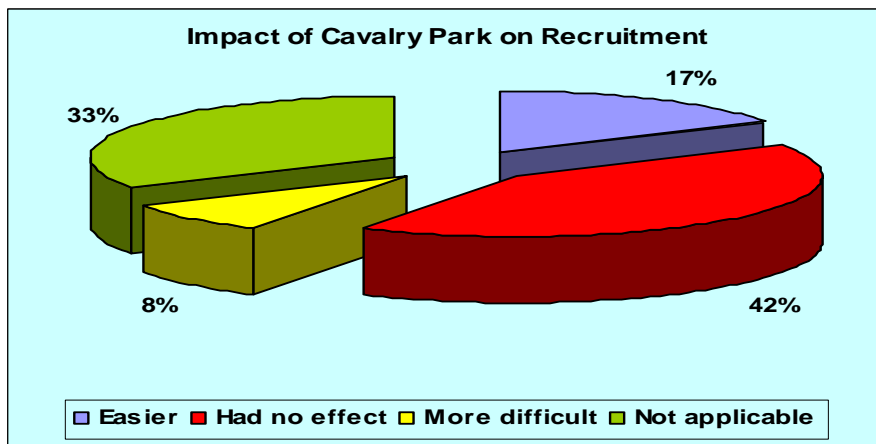
Almost a third of the companies recruited only from within the Scottish Borders region; 39% recruited from Scotland and 15% recruited UK-wide. Two of the companies did not recruit, nor intend to. In one instance because the owners would be retiring in the near future; and in the other because the company wished to stay at its present employment level.

In line with the Scottish Parliament's Fresh Talent Initiative introduced to the Scottish Parliament in February 2004 by the First Minister<sup>59</sup> two of the companies had addressed recruitment difficulties by recruiting employees from former eastern bloc countries: another company owner mentioned that this was something he was looking into as it seemed to offer a solution to his company's recruitment difficulties.

The companies were asked whether they thought moving to Cavalry Park had made recruitment easier: the results are in Figure 6.4 below.

<sup>59</sup> New Scots: Attracting Fresh Talent to Meet the Challenge of Growth, Scottish Executive, 2004

Figure 6.4 Impact of Cavalry Park on Recruitment



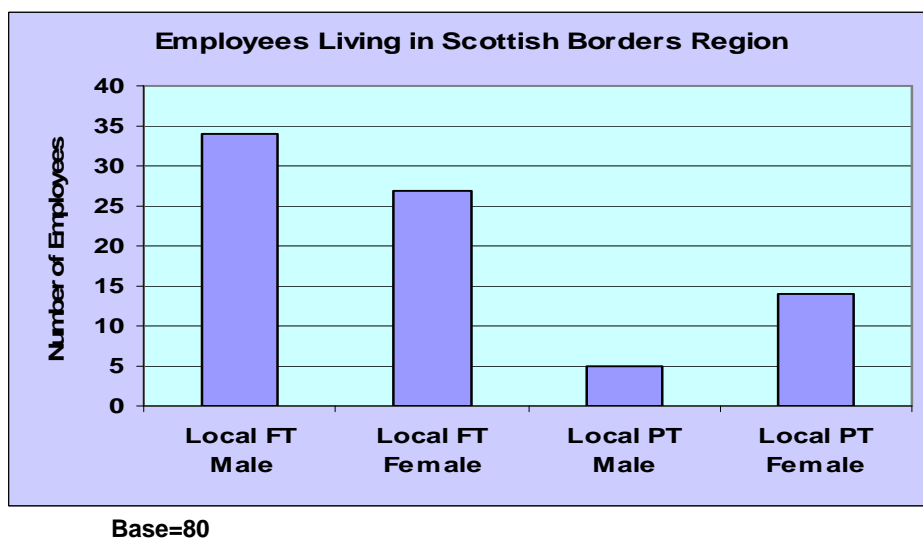
Seventeen percent of the companies thought being on Cavalry Park made recruitment easier because of: [a] its location – nearer to Edinburgh than other centres; and [b] better image than previous accommodation.

**[d] Staff Living Locally in Scottish Borders Region**

The companies were asked what percentage of the present staff members lived locally in the Scottish Borders region.

Seventy-nine percent of all employees on the Park lived within the Scottish Borders region. Figure 6.6 gives breakdown of those employees living locally.

Figure 6.6 Breakdown of Employees Living in Scottish Borders Region



The majority of employees were recruited in Scotland and lived within the Scottish Borders region. There were some difficulties in recruiting staff with appropriate qualifications [primarily property and IT professionals]. Four of the companies felt that it was difficult to get the right people because young, qualified professionals did not want to live in the area.

## 7 COMPANIES' ACTIVITIES

### [a] Propensity for Growth

In addition to the standard economic indicators, we have also looked at the performance of the individual companies since their move to Cavalry Park.

Of the 13 companies we were unable to obtain detailed turnover information from two: one where the director works abroad most of the time and no one else could provide the information; and one who withheld turnover information on the basis that it was not a relevant indicator at this stage of the company's development.

**Table 7.1 Change in Companies' Turnover**

Increase	Decrease	No Change	No details
9	1	1	2

Five of the companies whose turnover had increased were new starts when they located to Cavalry Park. One of the companies said that turnover had increased by approximately 60% per annum<sup>60</sup> since they moved there. The other three new start companies had turnover ranging from £125,000 to £1.5 million per annum.

Actual figures were available for ten of the companies and those figures have been used in Table 7.2 below. The information in the table below, therefore, is necessarily restricted in providing a full picture and should be treated with some caution. The true addition to the Scottish Borders economy is believed, however, to be greater.

**Table 7.2 Amount of Changes in Companies' Turnover**

No of Companies	Increase	Decrease	No Change
8 <sup>61</sup>	£8,125,000		
1		£95,000	
1			0

From those figures it can be seen that the result is a minimum of a net additional £8,125,000 income into the Scottish Borders and national economies. The true result, as mentioned above, will be greater than that as one company did not provide sufficient detail and two did not provide any information on turnover.

By comparing the figure of £8,030,000 with the actual contribution to GDP figures, it can be seen that this is a higher figure: maximum contribution to GDP [£3.4 million], suggesting that the companies are performing better than average for the region.

<sup>60</sup> This company provided percentage increase only –no actual turnover figure was provided.

<sup>61</sup> One of the companies whose turnover increased provided only a percentage increase.

The companies gave their reasons for increased turnover as shown in Table 7.3 below:

**Table 7.3 Reasons for Increased Turnover**

Reason for Increase	Number of Companies <sup>62</sup>
Expanding Market	4
Improved Marketing	2
Improved Products	3
Other	6

Reasons included under “Other” are: new product, growing reputation for quality, personal contacts, improved quality of staff, identification of niche market. Four of the companies thought that being located on Cavalry Park was a factor in their improved performance: three because of improved accommodation and better image, and the fourth because carrying out development on the Park was its *raison d’être*. One of the companies thought that being located among other property/construction professionals was conducive to its work.

The companies were asked to say what percentage of their turnover could be attributed to each of their geographic markets [see section [b] below]. The averages are given in Table 7.4 below.

**Table 7.4 Turnover by Geographic Market**

Indicator	Scottish Borders	Scotland	UK	Europe
Average % of companies’ turnover <sup>63</sup>	60	21	73	5
Number of Companies	12	6	5	1

The twelve companies who traded in the Scottish Borders derived an average of 60% of their turnover from that region. Of those twelve, 3 companies traded only in the Scottish Borders and two derived 90% of their turnover from the region. The five companies trading throughout the UK derived an average of 73% of their turnover from that wider area.

In summary, the companies on the Park seem to be showing a propensity to grow and to be performing above average for the region. The company with the decrease in turnover chose to downsize the company’s operations in order to have greater control over their intellectual property.

<sup>62</sup> The companies were allowed multiple choices resulting in the number of answers exceeding the number of companies taking part.

<sup>63</sup> The figures do not total 100% as each figure is the average percentage of annual turnover of those companies’ trading in the individual geographic area.



[b] Markets

In carrying out the interviews on Cavalry Park, the companies were asked to provide some information on their activities, their markets and market share. The purpose of doing so was to attempt to measure the level of achievement accruing from the development of the Park.

The activities of the thirteen companies are:

**Table 7.5 Companies' Activities**

Activity	Number of Companies
Computer-related and IT	2
Marketing/graphic design/publishing	2
Property/construction industry related	5
Professional business services	1
Childcare	1
Wholesale/retail	2

Their target market segments are:

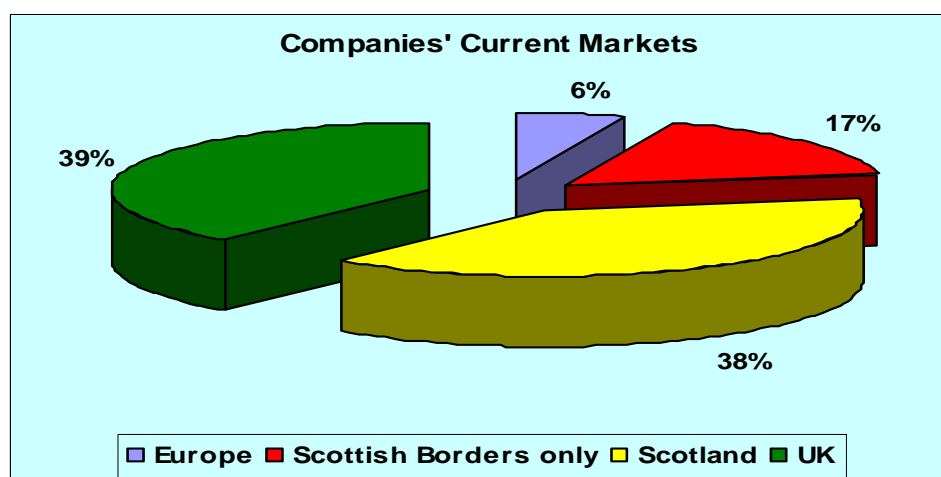
**Table 7.6 Target Market**

Target Market	Number of Companies
Public-sector Organisations	2
Other Businesses	6
Consumers	5

The companies were asked to define geographically the markets they target at the present time, the markets they intend to target within the next three years and, where possible, to identify their share of the overall market for the company's main product.

The results are as follows:

**Figure 7.1 Current Geographic Markets**

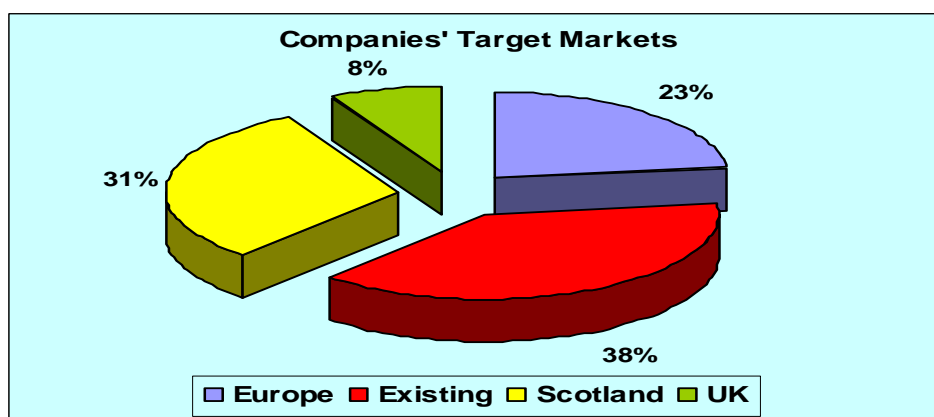




The companies located on Cavalry Park trade predominantly in the Scottish market: 17% trade locally within the Scottish Borders only. Thirty-nine percent of the companies trade throughout the UK and 6% [one company] trades in Europe as well as in domestic markets. Although the percentage trading throughout the UK is 39, it accounts for an average of 73% of the companies' turnover.

The companies were asked also to say which new geographic markets they would be targeting over the next three years. A third of the companies intended to continue trading in their current markets, the remainder were widening out into the whole of Scotland, or throughout the UK, and three were intending to target [or broaden their existing base] the European market. One of the companies looking to expand into Europe is currently running a pilot project in Holland and Germany: this company is also looking – in the longer-term – to expand into China. The majority of the companies had a fairly bullish attitude towards both their future target markets and the depth of their penetration of those markets.

**Figure 7.2 Target Markets**



The companies were asked to estimate the share of the market secured by their main product or service. Ten of them attempted to answer this question, although only a few were clear on the size of the relevant market segment in monetary terms. Forty percent of the companies trade in smaller [niche] markets of less than £10 million per annum and 50% of the businesses are trading in large markets of more than £500 million per annum.

By looking at the size of the market in which the companies are trading, the percentage of the market they command, and the percentage of turnover derived from their markets, an impression can be gained of the companies' vulnerability to down-turns in markets and legislative changes making it more difficult to trade. At the present time, none of the companies trades outside the European Union, therefore, legislative changes are unlikely to constrict their ability to trade in their markets. Equally, given that 50% of the companies are trading in very large markets, they are less likely to be vulnerable to down-turns in demand whilst they remain competitive. Those operating in the niche markets will have an opportunity to expand their share if they can perform better than their competitors in terms of price and service.

The three companies who said they didn't know are likely to fall into the lowest category due to limitations on the geographic areas in which they are able to physically operate: an example of this is the childcare facility.

Figure 7.3 Size of Markets for Main Product/Service

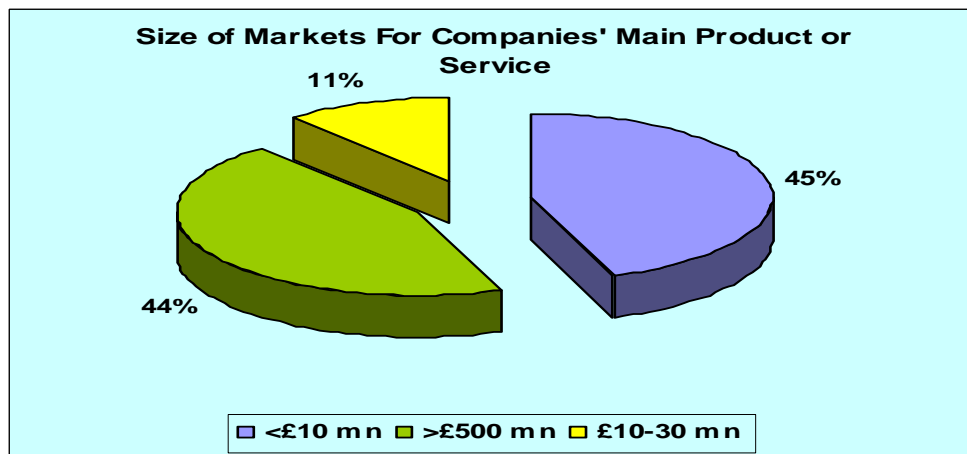
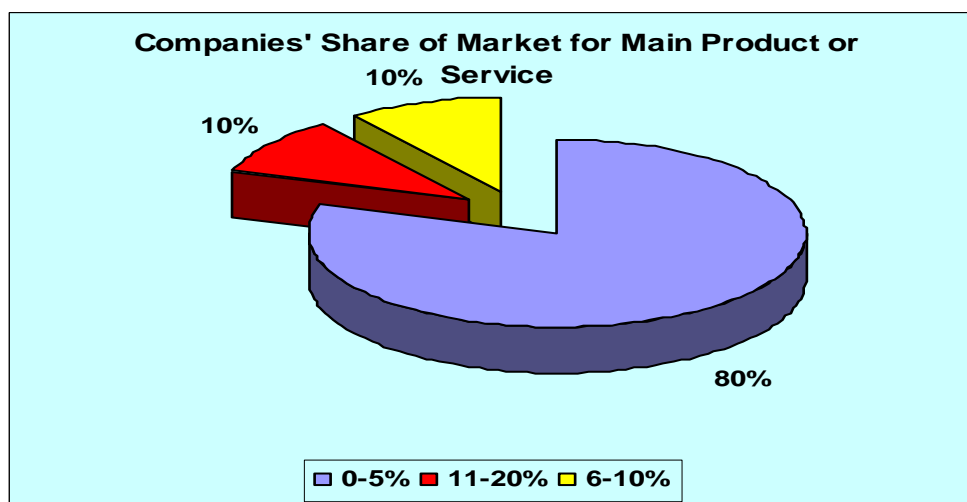


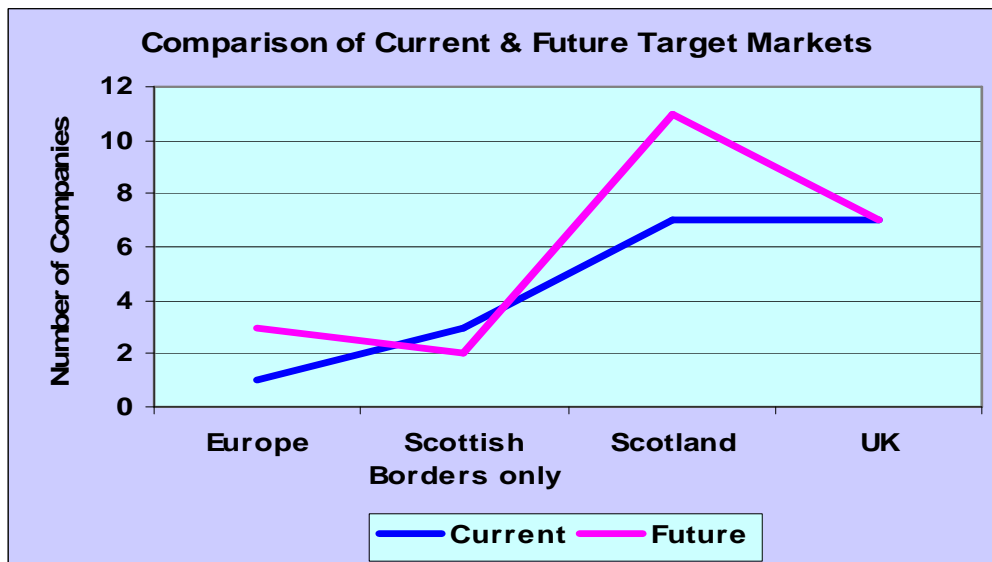
Figure 7.4 Companies' Estimate of Market Share



Again, ten of the companies attempted to answer this. More than three-quarters of the companies estimated that they captured less than 5% of the total annual market for their main product or service. The company who said that it had between 11-20% of the market operated in a market size below £10 million; and the company with 6-10% of the market operated in a market size of £10-£30 million per annum.

Figure 7.5 below shows a comparison of existing and future market activities. The "future markets" in this instance includes existing activities as none of the companies had plans for moving out of their existing markets. The exception being those companies trading only in the Scottish Borders: that number has dropped as the companies widen their target markets.

Figure 7.5 Comparison of Current and Future Target Markets



Much more in-depth market research information would be required to substantiate or contradict the companies' projections, of course, but on the information available it would seem that the future marketing activities of the companies will bring increased turnover to the companies and thus increased economic benefits to the Scottish Borders and Scotland as a whole. If those companies seeking to expand in the European market are successful in doing so, the benefits to the Scottish economy will be greater due to the increased export activity<sup>64</sup>.

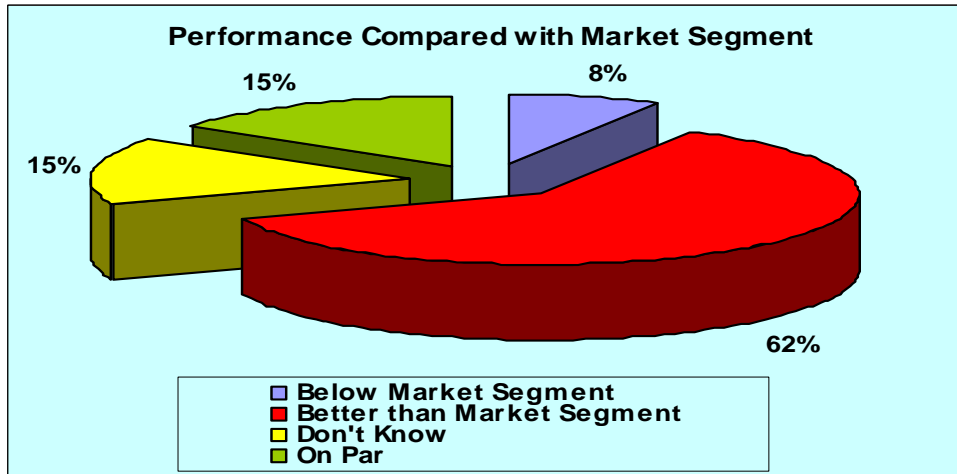
**[c] Performance**

The companies were asked if they could assess their sales performance in the context of the market segment for their main product or service. Eleven of the companies attempted to provide an estimate of their performance. One company thought it performed below the average for the market segment, primarily due to the setting up of a new branch office and the re-organising of focus and priorities. Almost two-thirds of the companies thought they performed better than their market segment.

<sup>64</sup> The number of companies trading throughout the UK remains static.



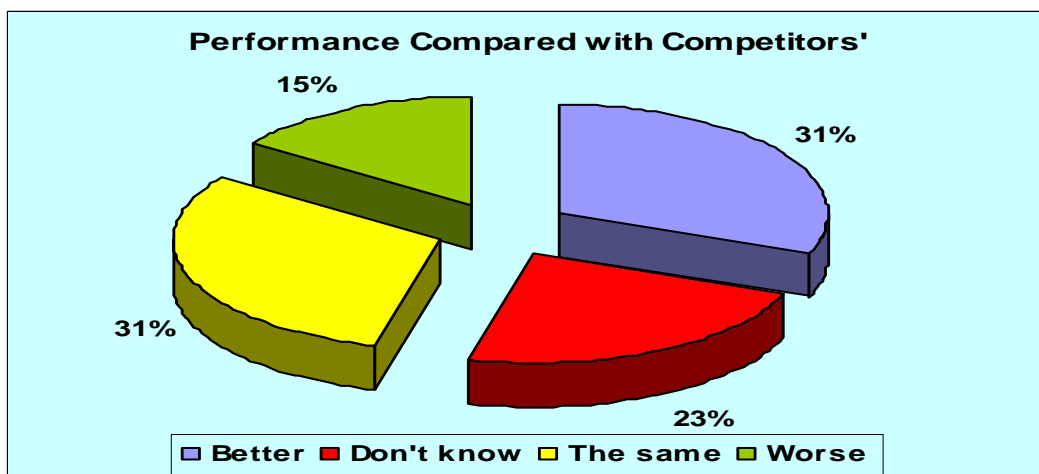
Figure 7.6 Companies' Performance Compared with Market Segment



The companies were also asked how they thought they were doing in sales terms compared with their competitors. Ten of the twelve companies answered this question. Two companies felt they did not perform as well as their competitors: one was the company re-focusing its activities, and the other was the company that had deliberately downsized their operation. The companies were less bullish about their performance in relation to their competitors with around a third saying they performed better and a third saying they were on a par with their competitors.

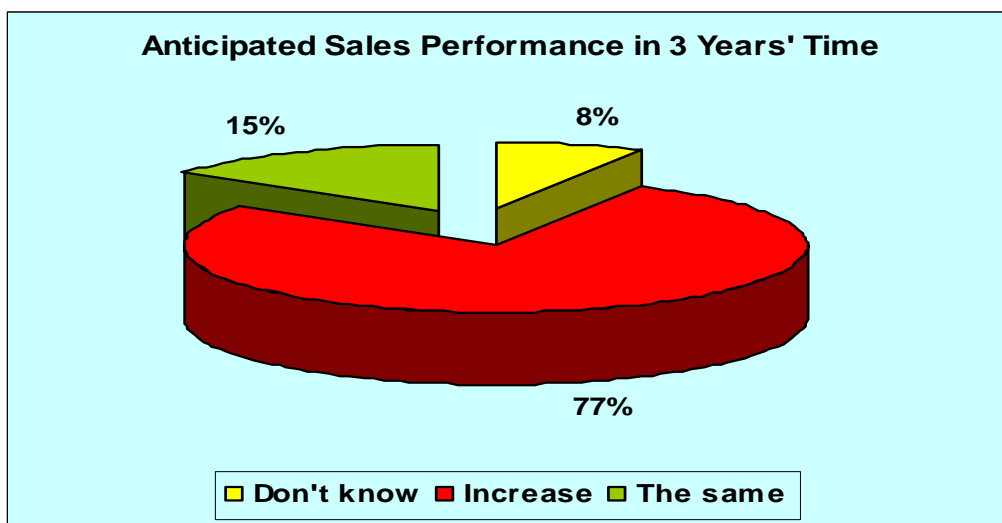
The results are in Figure 7.7 below.

Figure 7.7 Sales Performance Compared with Competitors



When asked how they saw their sales performance in three years' time, the majority of the companies were extremely bullish. More than three-quarters of them were confident that their sales would increase. The two companies who thought that their sales would be around the same were content to remain as they were and had no real ambition to expand the operation: although one of the companies did say that they would probably take on and train a modern apprentice.

**Figure 7.8 Anticipated Sales Performance in Three Years' Time**



## 8 THE FUTURE DEVELOPMENT OF CAVALRY PARK AND INWARD INVESTMENT

The views of the Director, Physical Business Infrastructure were sought on the future development of the Park. The proposed approach to the future development of the Park has already been approved by the Board of Scottish Enterprise Borders. The proposals are based on maintaining quality and involve:

- Encouraging high quality jobs;
- Attracting bespoke developments;
- Taking a flexible approach to dealing with market failure;
- Adopting sustainable building practices and quality in design;
- Ensuring low density development and high-quality landscaping;
- Ensuring office developments are “up market” and capable of competing for mobile inward investment opportunities.

In addition, the Director Physical Business Infrastructure intends to reject:

- Any move down-market;
- Low-quality uses on the Park;
- Rejecting any retail approaches, storage and warehousing;
- Rejecting any “standard” industrial buildings.

In summary, what is being proposed is defined as:

*A quality business park to capture business growth and inward investment to encourage diversification, jobs and economic development.*

Two of the companies located on the Park: Pearson Developments [PD] and EBS have proposals for undertaking future developments: PD on the site adjoining Rowan Court and EBS on the 7-acre site.

PD’s proposals are in two phases: the development of a terrace of 8 workshop/office units and two office pavilions. EBS’s proposals are for the development of a two-storey office building with high-quality finishes.

Both of the proposed developments will add to the attractiveness of the Park as a business destination and create more activity. Input from SEB’s Physical Business Infrastructure to ensure that the developments are of as high a quality as consistent with end usage should ensure that the Park maximizes its potential.

The views of Scottish Enterprise Borders’ Business Manager were sought in relation to the role of the Park in attracting and retaining companies in the Scottish Borders.

In his view, Cavalry Park was the “jewel in the crown” in terms of being the prime location for attracting high-tech, mobile inward investments. Employment land was extremely tight in the area, therefore, SEB should maximise the potential of Cavalry Park.

The Business Manager saw the 7-acre site on the Park being developed along the lines of a “technopole”: i.e. it should be developed as a whole with high-quality, flexible accommodation aimed at attracting high-growth companies.

The Business Manager felt that there may be limited scope for attracting companies out of Edinburgh but that there may be an opportunity to identify opportunities for “satellite offices”.

There was some anecdotal evidence to show that this may be a possibility. One of the local tourist-related business owners in Peebles mentioned that a survey had been carried out of traffic using the A703 between the hours of 0700-0900 on a weekday. The result showed that in a two-hour period 2,000 private cars traveled along the road and it was estimated that 70% were commuting to Edinburgh. We would stress that this is purely anecdotal information; however, it is in line with the experiences of the nursery facility where the owner mentioned that the bulk of new business was coming from new residents in the area, around 90% of who, in her opinion, were commuting to work in the Edinburgh area.

Statistical information<sup>65</sup> for Peebles shows that 5,160 people are in employment or studying: 3,686 in employment and 1,474 students. When looking at distance traveled, those in employment and studying are included in the figures – no breakdown is available. However, 1,317 people travel between 20 to 40 km and a further 205 travel further [almost 39% of those in employment or full-time study]. The statistics, therefore, reinforce the anecdotal information.

In the Scottish Borders region there are 49,000 people in employment; 11,224 [23%] of whom travel more than 20 km to their place of work.

Summary information is given in tabular form at Appendix 5.

The combined anecdotal and statistical evidence, though limited, would seem to strengthen the view that there may be an opportunity to attract satellite operations to the Park. On the cautionary side, it should be noted that 15% of people living in Peebles worked in wholesale & retail trade & repairs; 13% in health and social work; 11% in real estate, renting and business activities; and 10% in manufacturing. Those industries may not easily lend themselves to satellite working. On the plus side 1.5% are managers and senior officials, 13.5% associate professional and technical occupations; and 12.5% professional occupations.

As satellite operations are unlikely to require a large workspace they could be accommodated on the Park within the proposed Pearson Developments terraced units or, indeed, within vacant space [as it becomes available] in Block 1.

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<sup>65</sup> Scottish Census Results On-Line, Scottish Executive

The Business Manager felt that it was essential that future development of the Park followed three main criteria:

- The large 7 seven-acre site be developed in a coherent manner, with high-quality buildings and landscaping aimed at attracting companies into the area;
- That innovative ways were found to assist companies and development to the Scottish Borders in view of its non-assisted area status, which limited levels of financial assistance;
- That efforts be made to lift the quality of further development around the existing Rowan Court buildings.

In the view of the Business Manager a quantum change was needed in the Scottish Borders to transform it into an area that was perceived as being a prime location for high-quality businesses. Peebles, with its proximity to Edinburgh, the airport and the road network, he believed offered the best opportunity for achieving this goal.



The Setting for Cavalry Park



## 9 OCCUPANCY EXPERIENCE ON CAVALRY PARK

For this section of the report, we have drawn on the results of the interviews with the 12 companies and the Park managers. A list of the interviewees is at **Appendix 3**. The questionnaire used in interviewing the companies is at **Appendix 4**.

The section is divided into two sub-sections:

- The Environment
- Accommodation

### [a] The Environment

Parts 6 and 7 of the questionnaire asked the companies a series of questions about their experience of working on Cavalry Park and how they thought it contributed [or otherwise] to the success of their businesses. Part 9 invited them to make any comment that they felt they had not been able to bring out during the interview. The results are, of course, necessarily anecdotal.

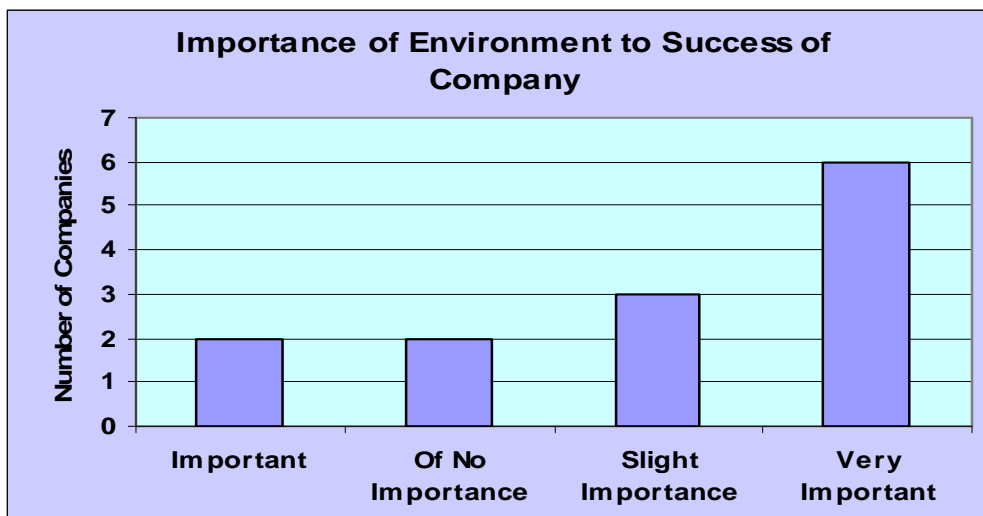
#### [i] Decision to Locate to Cavalry Park

The companies were asked if the physical environment of the Park played a role in their decision to locate there and how important the appearance and quality of the environment was to the success of their businesses. The response was evenly divided with six companies saying it did play a role in their decision to locate to Cavalry Park and seven saying it did not.

#### [ii] Importance of Environment

The companies were then asked how important to the success of the company is the appearance and quality of the environment in which they are located.

**Figure 9.1 Importance of Environment to Company's Success**

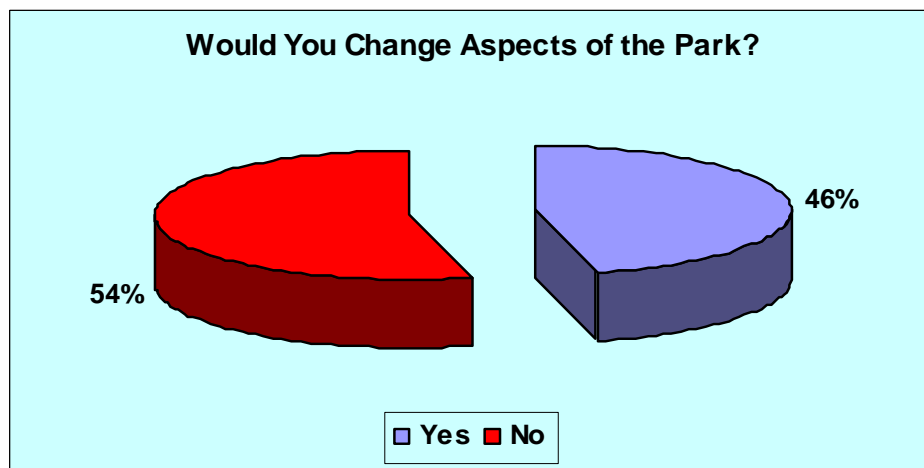


Almost half the companies [46%] thought the environment was very important to the success of the company and a further 15% thought it important. This is at variance with their views on the role of the environment in deciding location: where less than half said it influenced them. Three of the companies did not have clients visiting their offices, those who did thought that easy car parking and good quality environment were important to perceptions of their businesses.

*[iii] Proposed Changes*

When asked if there was any aspect of the park they would change the majority said there was not. Fifty-four percent of the companies replied yes.

**Figure 9.2 Would You Change Any Aspect of the Park?**



The changes suggested are:

- Improve existing poor signage within the Park as it is currently difficult to locate individual companies;
- Provide directional signage in Peebles to assist visitors to find the Park;
- Gates and fence to be erected to stop people walking their dogs and being used for learning to drive [2];
- Benches for sitting outside in fine weather [1];
- A second bridge over the Tweed [1 – pedestrian bridge; 1 – road bridge];
- Remove nursery or relocate it: generates large amounts of traffic, fast driving on site, and congestion on the road;
- More buildings of the right type accommodating more businesses to work with and supply, and to create vitality on the Park;
- Provision of a mail box on the Park.

**[b] Accommodation**

The companies were asked how important different aspects of their accommodation were to the company's success.

[i] *Features of Accommodation*

The single most important aspect was cost, followed by size and – equally - access to the road network and lease conditions.

Access to the airport, followed by – equally – availability of public transport and local services - was the least important aspect.

The full results are given in Table 8.1 below.

**Table 9.1 Importance Ranking of Aspects of Accommodation**

Aspect	Unimportant	Slight Importance	Important	Very Important
Size	2	1	4	6
Design	3	1	7	2
Cost	1	0	1	11
Lease Conditions	2	0	6	5
Public Transport	6	0	6	1
Access to Road Network	3	1	4	5
Access to airport	7	0	4	2
Access to city centre	5	2	6	0
Access to local services	6	0	7	0
Access to labour pool	5	1	4	3

Some of the companies stressed other aspects that they considered to be important to their businesses:

- Ability to expand the business on the Park
- Storage space
- Car Parking [2 companies]
- Safety & security [very important]
- IT infrastructure [2 companies]
- Natural lighting
- Good insulation
- Low running costs
- Second road bridge across Tweed

Two negative aspects to life on Cavalry Park were mentioned by the companies [one company each]:

- High level of rates in Peebles
- Lack of sink suitable for washing up

The company citing the level of the rates felt that there should be more input from Scottish Borders Council to the needs of businesses, and that planners should have more vision when considering proposals for the development of business accommodation.

*[ii] Lease Conditions*

Turning to their lease conditions, the companies were asked if they had obtained the length of lease they had been seeking; if the rental level was reasonable for the accommodation provided; and if the service charge was reasonable for the scope and standard of services provided. The results are in Table 9.2 below.

One company in Rowan Court and one in Block 1 would have preferred a shorter lease; three companies in Block 1 thought the rental level too high; and four of the companies in Block 1 thought the service charge to be high for the scope and standard of services provided.

**Table 9.2 Companies' Views on Lease Terms**

Response	Lease Duration	Rental Level	Service Charge
Yes	10	9	6
No/Too High	2	3	4
N/A	1	1	1
Don't Know	0	0	2

One of companies felt that the lease was biased in favour of SBE in respect of insurance and maintenance and would have a major issue with it if pressed to the "letter of the lease".

None of the companies felt that their lease conditions restricted the company in any way.

*[iii] Security*

Two of the companies mentioned problems with security: one had suffered mild vandalism and another was bothered by skate-boarders and miniature motor-cycles. The police dealt with the problems when notified. Both companies felt that it was easy for people to come onto the Park through the undergrowth as there was no fencing around the Park.

Only 23% of the companies would like to see a comprehensive security package on the Park. The companies were asked if there were any individual security features they would like to see implemented on the Park – and would be willing to pay for - the results are in Table 9.3 below.

**Table 9.3 Response to Security Features**

Security Measure	Yes	No
CCTV	3	9
Patrols	1	11
Lighting	0	12
Other	0	12

There was little interest in additional security features for the Park, apart from three companies who thought CCTV would be worth paying for. One of the companies, however, qualified that by saying it would be willing to pay for CCTV only if were “installed and run at market rates”.

One company said it might be interested in paying for a comprehensive security package once the Park was full and the cost could be spread more.



Peebles

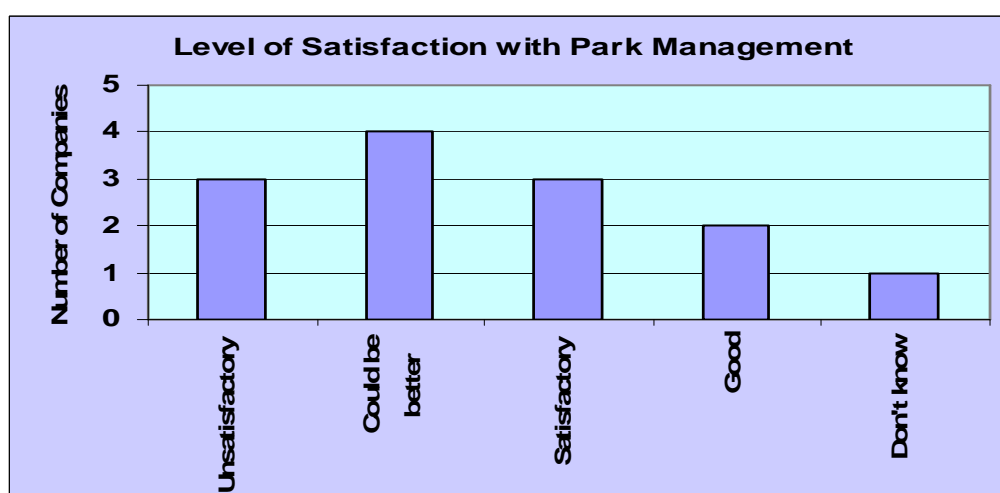
## 10 MANAGEMENT OF THE PARK

The companies were asked for their views of the management of the Park; what, if anything, they would like to see improved; any additional service they would like; and whether they would like to have regular consultation meetings.

### [a] Overall Level of Satisfaction with Park Management

Two companies thought that the management of the Park was good and three thought it was satisfactory. Four companies thought the service could be better and three thought it unsatisfactory. The results are given in Figure 10.1 below.

**Figure 10.1 Levels of Satisfaction with Park Management**



Those companies who were not satisfied with the service were asked what could be done to improve it. The suggested improvements are:

- Prevent learner drivers and skateboarders coming on to the Park;
- Provide more car parking – likely to be a problem as Park develops;
- Provide a new sign at the entrance – present one is awful and unimaginative and sponsors Park managers;
- Better service from Park managers; currently perceived as hopeless due to long waiting times for repairs<sup>66</sup>.
- Provision of a common/recreation/meeting room;
- Improved toilet facilities;
- Better response from Colliers in dealing with electrical issues: company is waiting for an issue to be resolved and is still paying for unnecessary electricity;
- Improve factoring – it is abysmal, Colliers bombard people with paper and are cavalier in their attitude: they create more problems than they solve.
- Gritting of roads in Park in winter: council doesn't grit car parking.
- Improved response from Colliers – took a year to replace broken sign.

<sup>66</sup> It should be noted that this tenant expected repairs to the company's unit to be attended to by Colliers/SEB contrary to lease conditions.

- ❖ Improve park management overall. Managers are totally unsatisfactory as they don't care or have any consideration for the success of the Park and its tenant businesses. Doors have been hanging off for six months: company feels strongly about this issue.
- ❖ Colliers resolved issue with cigarette ends but their contractor let them down when it came to problems with front door security.

**[b] Cost Effectiveness of Management**

Six of the companies thought that equal quality could be achieved for less outlay; two companies thought the management was value for money. Three companies didn't know whether the management was cost effective or not. The full results are in Figure 10.2 below.

**Figure 10.2 Cost Effectiveness of Management**



**[c] Services Not Provided**

The companies were asked whether there were any services they would like to see on the Park that are not currently provided. One company said yes. Additional services included:

- ❖ Gritting of roads;
- ❖ Emptying of bins and uplifting rubbish;
- ❖ Getting post delivered earlier.

One company thought that, in general, Cavalry Park had been neglected to date in management terms.

**[d] Consultation**

Eleven of the companies said that their views on management were never sought: one said occasionally; and the respondent from the remaining company didn't know. When asked whether they would like to see a regular consultation meeting seven of the companies said they would not and six said they would. One company thought it would be of benefit if not to frequent and another would like quarterly meetings with an "end-of-year" report.



**[e] CRE Colliers**

Colliers' representative was interviewed and asked about what services they provided; any problems encountered; and how they perceived the park.

*[i] Services Provided*

The Colliers representative provided both leasing and maintenance services; looked after Block 1 and the common parts [the road is adopted]. The Park manager bills co-proprietors [Pearson Developments and Kingsmeadow Nursery], and deals with any enquiries, leases and legal agreements. Sale of land is dealt with directly by SEB.

The Park manager is required to visit the Park at least once every six months, but on average visits the Park at least once a month. The companies telephone Colliers direct if there are any issues. When visiting the Park, the manager does not always see any of the companies; therefore, they may be unaware of the regular visits. He does not feel that regular meetings are required.

The manager was not aware of any outstanding issues but did admit that in the previous year there had been several difficulties, all of which were now resolved.

The present manager had been doing the job for less than a year and couldn't comment on difficulties prior to that time. He did, however, emphasise that any companies with issues should contact him direct and he would ensure that the matter was dealt with promptly.

*[ii] Perception of the Park*

The Park Manager saw the park as primarily serving a local market, although he pointed out that the purpose of the Park was to attract jobs from outside the region.

In his view a second road bridge would work well and would help make the Park more accessible and attractive to prospective tenants/owners. He also thought that the concept of satellite offices would work well on Cavalry Park but did not think there would be any significant relocations from Edinburgh. Most of the present enquiries were for land for owner-occupation; mostly for companies employing 2-6 people.

He felt transport was still a problem as access to the Park was still an issue for larger vehicles.

Overall, he felt that were the Park to be further developed ensuring high-quality premises and landscaping, it would be successful in attracting growing businesses.

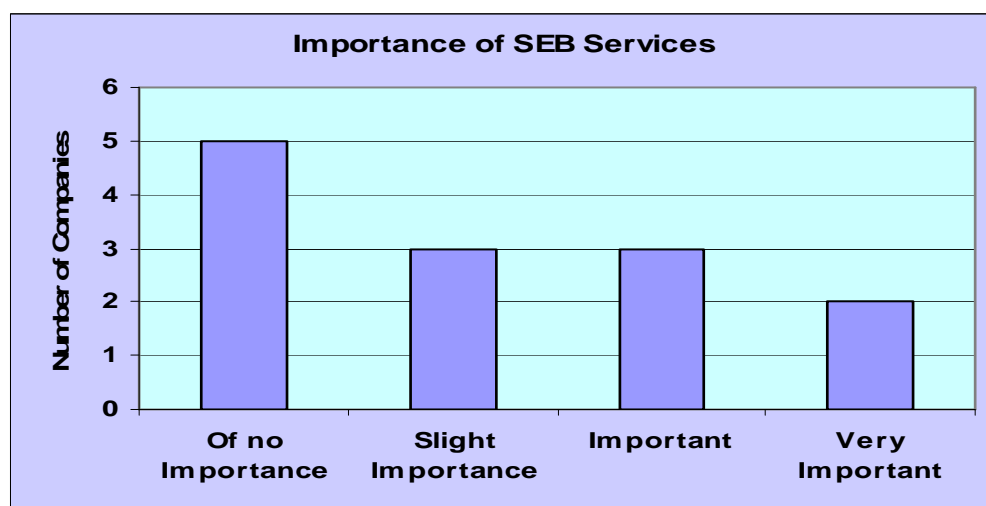




## 11 SERVICES OF SCOTTISH ENTERPRISE BORDERS

When asked how important to them the services of SEB were, over 38% of the companies said they were of no or little importance and 38% said they were important or very important [see Figure 11.1 below].

**Figure 11.1 Importance of SEB Services**



Eleven of the companies had had dealings with SE Borders and none of them had dealt with any other part of the SE network. The companies defined their contact with SEB as shown in Table 11.1. The most common form of contact with SEB was in relation to financial assistance.

**Table 11.1 Types of SEB Assistance/Contact**

SE Assistance	No. Companies <sup>67</sup>
Financial	5
Relocation	1
Property Enquiries	1
Exporting	1
Market Information	1
Work for SEB	1
Non-specific	2

Finally, the companies were asked about their level of satisfaction with SEB's services. Five of the companies did not respond to this question. Five of the companies were satisfied with the level of service and one was very satisfied. Results in Table 10.2 below.

<sup>67</sup> Numbers will exceed number of companies as more than one response could be given.

**Table 11.2 Level of Satisfaction with SEB's Services**

Level of Satisfaction	No. of Companies
Dissatisfied	2
Satisfied	5
Very Satisfied	1
No Response	5

Only two of the companies were dissatisfied and thought that SEB could more pro-active, particularly in informing the companies of their range of services; for example, one company didn't know that SEB could help with promotion and is interested in assistance with networking.

One of the other companies thought that the first point of contact was always negative and that the culture of the organisation was wrong in that it is not business-oriented. The company's partner organisation [based in Aberdeen] has reported to them that SE Grampian is very dynamic and business-oriented.

A fourth company thought that the focus was very much on the larger business and that SEB had lost its way with small businesses.



## 12 COMPANY'S CONCLUDING REMARKS

Some of the companies offered concluding remarks on issues not already included in the other sections. These are outlined below.

- ❖ Borders-based surveyors are not being supported. For example, Scottish Borders Housing Association has been a shambles for a few years and is now starting to use surveyors from Edinburgh & Stirling for Borders work.
- ❖ Borders doesn't celebrate success, sell itself, or brand itself. Company doesn't have many hopes for the future of young people in the Borders. The company did feel there was some improvement but a long way to go. Suggested that the Borders needed public/private partnership to promote itself.
- ❖ One company thought that a lot more could be done to make them generally feel part of the economic expression of the Borders. They have come up with a number of ideas for both the company and the community but feel they are not taken seriously by SEB. The company is a young company but with a wealth of experience and feels they are listened to but not worked with: although they get an excellent service from SEB the company feels that SEB gives the appearance of not trusting them.
- ❖ One of the company's would dearly like assistance in securing either a post-box on the Park or arranging a mail pick-up as late as possible in the day.
- ❖ The proposal for a second road bridge over the Tweed was raised again under this heading and it was suggested that it would provide a number of benefits: [a] open up the Park; [b] take away traffic from the town centre; [c] would act as a "diversion route" when work is being carried out on the existing bridge; [d] would facilitate development of land around the area; and [e] remove congestion from existing roads.
- ❖ SEB should improve the landscaping on the Park. The remainder of the Park should be landscaped and infrastructure put in place prior to further development.
- ❖ SEB did not include the company's future needs in their plans for the Park. The company will be expanding further over the next few years and anticipates more than doubling employment over two years. In addition to a requirement for expanded accommodation the company also has unmet storage needs. Company feels that its overall needs are not being taken into consideration by SEB<sup>68</sup>.

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<sup>68</sup> It should be noted at this point that the company in question will not enter into a long-term lease nor pay an increased rental level.



## 13 CONCLUSIONS

The conclusions drawn from the analyses carried out on all aspects of Cavalry Park have been organised under three headings:

- Strategic Planning
- Economic Impact
- Management

### [a] Strategic Planning

#### [i] Cavalry Park to Date

The development of Cavalry Park has achieved its main objectives, secured the proposed benefits and exceeded its output targets<sup>69</sup>.

There is a mixture of companies on the Park, carrying out a diversity of activities, and operating in both local and national markets. Of the companies that took part in the study one-third were new starts and two-thirds existing businesses.

The development of Cavalry Park has created an opportunity to attract businesses to Peebles and to provide an environment where modern, innovative companies can do business and provide employment opportunities to local residents.

Cavalry Park clearly contributes to “a quality environment for living, studying, working and trading” by making a direct contribution to the economic development of vacant land by the provision of industrial and commercial property, resulting in access to employment opportunities for the local community.

Cavalry Park contributes to the goal of achieving sustainable development and is helping to close the gap by strengthening the community through the provision of employment opportunities within the local area.

Cavalry Park, whilst not a high-impact project in national strategic terms, does provide an opportunity to create a high impact on the local and, eventually, regional areas. Whilst Peebles is not a “blighted and failing place” the development of the business park will further strengthen both the economic and social fabric of the town.

Peebles is an integral part of the western hub of the Scottish Borders region; therefore, any improvement in the economy of Peebles can only help to strengthen the economic position of the Scottish Borders as a whole.

Cavalry Park makes a direct contribution to the four themes by:

- Attracting new businesses;
- Providing employment opportunities;
- Providing childcare facilities assisting people into the labour market;
- Providing suitable business property;
- By providing employment opportunities within the community, Cavalry Park will also contribute to the enhancing and strengthening of the local community.

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<sup>69</sup> See Section 1 Introduction.



Cavalry Park plays an important role in meeting the objectives of the Rural Guidelines by providing a quality environment to attract and grow companies that will contribute to the well-being of the local and national economies.

*[ii] Future of Cavalry Park*

The success of the Park in terms of attracting inward investment has been somewhat limited with only 25% of the companies coming from outside the Scottish Borders region. Highly mobile, inward investment opportunities such as call centres and production facilities tend to locate in areas where there is an available labour pool [and, in many cases, where there is direct financial incentives to do so]. Unemployment in the Scottish Borders is c. 1.6%<sup>70</sup>, the fourth lowest in Scotland equal with East Dunbartonshire<sup>71</sup>. In the Galashiels and Peebles travel-to-work area, there are 396 males and 116 females registered as unemployed<sup>72</sup>. In statistical terms, therefore, there is not an available labour pool to attract these mobile inward investments, nor is there any significant financial incentive as the Park is not in an Assisted Area. The statistics do not take account, of course, of people, predominantly women, who are interested in returning to work but are not registered as unemployed.

There is evidence to suggest that, in recent years, there has been a large influx of people to the area, the majority of whom, are commuting to Edinburgh but choose the lifestyle of the Scottish Borders. Over time, it is likely that a good proportion of those people will seek more local employment so that they can enjoy *both living and working* in the local environment.

Cavalry Park is one of the region's most important employment-land sites and of the fifteen employment sites listed in the Local Plan Peebles is the closest to Edinburgh and should, therefore, if further developed with high-quality, modern accommodation be capable of attracting more businesses to the area.

Those businesses could include those from the capital seeking a better working environment; those with employees presently commuting from Peebles who might be interested in a satellite office; businesses from elsewhere in the UK seeking a distinctive lifestyle but with access to the amenities of a city, the road network and airport; and high-tech, high-growth mobile businesses looking for a clean, high quality image but, again, within reach of major road networks and airport.

The development of the remaining seven-acre site as a "technopole", as suggested by SEB's Business Manager, is worth considering in attempting to secure high-growth companies to the Park as well as satellite offices for high-quality, modern businesses. The number of people within the region and within Peebles itself who are travelling more than 20 km to their place of work would suggest that there is scope for pursuing the satellite office option [see tables at **Appendix 5**].

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<sup>70</sup> Labour Market Statistics June 2005, Scottish National Statistics

<sup>71</sup> The three lowest regions in terms of unemployment are: Aberdeenshire [1], Orkney Islands [2] and East Renfrewshire [3].

<sup>72</sup> Labour Market Statistics June 2005: Scotland, National Statistics

It is believed, however, that such a concept would require direct and continuing involvement from SE Borders. Direct provision of accommodation or substantial financial assistance is likely to be necessary to secure the quality of environment necessary to attract such businesses and, possibly, to bridge the gap between the cost of developing high-quality, flexible accommodation and the rental levels achievable.

For some time in the property market, in general, there has been a movement towards owner-occupation; generally following the pattern of the housing market. The main requirement to date has been for plots of land that company's can develop on a design-and-build basis to meet their own needs in terms of space, layout and cost. In England there has been a growing demand for small, flexible workshop/office units that are built to shell standard and available to SMEs for purchase through their SIPPs<sup>73</sup>. In the central belt of Scotland there has been a small but significant move towards developing this type of property. Changes to SIPP legislation due next year may reduce the borrowing capability [for premises] from the SIPPs but it does seem to be a route being favoured by SMEs.

At a more mundane level, one of the Issues raised by interviewees was the limited flexibility offered by the design of Block 1. A building design that offered more flexibility in unit size should be looked at if developing further speculative accommodation on the Park. The creation of a central core accommodating toilets and kitchen/eating/meeting space would be worth considering even in a limited format. Whilst the provision of such a facility would necessitate a degree of common services management [and thus raise the cost for the tenants] it may be worthwhile in terms of gains in flexibility of unit size and layout. It is not suggested that a fully-serviced business centre approach is adopted; we found no evidence of any interest in that type of development. The issues raised related to the lack of privacy in having toilets located in small units; no real facilities for washing-up and the limited flexibility in the layout of the building.

The proposed terrace of eight units adjoining Rowan Court is likely to attract more companies whose focus is predominantly local, such as those providing professional business services. Small units such as those proposed provide an attractive alternative to town centre offices, having a good quality environment and easy car parking.

The two pavilions proposed by Pearson Developments have the capability of attracting slightly larger companies: indeed, the developer already has an enquiry for the whole of one pavilion.

To make the "quantum leap" suggested by SEB's Business Manager will be achieved through the development of the seven-acre site and is likely to require additional investment from the public purse, on-going marketing support and control of the types of businesses accommodated.

Finally in this section, is the question of the perceptions of Cavalry Park as a business location. The only way to establish this, with any accuracy, would be to undertake a survey over time. This could be done through Chambers of Commerce

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<sup>73</sup> Self Invested Personal Pensions.

and property agents both within the region and in the surrounding regions. Perhaps having a small survey form on the Scottish Enterprise website may be another way of gathering views, perhaps via the Scottish Development International page. There are difficulties in carrying out this sort of survey as it could be seen as having an element of “poaching” about it. At the end of the day this sort of survey should provide, at least, a *collective subjective* view of the role of Cavalry Park.

## **[b] Economic Impact**

The economic impact of the Park has been considered against the following criteria:

- Employment
- Contribution to GDP
- Quality of Jobs
  - Skills
  - Salaries
- Recruitment – local residents
- Propensity for growth
- Performance - markets

### *[i] Employment*

In the approval papers for the three developments on Cavalry Park, Block 1, Rowan Court 1 &2, and Kingsmeadow Nursery, the estimated number of jobs to be accommodated was 88. Once allowance had been made for indirect and induced jobs, construction jobs, displacement and deadweight, the net FTE jobs forecast would have ranged from 67-81 at the local level; and from 48-69 at the national level. At the time of this evaluation 27% of the available accommodation was vacant and 12% was about to become vacant. The actual employment figures were produced, therefore, by 61% of the property.

The actual Net FTE jobs, allowing for indirect and induced jobs, construction jobs, displacement and deadweight, is 63-93 at the local level and 44-77 at the national level. The actual number of gross jobs on the Park at the time of the evaluation is 96 compared with the forecast of 88.

Only 26% of the jobs on the Park can be classed as deadweight, i.e. pre-existing jobs moved to Cavalry Park: the remaining 74% of the jobs on the Park are new additional jobs. Prior to moving to Cavalry Park, the companies employed 25 people against current employment level of 96. Around 83% of the jobs on the Park are filled by people living locally in the Scottish Borders region. The additional employment on the Park can be seen, therefore, to be directly benefiting the region’s economy through direct investment in the area and by reducing the need to travel outside the region for employment.

### *[ii] Contribution to GDP*

The contribution to GDP from the companies on Cavalry Park is between £967,204 to £3.4 million at the local level and in the range £760,000 to £2.6 million at the national level.

[iii] *Skill Levels*

Half of the jobs on Cavalry Park have been classified as highly-skilled by the businesses themselves, and a further 43% as skilled. The highly-skilled figure is believed to include some jobs that would not be so classified using a formal definition; we have, however, accepted the companies' assessments as we have found that the majority of businesses [other than those involved in research and development] are resistant to the idea of linking the skills level to first or second degrees. It is to be expected, of course, that the "highly skilled" percentage would be higher on a business park than in the general population.

We have compared the percentage of "highly skilled" employees with the percentage of the population in the 16-74 age range who fall into the Group 4 category<sup>74</sup>.

**Table 13.1 Highly Skilled/Group 4 Qualifications<sup>75</sup>**

Area	Percentage Highly Skilled or Group 4
Cavalry Park	50
Peebles	29
Scottish Borders	18

[iv] *Salary Levels*

The salary levels on Cavalry Park compare well with regional figures, with around 48% of the salaries being above the regional average and the remainder in a comparable band. Only 9% of the employees were paid more than £40,000 per annum. When compared with the Scottish and British averages the Cavalry Park figures do not compare so well with around half being clearly below average.

Given that the companies rated 54% of the employees as highly skilled, the salary levels would, on the whole, appear to be on the low side. The region as a whole, however, has an average salary level 23% below the Scottish average.

It must be borne in mind also that the salary levels quoted are current figures whereas the averages for the three areas [Scottish Borders, Scotland and Great Britain] are taken from the 2004 statistics [the latest available], which, in turn, are based on 2003 returns.

There are factors influencing the salary levels such as: company at an early stage in its development, and partners choosing to draw a lower level of income.

<sup>74</sup> Scottish Census Results, Highest Level of Qualification Tables, Defined as Group 4: First Degree, Higher Degree, Professional Qualification.

<sup>75</sup> Figures for Peebles and the Scottish Borders have been derived from SCROL Tables CAS204.



[v] *Recruitment*

A third of the companies said they experienced difficulties in recruiting trained professional people and a quarter of the companies said that young, qualified people tended not to want to work in the Scottish Borders.

Overall the companies tried to recruit locally prior to spreading the net wider. There was limited evidence of a move towards recruiting people from the former eastern bloc countries and/or new members of the European Union. Two of the companies already had employees from those countries and a third was contemplating going down that route when the need for further recruitment arose. It should be noted, however, that, in the case of one of the companies, they did not go looking for employees from outside the UK; the employees were already in the UK and actively seeking employment here.

Two of the companies said that being located on Cavalry Park had made recruitment easier for them due to an improved image and environment.

The major difficulties seemed to be in attracting property professionals, such as architects and quantity surveyors; IT professionals; and graphic designers to work in the area. This may have more to do with salary levels than any aversion to working in the Scottish Borders.

More detailed research would be required to confirm or refute that suggestion, but some indication can be gained from the fact that 29% of those in employment/education living in Peebles travel more than 20 km to their place of employment/study, coupled with the fact that 11.23% work in real estate, renting and business activities and 26% are in professional, associate professional and technical occupations.

Around 80% of all employees, however, lived within the Scottish Borders region and, given that 71% of the jobs on the Park are new additional jobs, there is a direct local benefit to the economy.

[vi] *Propensity for Growth*

Five of the companies taking part in the study were new starts when they located to Cavalry Park. All five of the companies were improving their position annually and one now had around £4.8million in annual sales. Seven of the companies had, collectively, increased their turnover by just over £8 million. The estimated contribution to GDP that could be expected from the Net FTE jobs generated by Cavalry Park is around £3.4 million, suggesting that the companies are performing better than the average for the region.

One company had experienced a decrease in turnover of £95,000 but this was due to a deliberate decision to downsize the operation.

There was a wide variety of reasons for the increased turnover ranging from expanding market through improved quality of staff, to introduction of new product.

Seventy-three percent of the companies' turnover was derived UK-wide and 20% from Scotland [other than Scottish Borders].

The companies showed definite growth in turnover and the wide variety of reasons given for the growth showed no reliance on a single factor that could make them vulnerable to change in that factor. The geographic spread of their sales also limits their potential vulnerability to changes in demand in a local market.

*[vii] Markets*

There is a cluster of property/construction-related businesses on the Park [c. 42%] with 17% each in computer-related and IT and marketing/graphic design/publishing.

Forty-six percent of the businesses were in the business-to-business market, 39% sold direct to consumers, and the remainder dealt with public-sector organisations.

Only 6% traded solely within the Scottish Borders region, and 39% traded UK wide. One company traded in European as well as domestic markets. The 39% of the businesses trading UK-wide account for an average of 73% of total turnover.

Two-thirds of the companies intended to widen their geographical markets over the next three years with two intending to trade in the European markets [in addition to the company already trading in Europe]. One of those companies was already running a pilot project in Germany and Holland.

The companies tended to trade in either very large or very small – niche -markets [by value], with 40% trading in markets with a value of less than £10 million and 50% trading in markets of more than £500 million per annum. Three-quarters of the companies estimated their share of the market for their main product to be less than 5% but saw their performance increasing in three years' time.

Sixty-two percent of the companies believed they performed better than their market segment yet only 31% thought they performed better than their competitors. Almost a third thought they were on a par with their competitors.

The companies are trading well within their markets and attracting business from outside the Scottish Borders region. Some of the companies are fairly new and, as such, don't have a high market penetration for their main product or service. They are trading well within their markets and are bullish about their prospects for future sales.

The more conservative performance in relation to their competitors is, again, mainly due to the stage the companies are at in the life-cycle of their main product or service and is not believed to be a reflection of lack of ambition or quality of performance.

Overall it is believed that the companies are growing, are trading well geographically and they would seem to be well-placed to withstand any local changes in demand.

## [c] Perceptions

"Perceptions" covers four areas:

- Environment
- Accommodation
- Management
- Scottish Enterprise Borders

The section has been called "perceptions" as these are the most subjective elements of any evaluation.

### [i] *The Environment of Cavalry Park*

The companies were split evenly when asked whether the environment on the Park was a feature in their decision to locate there; with 61% of them saying that the environment was important or very important to their company's success.

Almost half of the companies would like to see changes on the Park ranging from the erection of gates and fences to stop access to dog-walkers and learner drivers, to the construction of a second bridge over the Tweed at Peebles.

The companies were, on the whole, satisfied with their environment with the suggested changes falling into two categories: minor irritants and suggested improvements. The irritants are mainly the dog-walkers, skateboarders and learner drivers, with one company finding the traffic generated by the nursery to be a drawback. There was some evidence that additional parking could be required by the nursery once the Park is further developed, but we did not see any evidence of congestion on the road through the Park.

### [ii] *Accommodation*

Not surprisingly, the single most important aspect of accommodation was cost, followed equally by size and access to road network. The availability of car parking and IT infrastructure were considered to be important to business.

The level of business rates in Peebles was cited as a drawback by one company and the lack of a sink by another.

The majority of the companies – around three-quarters – believed they had the length of lease they wanted and that rental levels were reasonable. The percentage was lower when asked if they thought the service charge reasonable with only half of them saying it was.

Two of the businesses had experienced problems with security: one had suffered from vandalism and one was bothered by skate-boarders and miniature motor-cycles. Both companies felt that the lack of fencing on the Park was responsible.

There is little interest in additional security on the Park other than fencing and gates – and even that is limited to a few businesses.

As with their environment, the companies seem to be generally content with their accommodation with only the two negative comments being received.

*[iii] Management of the Park*

More than half of the companies thought that the management could be better or was unsatisfactory. There was a range of suggested improvements, from gritting of areas not gritted by the council to improving response/paperwork on the part of the managing agents.

Only two of the companies thought the current management was value for money and six of them thought they could get equal quality for less outlay.

One of the companies thought that, in general terms, Cavalry Park had been neglected in management terms.

Of the three additional services sought only the gritting of non-adopted roads/car parking areas is within the remit of the Park management.

All but two [one who didn't know and one who said occasionally] of the companies said that their views were never sought by the Park management. The companies were evenly split when asked whether they would like a regular consultation meeting.

The Park managers, CRE Colliers, said there had been several problems in the past but felt that they were all resolved. The companies can telephone the named manager directly and he will deal with any issues they may have. He visits the Park at least once a month, but does not always meet any of the companies.

Management issues, in our experience, tend to exercise the minds of the businesses more than others. Cavalry Park had perhaps a slightly lower than average list of complaints/wishes.

There is perhaps a need for some form of more direct communication between the Park management and the businesses. It is not recommended that regular meetings take place unless there is more evidence of a willingness to attend them. Perhaps an occasional letter from the managers giving information on work carried out, any improvements and giving clear contact details would help improve perceptions of the management. Where issues are raised, and dealt with, it may improve perceptions if the Park manager visited the company that raised the issue on his next visit to the Park to tell them what action had been taken.

*[iv] Services of Scottish Enterprise Borders*

The majority of the companies had dealt with SEB. The most common type of dealing was financial. Five of the companies would not rate their level of satisfaction with SEB.

There was a feeling that SEB could be more pro-active in promoting their services and that there was always a negativity and lack of business orientation. There was also a feeling that SEB placed an emphasis on larger businesses and had "lost their way" with smaller businesses.

This may, once again, be a communications problem. There was a feeling among the companies that when they approached SEB they were instantly told "there's no money available" and that no one offered a positive way forward in response to their approach. PRA did not get much in the way of hard evidence that any specific needs had gone unmet, but there was – in general terms – a rather negative view of SEB.



**National Shower Spares**

**APPENDIX 1  
FORECAST POTENTIAL JOB CALUCLATION**



APPENDIX 1

POTENTIAL JOB CREATION CALCULATION

Gross Jobs Created	Local-Low	Local-High	National-Low	National-High
Direct FTE	88	88	88	88
Indirect & Induced	18	35	35	62
Construction Jobs	4	4	6	6
Total Gross FTE	109	127	129	156
Net FTE Jobs Created				
Direct/Indirect	106	123	123	150
Displacement Local - 10%	95	111		
Displacement Local - 30%	74	86		
Displacement National - 40%			74	90
Displacement National - 60%			49	60
Deadweight %	15%	30%	15%	30%
Construction - Local	4	4		
Construction - National			6	6
Total Net FTE	78	115	56	96
Total Net FTE Less Deadweight	67	81	48	69

Cost Per Job

	All Public Sector		SE Borders Only	
	Low	High	Low	High
Local	£23,463	£28,672	£19,382	£23,686
National	£27,635	£39,660	£22,829	£32,763

Summary

	Lowest	Highest
Local	£19,382	£28,672
National	£22,829	£39,660

Economic Assumptions	Value
Net Lettable Area	n/a
Low Estimate - 1 job per #sq m	33
High Estimate - 1 job per #sq m	23
Local Multiplier - lower	0.2
Local Multiplier - higher	0.4
National Multiplier - lower	0.4
National Multiplier - higher	0.5
Total Construction Cost	1,686,500
1 Construction Job per	270,000
ERDF Contribution	332,000
Other Public-Sector	0
SE Borders Contribution	1,577,000

**APPENDIX 2**  
**JOB CREATION CALCULATION USING ACTUAL EMPLOYMENT**





APPENDIX 2

**JOB CREATION CALCULATION UTILISING ACTUAL BASE FIGURES**

<b>Gross Jobs Created</b>	<b>Local-Low</b>	<b>Local-High</b>	<b>National-Low</b>	<b>National-High</b>
Direct FTE	96	96	96	96
Indirect & Induced	19	38	38	67
Construction Jobs	4	4	6	6
<b>Total Gross FTE</b>	<b>118</b>	<b>137</b>	<b>140</b>	<b>169</b>
<b>Net FTE Jobs Created</b>				
Direct/Indirect	115	134	134	162
Displacement Local - 10%	103	120		
Displacement Local - 30%	80	94		
Displacement National - 40%			80	97
Displacement National - 60%			53	65
Deadweight %	15%	30%	15%	30%
Construction - Local	4	4		
Construction - National			6	6
<b>Total Net FTE</b>	<b>84</b>	<b>124</b>	<b>60</b>	<b>104</b>
<b>Total Net FTE Less Deadweight</b>	<b>63</b>	<b>93</b>	<b>44</b>	<b>77</b>
<b>Forecast Total Net FTE Less Deadweight</b>	<b>67</b>	<b>81</b>	<b>48</b>	<b>69</b>
<b>Cost Per Job</b>				
	<b>All Public Sector</b>		<b>SE Borders Only</b>	
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
Local	£18,829	£27,687	£15,267	£22,449
National	£22,773	£39,524	£18,465	£32,047
<b>Summary</b>				
	<b>Lowest</b>	<b>Highest</b>		
Local	£15,267	£27,687		
National	£18,465	£39,524		
<b>Economic Assumptions</b>	<b>Value</b>			
Net Lettable Area	n/a			
Low Estimate - 1 job per #sm	33			
High Estimate - 1 job per #sm	23			
Local Multiplier - lower	0.2			
Local Multiplier - higher	0.4			
National Multiplier - lower	0.4			
National Multiplier - higher	0.5			
Total Construction Cost	1,686,500			
1 Construction Job per	270,000			
ERDF Contribution	332,000			
Other Public-Sector	0			
SE Borders Contribution	1,423,000			
SE Borders Net Contribution	£310,789			

**APPENDIX 3  
LIST OF INTERVIEWEES**



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APPENDIX 3

**CAVALRY PARK**

<u>Company</u>	<u>Interviewee/Respondent</u>
<b>SE Borders Pavilion</b>	
Moss Bros Group plc	Mrs Lukehurst
Kraw Partnership t/a National Shower Spares	Bobby Weir
Honey Gram Limited	Laura Scott
EBS Europe Limited	Anthony Barlow
Black Circles Ltd	Declined to participate. Data used was provided by SE Borders' Account Manager
Think Engine Ltd (lease expired)	Ewan Ramsay
<b>Rowan Court 1</b>	
Pearson Donaldson Tweed Homes Pearson Donaldson Quantity Surveyors	Andy Pearson
MEB People and Places	Marc Haslam
Phillips Knox & Arthur	Ferguson Nicolson
<b>Rowan Court 2</b>	
James Rose Partnership	Margaret Hood
Johnston Montgomery	Walter Johnston
Covell Marketing	R W B Corsie (by post)
<b>Kingsmeadow Nursery</b>	Mary Jane Park

**APPENDIX 4  
COMPANY QUESTIONNAIRE**



APPENDIX 4

**SCOTTISH ENTERPRISE BORDERS  
CAVALRY PARK**

**INTERIM ECONOMIC IMPACT EVALUATION  
COMPANY QUESTIONNAIRE**

Date Completed

Unit

(Cavalry Park referred to as CP)

**Section One: Company Details**

Q1 Name of Company.....

Q2 Name of Contact .....

Q3 Type of Business (e.g., plc, Ltd, Partnership).....

Q4 Existing Company  New Start

Q5 Date Formed/Incorporated .....

Q6 When did you locate to CP? .....

Q7 Where did you move from?.....

Q8 What made you locate on CP?

Q9 How did the company hear about CP?



**Q10** If CP had not been available to you what would have been your second choice of location?

**Q11** Was that your second choice because it was less satisfactory in terms of:

- Location  01
- Availability of land  02
- Rental level  03
- Service charge  04
- Type of accommodation  05
- Size of accommodation  06
- Lease duration  07
- Lack of service provision  08
- Poorer quality environment  09
- Landlord / Landowner  10

Other

## Section Two: Company Business

**Q12** What are the company's activities?

SIC Code

### Section Three: Market Information

**Q13 What is your target market segment?** (e.g., computer industry, life science companies, health service)

**Q14 In which geographic areas are you currently active?**

- |           |                          |    |               |                          |    |               |                          |    |
|-----------|--------------------------|----|---------------|--------------------------|----|---------------|--------------------------|----|
| Local     | <input type="checkbox"/> | 01 | Scotland      | <input type="checkbox"/> | 02 | UK            | <input type="checkbox"/> | 03 |
| Europe    | <input type="checkbox"/> | 04 | North America | <input type="checkbox"/> | 05 | South America | <input type="checkbox"/> | 06 |
| Near East | <input type="checkbox"/> | 07 | Far East      | <input type="checkbox"/> | 08 | Middle East   | <input type="checkbox"/> | 09 |
| Globally  | <input type="checkbox"/> | 10 |               |                          |    |               |                          |    |

**Q15 Which additional areas do you plan to target in the next 3 years?**

- |           |                          |    |               |                          |    |               |                          |    |
|-----------|--------------------------|----|---------------|--------------------------|----|---------------|--------------------------|----|
| Local     | <input type="checkbox"/> | 01 | Scotland      | <input type="checkbox"/> | 02 | UK            | <input type="checkbox"/> | 03 |
| Europe    | <input type="checkbox"/> | 04 | North America | <input type="checkbox"/> | 05 | South America | <input type="checkbox"/> | 06 |
| Near East | <input type="checkbox"/> | 07 | Far East      | <input type="checkbox"/> | 08 | Middle East   | <input type="checkbox"/> | 09 |
| Globally  | <input type="checkbox"/> | 10 | None          | <input type="checkbox"/> | 11 |               |                          |    |

**Q16 What is the size of the market for your main product?**

- |                  |                          |    |                   |                          |    |                 |                          |    |
|------------------|--------------------------|----|-------------------|--------------------------|----|-----------------|--------------------------|----|
| <10 million      | <input type="checkbox"/> | 01 | £10-30 million    | <input type="checkbox"/> | 02 | £30-£50 million | <input type="checkbox"/> | 03 |
| £50-£100 million | <input type="checkbox"/> | 04 | £100-£500 million | <input type="checkbox"/> | 05 | >£500million    | <input type="checkbox"/> | 06 |
| Don't Know       | <input type="checkbox"/> | 07 |                   |                          |    |                 |                          |    |

**Q17 What is your share of the market for your main product?**

- 0-5%  01    6-10%  02    11-20%  03    >20%  04    Don't know  05

### Section Four: Employment

**Q18 Number of jobs immediately prior to company locating on CP**

Full-time

Male ..... Female .....

Part-time

Male ..... Female .....

**Q19 Current number of jobs**

Full-time

Male ..... Female .....

Part-time

Male ..... Female .....



**Q20 How many jobs are:**

Highly Skilled ..... Skilled ..... Unskilled .....

**Q21 How many employees do you have in each of the following salary levels?**

	<=£20K	£21-30K	£31 – 40K	>£41K
Highly skilled				
Skilled				
Unskilled				

**Q22 Has the company had any recruitment problems before moving to CP?**

Yes  No

**Only if YES,**

**Q22A What were the issues?**

**Q23 Have there been recruitment problems since moving to CP?**

Yes  No

**Only if YES,**

**Q23A What are the issues?**

**Q24 Where does the company recruit from?**

Locally  01 Scotland  02 UK  03 Other  04

**Q25 Has being located in CP made recruitment?**

Easier  01 More difficult  02 Had no effect  03

**Q26 How many of your staff members live locally? (Within the Borders area)**

Full-time		Part-time	
Male	Female	Male	Female





**2 Section Five: Sales Turnover**

**Q27** What was the company's turnover immediately before locating on CP?

**Q28** What percentage of your annual turnover is attributable to export:

UK other than Scotland

Europe

North America

Rest of World

**Q28a** What percentage of your annual turnover is in the Borders area  %

**Q29** Since locating on CP have sales:  
increased  01 decreased  02 no change  03

**Only if YES**

**Q29A** What is your turnover now? .....  
(If unwilling to say – suggest interviewee gives us a % increase)

**Q30** Reasons for change [either]

Increase

Decrease

Expanding Market   
Improved Marketing   
Improved Products

Shrinking Market   
More companies entering market   
New products entering market

Other .....  
.....

Other .....  
.....

**Only if an INCREASE**

**Q31** Has your location on CP been a factor in your improved sales performance? Yes  No

**Only if YES**



**Q31A In what way did CP contribute to improved sales performance?**

- ◆ Better image from accommodation & environment
- ◆ Larger/more modern premises allow increased productivity
- ◆ Other

**Q32 How does your sales performance compare with the performance of your market segment?**

- On a par with market segment  01      Below the market segment  02  
Better than market segment  03      Don't know  04

**Q33 How does your in sales performance compare with your competitors' performance?**

- Better  01      Worse  02  
The same  03      Don't know  04

**Comments Box**

**Q34 How do you see your sales performance prospects in 3 years time?**

- Increase  01      Decline  02  
The same  03      Don't know  04

**Comments Box**

**Section Six: Park Management**

**Q35 How effective do you feel the management of the Park is?**

- Good  01  
Satisfactory  02  
Could be better  03  
Unsatisfactory  04  
Don't Know  05



**If “Could be Better” or “Unsatisfactory” only**

**Q35A Can you say in what way it could be improved?**

**Q36 How cost effective do you find the management system to be?**

- 01 Value for Money
- 02 Satisfactory
- 03 Equal quality could be achieved for less outlay
- 04 Don't Know

**Q37 Are there any management services you require which are not provided?**

Yes  No

If yes, what?

**Q38 Do those providing services ever seek your views on the services they provide?**

Frequently  01      Occasionally  02      Never  03

**Q38A Would you like them to consult you at, say, a regular meeting?**

Yes  No

Comment:

## Section Seven: Role of the Physical Environment

### [a] The Environment of the Park

**Q39** Did the physical environment of the Park play a role in your decision to locate here?

Yes  No

Comment:

**Q40** How important to the success of the company is the appearance and quality of the environment in which you are located?

Very important  01

Important  02

Slight importance  03

Of no importance  04

Comment:

**Q41** Are there any aspects of the Park you would change? Yes  No

**[b] Accommodation**

**Q42 What aspects of accommodation are important to your company's success?**

Rate from [1 - 4].

Size	
Design	
Cost	
Lease conditions	
Availability of public transport	
Accessibility to road network	
Easy access to airport	
Easy access to city centre	
Availability of local services	
Access to labour pool	

1 Unimportant
2 Slight importance
3 Important
4 Very Important

**Comment Box**

**[c] Lease Conditions**

**Q43 Is your lease duration what you were ideally looking for?**

Yes  01      Longer  02      Shorter  03

**Q44 Do you think the rental level is reasonable for the accommodation provided?**

Yes  01      Too high  02

**Q45 Do you think the service charges are reasonable for the scope and standard of services provided?**

Yes  01      Too high  02      Not appropriate  03



**Q46 Are there any use conditions in your lease that restrict your company in any way?**

Comments

**[d] Security**

**Q47 Have you had any security problems on the Park?** Yes  No

**Q48 Would you like to see a comprehensive security package implemented on the Park?** Yes  No

**Q49 Would you have been prepared to pay for any of the following as part of a management contract?:**

- Centrally-monitored CCTV
- Security Patrols
- Security lighting
- Other

Comments

**Section Eight: Services of the Scottish Enterprise Network**

**Q50 Are the services of the Scottish Enterprise Network important to you?**

- Very important  01
- Important  02
- Slight importance  03
- Of no importance  04

**Q51 Which parts of the SE Network do you deal with?**

- SE National
- SE Borders
- Targeting Innovation
- Small Business Gateway



**Q52 What type of assistance/information do you contact SE for?**

- Promotional
  - Exporting
  - Financial
  - Market Information
  - Other
- 

**Only for those who deal with the SE Network.**

**Q53 Are you satisfied with the services provided by the SE Network?**

Very Satisfied  01      Satisfied  02      Dissatisfied  03  
Comment:

## Section Nine: Concluding Remarks

**Q54 Are there any final remarks you would like to make?**



**APPENDIX 5  
NATURE OF EMPLOYMENT  
AND  
DISTANCES TRAVELLED TO PLACE OF WORK/STUDY**





APPENDIX 5

**NATURE OF EMPLOYMENT AND DISTANCES TRAVELLED TO PLACE OF WORK<sup>76</sup>**

**Table 1 Distance Travelled [Kms]<sup>77</sup> to Place of Work or Study**

Level	<2	2-5	5-10	10-20	20-40	>40
Peebles	2,612	67	190	97	1,317	205
Scottish Borders	26,808	5,937	7,075	7,786	6,838	4,386

In Table 2 the industries with the highest percentage of employees were the same for Peebles, the whole of the Scottish Borders and Scotland; although the actual percentages vary from level to level.

**Table 2 Industry of Employment**

Level	Manufacturing	Wholesale & Retail Trade & Repairs	Real Estate, Renting and Business Activities	Health and Social Work
Peebles	10.17	15.17	11.23	13.19
Scottish Borders	17.83	13.11	8.91	13.28
Scotland	13.65	13.30	11.42	12.63

In Table 3 there are slight variances among the three levels when looking at occupation groups: i.e. the top four are not the same at each individual level.

**Table 3 Occupation Groups %**

Level	Managers & Senior Officials	Professional Occupations	Associate Professional & Technical Occupations	Administrative & Secretarial Occupations	Skilled Trades occupations	Elementary Occupations <sup>78</sup>
Peebles	15.52	12.51	13.54	11.94	12.34	12.62
Scottish Borders	12.97	9.11	11.99	10.19	16.49	13.26
Scotland	12.63	11.20	14.33	13.03	12.59	11.79

<sup>76</sup> All data in this appendix extracted from Scottish Census On-Line tables.

<sup>77</sup> Not included in the extract are those not currently in employment or study; those working from home; those who no fixed place of work or study; those working or studying outside the UK; and those working at offshore installations.

<sup>78</sup> International Standard Classification of Occupations [ISCO-88(COM)]; and International Labour Organisation Occupational Classification [OSCO-88]: "Elementary occupations" includes occupations that normally require no more than primary education: this can be regarded as unskilled work.

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