


**SCOTTISH ENTERPRISE
CAVALRY PARK, PEEBLES
EVALUATION PHASE 2**



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EXECUTIVE SUMMARY

Introduction

Cavalry Park was originally agricultural land and was acquired by the then Scottish Development Agency [SDA] to attract single-user inward investment. This approach was later altered to allow for multi-use with the intention of creating a high-quality business park in Peebles that would serve the local area by attracting high-quality businesses which would, in turn, help to increase local employment and diversify the local economy.

PRA Consultancy has been appointed by Scottish Enterprise [SE] to carry out an evaluation of Cavalry Park to determine if it has met its objectives and to present key findings that will help to inform future decision-making within SE.

In order to carry out the evaluation, PRA carried out a series of interviews. Twenty businesses are included in the survey. Sixteen face-to-face interviews were carried out; two telephone interviews, and one questionnaire completed by e-mail. In addition, information on one company was obtained from a combination of SE account manager and published information.

There are an additional five companies on the Park, all of which are small [between 1 and 3 employees] where the director or owner could not be located or who refused [one company] to take part in the survey.

Background

The Park extends to c.5.6 ha, of which c. 5.2 ha are developed. There is one small site currently under development and another which is available for development.

SE has been responsible for gaining change of use on the Park to allow the development to take place and has carried out two main tranches of investment. The first phase, carried out over 1992-1996, included extensive site works, including access road and the bringing of services to the Park, followed by the development of a two-storey pavilion multi-occupancy building. The second phase of SE investment was carried out in 2005 included the servicing of the remainder of the Park. This was followed by considerable private-sector investment. The gap between the first and second phases of the Park's development was due, for the most part, to the inability of Scottish Water to provide foul drainage supply to the Park.

Altogether there is now 9,234 sq m of good-quality, modern business space on the Park, accommodating 25 businesses and employing 228 people, over 98% of who live locally. SE has invested a total of just over £2 million leveraging in excess of £6 million from the private sector [1:3 public to private leverage]: in addition SE has gained income of around £1.7 million from the sale of land and building and rental income. The net cost to the public purse at current prices is £424,175. At 1992 prices [the date of the first stage of development], the cost to the public purse is c. £749,623 with a public to private leverage of 1 :2.5, or £81 for every sq m of business accommodation on the Park.

The Businesses

The 25 businesses on the Park are diverse in size, stage in life-cycle, and nature of business. They range from one-man working in the legal field in Europe to businesses with around 30 employees involved in software development. There are two businesses involved in the footwear market: one with retail outlets throughout Scotland and the other selling to a niche market throughout Europe and the USA via the internet.

The businesses also range from those owning their own, substantial, premises to those renting small-scale, office accommodation. The oldest company has been in business since 1905 and the newest since 2008.

There is a high degree of interaction among the businesses: from casual day-to-day networking to formal use of each other services.

The businesses are all very content with their premises and with the Park in general. They like being in the rural area and the life-style benefits that brings to the individual employees, such as lack of commuting, which, in turn, means more leisure time, and general ease of living and working in the same locality. Many of the companies liked the quietness atmosphere of the Park, particularly those involved in the more high-tech operations.

The Location

The majority of the businesses located to Cavalry Park because they could find the right premises [or site] at the right price and the location was right either because of life-style choice or because of its convenience for owners or senior management.

The high-quality appearance of the Park was very important to over half of the businesses and, in the case, of the smaller businesses, the availability of support in terms of board room hire and general assistance from their landlord was very important to them.

Over 50% of the businesses had not found any available land or premises elsewhere in the Scottish Borders other than Cavalry Park and around 30% [mostly the smaller businesses] looked at premises in Peebles but found them unsuitable, expensive and lacking in any parking facilities.

Forty percent of the business could not envision being anywhere but Cavalry Park, and 20% said if they had to move it would only be to alternative premises on the Park.

The main business benefits the companies get from being on the Park are room for expansion, ease of car parking, and a good quality environment attractive to both customers and staff.

Almost three –quarters of the business think that Cavalry Park is a very good location from which to do business, and a quarter think it is a good location: only one business rated it as “fair”.

Economic Impact Assessment

The majority of the companies [61%] said that their turnover had been growing steadily until around August 2008. Since that date the rate of growth had decreased slightly or remained static. This was due to the current economic downturn in the UK and those companies in the construction industry were feeling the impact more than others. The businesses dealing in internet sales to Europe and the USA were seeing an increase in turnover due to the drop in the value of the pound.

The gross turnover for all the companies on the Park is in excess of £35 million and the net additional turnover [less deadweight] is estimated as:

	National
Lower Limit of Range	11,041,310
Upper Limit of Range	12,203,554

In the opinion of the businesses generally, they are performing better than the market segments in which they operate: 21% of the businesses have experienced a rapid increase in turnover compared with 5% whose markets have increased rapidly.

In spite of the present economic recession the businesses were confident of the future, even those in the construction industry, and believed that growth would return to previous levels with 2-3 years.

In geographic terms 52% of the markets were in the South of Scotland, but almost a third sold within the rest of Europe, the USA and Israel. The majority of their suppliers were from the rest of the UK [44%] and the South of Scotland [33%]. This is somewhat distorted by the majority of the small businesses buying their stationery and other consumables on the internet from other UK businesses. The majority of their competitors were either in the South of Scotland in the case of the smaller businesses [45%] or the rest of the UK [32%] in the case of the larger businesses.

Overall, the companies have seen a growth in profit since they first located on the Park to the present day of 3.5%. There is, of course, a range of changes in profit from business to business and, indeed, those in the construction industry have seen a decline in profit. Cumulative profit for the Park in 2008 is estimated to be in excess of £5 million, with a gross profit margin for the Park of 14.62%.

Staff costs per employee at the time the companies located on the Park averaged just under £10,000 and at this time average just over £21,000. The low average staff cost on entry is probably due to owners/senior managers taking very low remuneration at the outset of the business. The present average of £21,000 is considerably higher than that for the Scottish Borders, Scotland and the UK.

At the present time there are 228 Full Time Equivalent [FTE] jobs on Cavalry Park. The cost-per-job figure for the public purse on the net additional FTE jobs [102] is £7,349.

There are a few businesses that have shed jobs in recent times: those in the construction industry and one company deliberately down-sizing at the owner's own wish.

All of the jobs on the Park are permanent jobs and there is a growth in full-time employment of 41% and of 65% in part-time in employment.

Almost all of the employees [99.6%] lived in the Scottish borders and over two-thirds of the businesses had experienced no difficulty in recruiting staff. Those looking for very specific skill-sets had taken longer to recruit but had managed to find the right person locally. One company was finding continuing difficulty in recruiting a chartered surveyor: whether that is due to a lack of chartered surveyors in the South of Scotland or whether it is due to a low salary being offered is not known.

The Gross Value Added [GVA] for the Park is estimated to be almost £14 million¹. If the published per-employee figures for the Scottish Borders, Scotland and the UK are used, Cavalry Park is performing better than any of those comparators. Utilising the net additional figures [after deduction of deadweight] for the Park, the range is as follows:

	National
Lower Limit of Range	4,309,159
Upper Limit of Range	4,762,755

The gross turnover per employee on Cavalry Park is £155,607 and the GVA/Turnover ratio for the Park is 1/2.56.

Additionality

The businesses had some difficulty with the concept of what would have happened if Cavalry Park had not existed. Around 93% of existing businesses and 70% of start-up businesses said they would have continued or gone ahead in business if the Park had not been available to them. However, this is to some extent contradicted by those that said they could not find other premises in the area. It could be concluded from this that the businesses may have gone ahead but not in the Scottish Borders. Two businesses said they would not have gone ahead had the Park not existed and two would have gone ahead but not in Scotland.

About a third of the businesses thought that employment would have decreased and c. 20% thought turnover would have decreased had the Park not been available to them.

Fifty percent of the businesses thought that turnover growth happened sooner because of the Park and 40% thought that employment growth happened sooner. Forty percent of the businesses thought that the start-up of their business would have been delayed had Cavalry Park not existed.

Forty-five percent of the businesses thought that the quality of their services/products were better due to the availability of modern, good quality business premises on the Park, and 20% thought staff was better due to increased morale, good working conditions and the ability to recruit the right staff due to the quality of the Park.

¹ Calculated on the basis of profit + staff costs + depreciation.

Conclusions

7.1 Scottish Enterprise invested £2.1 million [£1.6 at 1992 prices] in developing 5.6 hectares of land [in two phases] and building 848 sq m of business space in order to “kick-start” the development of a quality business park in the Scottish Borders. The assistance received from European Regional Development Fund [ERDF] 5b of £293,000 towards the cost of building the pavilion played an important role in this early stage of the Park’s development.

7.2 This public-sector investment has leveraged private-sector investment of c. £6.3 million – a public/private leverage figure of 3.1. In addition to this SE has achieved an income of c. £1.7 million from the sale of land and building to both developers and businesses for their own use, giving a net cost to SE of c. £424,175. By deflating prices back to 1992 level, the net cost to SE is c. £749,623 and the leverage ratio is 1 : 2.5 a cost of £81 per sq m of business space on the Park – or £7,349 per net additional FTE job. The development of the Park has been achieved with an excellent value-for-money outlay from the public purse.

7.3 The views expressed by the businesses when asked about what other locations they looked at confirms the view that no other site was available for the development of modern, business accommodation. The companies struggled to find alternative accommodation in the Scottish Borders: for the smaller companies only inadequate, expensive accommodation in Peebles was available; for the larger companies, the alternative was to relocate [or start up] outside the Scottish Borders.

7.4 Cavalry Park has contributed substantially to the creation and retention of growing, successful businesses in the Scottish Borders. It has also contributed significantly to the diversification of the local, rural economy.

7.5 The initial concept was to provide a location for high-tech businesses but in more recent times this has been widened to encompass a wider range of companies. This step was taken due to the lack of take-up by high-tech businesses – the most likely reason being the proximity to the large-scale Edinburgh businesses parks. In spite of this there are high-tech companies on the Park, particularly EBS Ltd and Propeller Media. The latter is already designated a “high-growth” company by SE and is developing ground-breaking software for the healthcare market. The views of both SE personnel and the majority of the companies are that the present mix of companies on the Park works well and that benefits have accrued from this change of direction.

7.6 The range of companies on the Park seems to work very well. The level of interaction or networking among the companies is high; indeed, it is the highest we have seen in conducting many of such evaluations. The companies rated this as the most important business benefit they got from being located on the Park. It is not merely a lip-service to networking, the larger companies use some of the smaller ones for the provision of services; the smaller companies rely on each other for assistance and the larger ones for some services.

7.7 In terms of the environment, Cavalry Park is set in an attractive rural landscape alongside the River Tweed. The Park is, as yet, somewhat lacking in landscaping, although one of the developers [Pearson Donaldson] has made considerable efforts to improve landscape coverage on his land, it has yet to mature. Some of the newer developments are considerably lacking in landscaping, particularly the Stanley Brash Construction building and the TechAuto development. This may be something the companies will address once the economic situation has improved: they should be encouraged to do so.

7.8 The businesses on Cavalry Park are diverse in size, stage in life-cycle and markets they operate in. They range from new-start up, single person businesses to a software development business with more than 30 employees. The combined turnover on the Park is growing, although those companies in the construction industry are seeing a downturn due to the current financial position of the UK. The companies are, in general, seeing growth in profit, although, once again, those in the construction industry are seeing shrinking profit levels. Salaries paid on the Park vary greatly from new single-person businesses providing the owner with very little remuneration at this point in their life-cycle to those larger, more mature businesses paying high level salaries. The median annual income for the Park is estimated to be above those for the national and UK economies.

In gross terms the total turnover on the Park is currently £35.4 million an overall increase of 51.4% since the companies first located on the Park.

7.9 Employment on the Park has risen to 228 FTE jobs an increase of 102 net additional FTE jobs (or 45%) since the first company moved on to the Park in 1999.

Almost all of the employees on the Park live locally [in the Scottish Borders], and around two-thirds of the businesses have experienced no recruitment difficulties.

7.10 The GVA for Cavalry Park is estimated to be £13,815,974 gross [based on profit + staff costs + depreciation] – higher than the GVA utilising per employee figures for Scottish Borders, Scotland and UK.

7.11 Absolute additionality was limited with the majority of the companies saying that their business would have gone ahead. This has to be tempered by the fact that the majority of the businesses said there are no other suitable premises available in the area. Similarly with turnover and employment, more than half the companies said those would be the same. When it came to time additionality there was evidence that Cavalry Park has played a major role in bringing forward the economic benefits for the area. It is believed that the additionality figures in this section are on the modest side due to difficulty on the part of the companies in trying to imagine “what if”: there is some evidence that the answer they gave was not always the most logical.

7.12 Cavalry Park has a buzz to it that was not there a few years ago. The companies on the Park are happy there: there was very little in way of complaints – a very unusual circumstance when given the opportunity to say whatever they want about a business location.

7.13 The companies are successful; they are employing almost exclusively local people; the larger companies are trading in Europe and elsewhere in the world; they are extremely content with their location on the Park.

7.14 In terms of the goals expressed in the Consultants' Brief, the Park can be said to meet them in the following terms.

Goal 1²: "The challenge for government is to create the best possible environment for competitive businesses, entrepreneurship and innovation to flourish."

It can be clearly demonstrated that Cavalry Park has fully achieved that goal. Without SE's intervention it is extremely unlikely that the Park would ever have existed. The smaller companies would have continued to work from home, reducing both profitability and employment. The larger companies would have had to relocate outside the rural area and in two cases would not have continued in business or started up at all. The development of the Park has both grown and diversified the local economy.

Goal 2: "Achieving our Purpose in government requires a planning framework that both protects the quality of Scotland's natural and built environment as an asset for sustainable economic growth and enables the development of growth-enhancing activities across Scotland, including rural areas"

Cavalry Park is a built-environment within a rural area that is providing, in local terms, substantial, sustainable economic growth. Whilst there are some issues with the physical environment within the Park itself, this is something that can be corrected either by the intervention of the public sector or by time. The great achievement of the Park is that it has provided a location for businesses to grow and to provide good- [and in some cases, high-] quality jobs for local residents. The businesses, despite the current economic climate, are on the whole, doing well: indeed, some are doing very well. Those in the construction industry are optimistic that things will improve within 1-2 years. Cavalry Park can certainly be classed as an "asset for sustainable economic growth". The Park has also contributed to the reduction of the carbon footprint of the Scottish Borders in that almost all of the employees live locally in the area and there is anecdotal evidence that many of them cycle or walk to work.

Goal 3: "Sustainable growth and prosperity need to be shared across Scotland. At present, differences in income, participation and growth across Scotland act as a drag on our economic performance and potential. Increased participation and enhanced quality of employment across our cities, towns and rural areas will enhance our performance and deliver a more inclusive Scotland so that, no matter where people live, opportunities are open to them."

² All goals are taken from The Government Economic Strategy 2007 cited in the Consultants' Brief for this project.

The intervention by SE has made possible the development of this successful business park, and the introduction of a local developer in the early stages of the development of the Park has helped to kick-start the growth of the Park. Without the availability, in the early days, of small-scale, affordably-price accommodation it would have taken considerably longer for the Park to achieve its potential. Those small-scale developments remain integral to the success of Cavalry Park. Cavalry Park businesses, as already mentioned, provide employment for over 200 local residents. It has provided them with good quality jobs within easy distance of their homes. The development of the Park and the subsequent location of the businesses have provided local residents with the opportunity to work in their local community. The successful growth of the businesses has contributed significantly to the local economy through a turnover for the Park of £35.4 million and a contribution to GVA of almost £14 million.

Cavalry Park is a quality business park that has captured business growth and inward investment and has encouraged diversification of the local economy. It has created both opportunity and quality of employment and has helped to make the Scottish Borders a more inclusive region.



1 INTRODUCTION

PRA Economic Development Consultants were appointed by Scottish Enterprise to undertake a Phase 2 evaluation of Cavalry Park project located on the south-eastern outskirts of Peebles.

The objective of the study is:

“to assess the extent to which the Cavalry Park infrastructure provision is an effective intervention in addressing any market failure in the provision of business space in the south of Scotland.”

The purpose in undertaking the study is to provide SE with appropriate data that will inform future decision-making when considering future infrastructure projects of this nature. The evaluation should therefore present findings and recommendations for the future direction and delivery of similar projects which could inform SE strategic direction in the area of rural property market failure.

Specifically, the brief requires that the following tasks are undertaken:

- Conduct an Economic Impact Assessment including:
 - The number and quality of jobs created
 - Actual and estimated future GVA
- Assess the value for money of the project;
- Assess the importance of a quality business environment to location and expansion of companies on the Park;
- Determine impacts at a regional (South of Scotland) level;
- Determine the private sector investment leveraged from SE investment;
- Examine the nature of new tenants and whether they have been able to grow as a result of locating in the business park; and
- Present key findings and recommendations that will provide guidance to SE for future decision-making in the provision of business space development land in the South of Scotland.

In order to source the necessary data to undertake the study, PRA has carried out a series of interviews with the resident businesses on the Park – a full list of which is at Appendix 1.

Twenty businesses are included in the survey. Sixteen face-to-face interviews were carried out; two telephone interviews, and one questionnaire completed by e-mail.

Two of the businesses refused to take part in the study and information on one of them has been sourced from the relevant SE account manager. Three of the companies did not answer the financial information section: in the case of one of them this information was obtained from the SE account manager and in the other two cases it was not possible to source the information as the owner/director was not in the country at the time of the study.

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 chapters following as well as the conclusions have been arranged to address the main evaluation criteria.

2 CAVALRY PARK 1990-2008

The background information has been taken largely from the Consultant's Brief provided by SE.

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.

The first Phase 1 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]. The building is now in private ownership.

As demand for space has grown, SE Borders alongside private sector developers have continued to develop the site in a series of stages to create a modern business park. A second phase of site servicing in the eastern part of the site was approved in 2001 by the Board of SE Borders and the proposed works were approved in June 2005. Specific further developments have included:

- The sale of 0.2 ha [0.5 acre] of land for the development of a private-sector childcare facility.
- Sales of development land in 3 plots to Pearson Donaldson Properties Ltd for 12,000 sq ft of offices and 8,000 sq ft of business units for a combination of sale and let.
- Sale of plots to house the specific requirements of
 - Rogerson & Son (12,000 sq ft)
 - RugbyStore.com (13,000 sq ft)
 - James Inglis (6,200 sq ft)
 - Stanley Brash Construction (4,000 sq ft)
 - TechAuto Ltd for the development of offices and warehousing in units amounting to 15,000 sq ft
- An acre site has recently been sold to Pearson Donaldson Properties Ltd for the development of a further 11,000 sq ft of offices which will be developed out during the current year.

Table 2.1 below summarises the investment in Cavalry Park by both the public and private sectors over the period 1992 to 2008 and also shows income received by Scottish Enterprise from the sale of land and property on the Park. Non-property related assistance has not been included in this table on the basis that this could have been received by the company in other locations throughout Scotland and is not, therefore, a direct contributory factor to the development of Cavalry Park.

Table 2.1 Expenditure, Investment and Income 1990-2008

Year	Transaction	Land - Ha	Accommodation - Sq M	SEB Expenditure	Private Sector Expenditure	SEB Income
1990	Original SDA Book Value	5.6		£100,000	£0	£0
1992	Site servicing and landscaping	0.0	0.0	£420,000	£0	£0
1996	Construction of two-storey building	0.2	847.9	£732,000	£0	£293,000
1996	Granting of wayleave to residential developers	0.0	0.0	£0	£45,000	£45,000
1999	Sale of land to Kingsmeadow Nursery [Peebles] Ltd	0.2	300.0	£0	£170,000	£15,000
2002	Sale of land to Tweed Properties	0.4	511.5	£75,000	£452,000	£20,125
2005	Sale of land to Pearson Donaldson	0.3	837.0	£0	£700,000	£27,600
2005	Sale of land to Andrew Pearson Premier SIPPS	0.3	799.8	£0	£400,000	£28,700
2005	Sale to Thomas Rogerson & Son	0.8	1,209.0	£25,000	£650,000	£56,000
2005	Phase 2 site servicing	0.8	0.0	£730,000	£0	£0
2005	Sale of land to Sportswise Borders	0.9	1,488.0	£0	£650,000	£58,400
2005	Sale of land to James Inglis	0.3	576.6	£0	£301,000	£27,000
2006	Sale of land to Stanley Brash Construction	0.2	399.9	£0	£260,000	£27,000
2006	Sale of building to EBS Ltd	0.0	0.0	£0	£540,000	£540,000
2006	Sale of land to TechAuto	0.7	1,302.0	£0	£800,000	£92,000
2008	Sale of land to Pearson Donaldson	0.4	962.6	£0	£1,100,000	£137,000
2008	Sale of land to Kingsmeadow Nursery [Peebles] Ltd	0.1	0.0	£0	£1,000	£1,000
1999-2005	Income from Pavillion				£290,000	£290,000
	Totals	5.6	9,234.3	£2,082,000	£6,359,000	£1,657,825

It can be seen from Table 2.1 that the net cost to Scottish Enterprise of the development of the Park is £424,175 and the following leverage achieved:

Public investment : Private investment
1 : 3.1

If the leverage is taken on the net cost to SE of £424,175, the leverage would be as follows:

Net Public Cost : Private Investment
1 : 15

Around five hectares of land have been developed and 9,234 sq m of quality business accommodation has been constructed over 92% of the Park: leaving two sites remaining for development – one already sold with the first stage of the development underway; and one small site remaining to be sold.

The development, however, has taken place over a sixteen-year period and the above table does not take account of inflation over that period. Table 2.2 below shows the expenditure by SEB, private-sector investment and income to SE all at 1992 prices.

Table 2.2 Expenditure, Investment at Income at 1992 Prices³

ADJUSTED FOR INFLATION			
Year	SEB Expenditure	Private Sector Expenditure	SEB Income
1990	£93,000	£0	£0
1992	£420,000	£0	£0
1996	£701,988	£43,155	£324,142
1999	£21,630	£122,570	£18,025
2000	£0	£0	£9,390
2001	£0	£0	£17,450
2002	£45,975	£277,076	£42,987
2003	£0	£0	£21,800
2004	£0	£0	£23,800
2005	£363,910	£2,701,000	£119,391
2006	£0	£657,580	£281,393
2008	£0	£307,179	£38,502
Totals	£1,646,503	£4,108,560	£896,880

In this instance the net cost to SEB of developing the Park is £749,623 and the leverage achieved is:

Public : Private
1 : 2.5

This gives a cost to the public purse of £81 for every sq m of business accommodation developed on Cavalry Park.

It is worth noting that the construction-spend on Cavalry Park, £6,876,175⁴ produced 206 temporary construction jobs⁵ over the period 1999-2008: this could possibly be taken as 10 temporary jobs = 1 FTE job, giving a contribution of 21 jobs to the Scottish economy over that period.

³ Office of National Statistics, Indices, Table RP05, updated February 2009

⁴ SE expenditure on site works and construction of pavilion plus private-sector spend on construction and site works.

⁵ Calculated as follows: construction spend/ (total industry output/total industry employees) taken from UK National Accounts 2008.

Summary:

The actual financial position and the position at 1992 prices [as illustrated in Figures 2.1 and 2.2 below] show that private-sector investment peaks in 2005, although Figure 2.1 shows a more even distribution as it encompasses all the individual transactions⁶. In Figure 2.2 the totals for each year are given [at 1992 prices]. It can be seen from Figure 2.1 that the second major tranche of public-sector investment by SE is rapidly followed by substantial private-sector investment. Without this second round of SE investment it is extremely unlikely that the major private-sector investment would have taken place and the benefits described later in this report would have been lost to the local rural economy. Based on a net cost of £749,623, a spend of £81 per sq m of accommodation, and public to private leverage of 1 : 2.5 [at 1992 prices], Cavalry Park can be seen to demonstrate value for money.

Figure 2.1 Income, Expenditure & Private Investment 1992-2008 Showing Individual Transactions

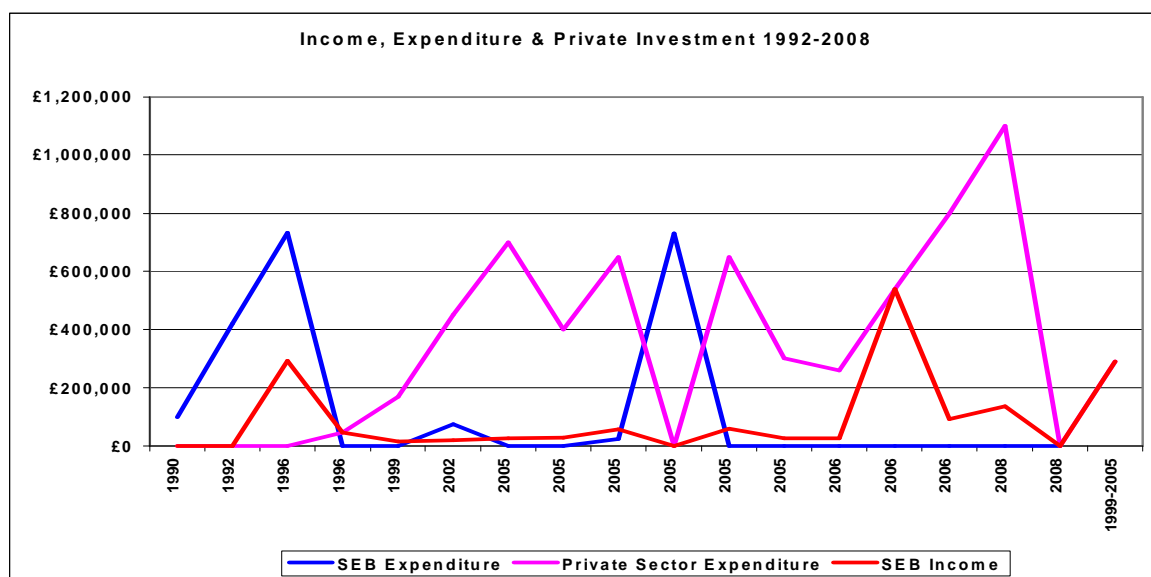
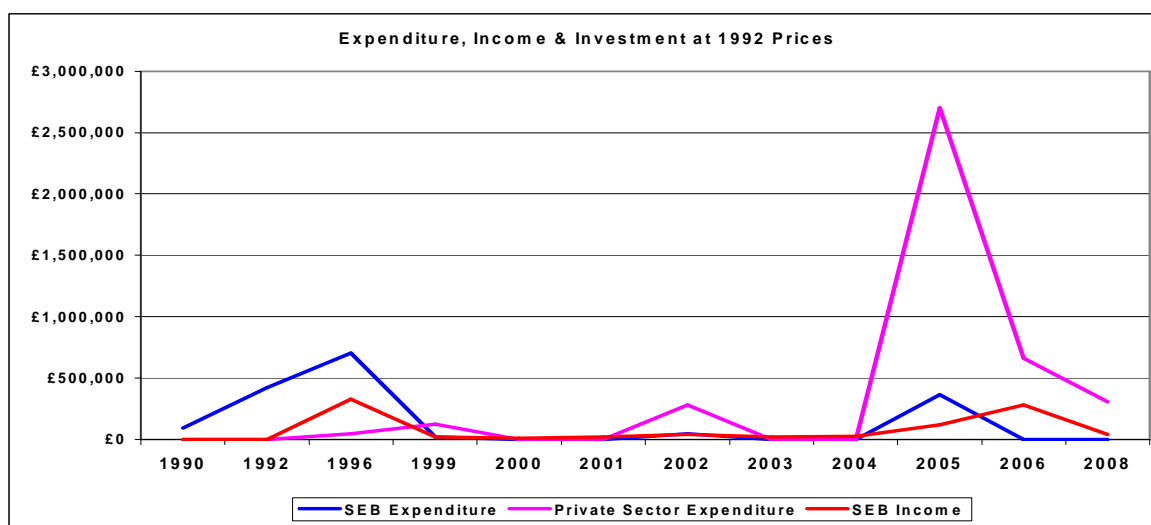


Figure 2.2 Income, Expenditure & Private Investment at 1992 Prices Showing Totals for Each Year



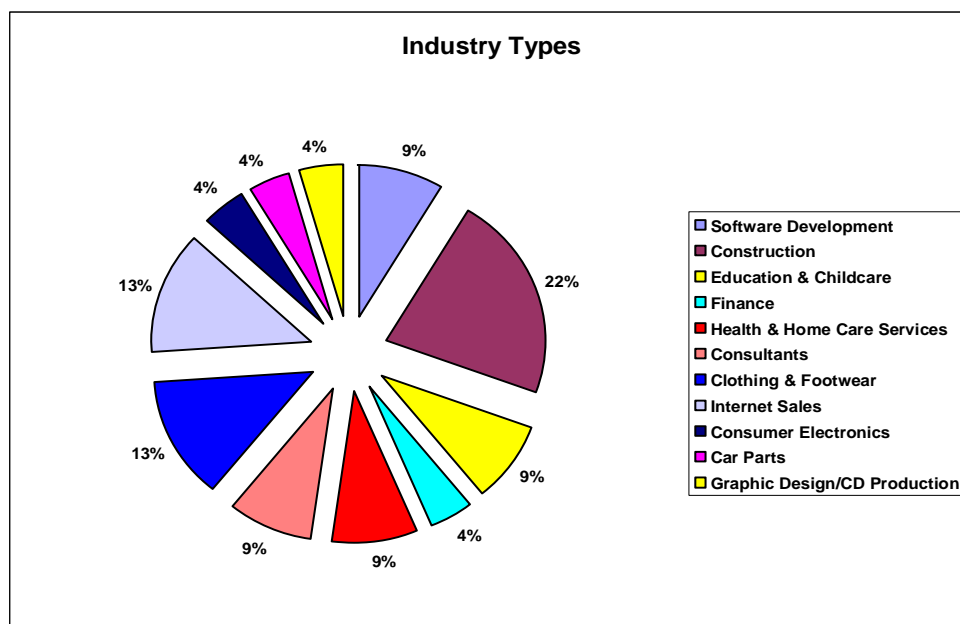
⁶ That is, there may be multiple transactions in a single year, meaning the year will appear more than once on the 'x' axis.

3 THE CAVALRY PARK BUSINESSES

There are 25 businesses located on Cavalry Park, ranging from single person businesses working at a local level to those employing 30 people and those operating throughout the European Union.

Their industry sectors are equally varied as shown in Figure 3.1 below⁷:

Figure 3.1 Industry Sectors Represented on Cavalry Park



The goals of SE in developing Cavalry Park included attracting and accommodating businesses and diversifying the local economy: given the range of businesses on the Park it can be shown that those goals have been achieved.

[a] Interaction among Businesses

Given the diverse nature of the businesses – or perhaps due to it – there is a high level of interaction among the businesses. Larger businesses use the smaller architects, design and business services companies. Smaller businesses have used the larger ones for IT services and support and construction companies for fit-out of units.

The very small businesses are located in Rowan Court and are extremely satisfied with their premises, their landlord and location. All of the companies interviewed stated that the ease of leasing, use of the boardroom and other assistance received from the landlord and his team were instrumental in assisting their day-to-day business.

There was a lot of day-to-day contact among the small businesses as they collected mail from a central point and used a communal kitchen: this was something they all liked and felt that it removed any sense of isolation and made it easy to “ask questions of each other”.

⁷ Three businesses have been included in two categories as they sell either exclusively or c.90% on-line.

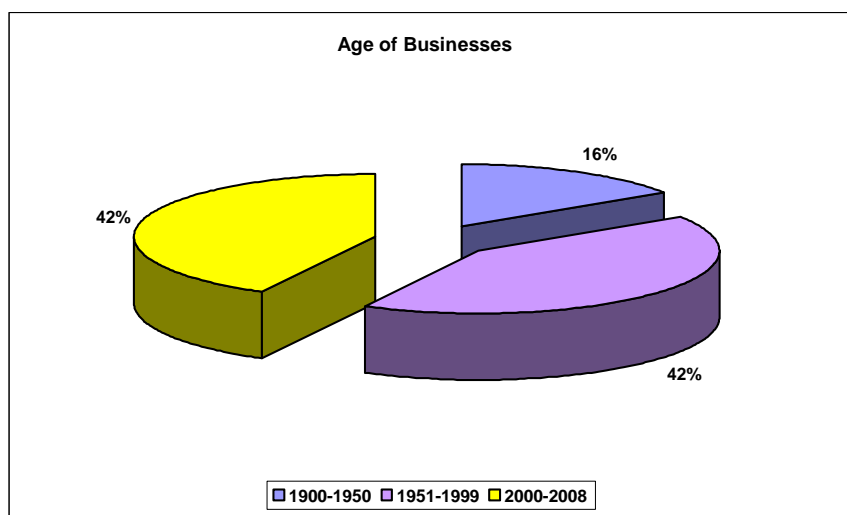
The largest of the businesses on the Park had their own “canteens/kitchens” for the use of staff, but there were a few of the mid-sized businesses who felt that a communal eating facility on the Park would promote more interaction as well as providing a useful venue for taking visitors.

[b] Ownership and Time in Business

None of the businesses were spin-offs from universities or research establishments. None of them were branches or subsidiaries of larger organisations. All of the businesses had their headquarters in Scotland. One business had 16 shops throughout Scotland and one had an outlet in Cheltenham.

The oldest company had been in business since 1905 and the newest since 2008. Almost half of the businesses had been formed in the second half of the twentieth century: this is illustrated by Figure 3.2 below.

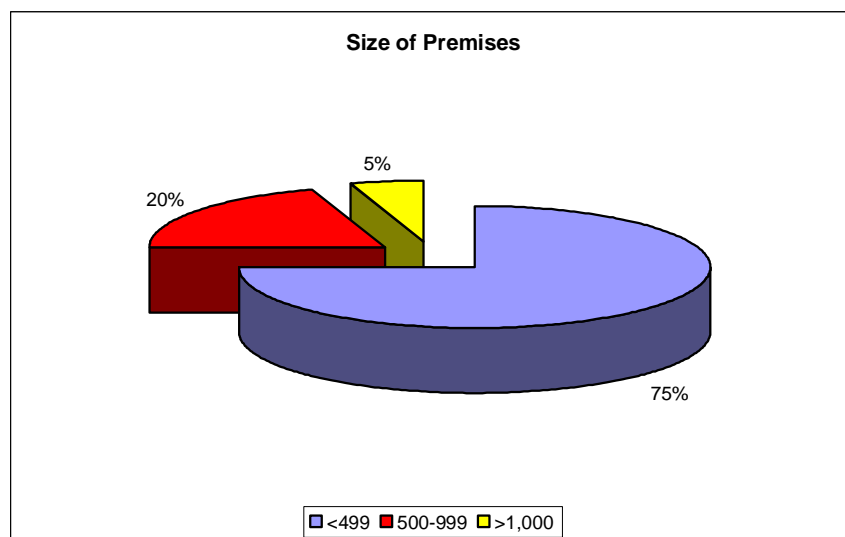
Figure 3.2 Ages of Businesses



[c] Size of Premises

Several of the companies interviewed did not know the size of their premises; however, utilising information from approval papers and developers, they range from as small as 14 sq m to just over 1,200 sq m. As can be seen from Figure 3.4 below, 72% of the businesses are less than 500 sq m.

Figure 3.4 Sizes of Premises



Sixty-one percent of the businesses said that the availability of the right size of unit was very important to them in deciding where to locate their business⁸. This, together with the high levels of satisfaction shown by tenant companies on the Park, demonstrates the importance of having a “user-friendly” developer who will build the most popular size and type of unit at an affordable price and adopt a reasonable attitude to the needs of the tenant businesses whilst making a success of his/her own business.

Summary

Overall, there are varied and established businesses on Cavalry Park making a significant contribution to the diversification of the local, rural economy. They are content with their premises and landlords and, very importantly, there is considerable interaction among them. From casual interaction to formally using each others’ services there is a high level of interaction and this is important to the majority of the businesses on the Park. From our experience of carrying out evaluations of business and science parks the level of interaction amongst the businesses is unusually high, as is the level of contentment with landlords – no complaints were raised and, indeed, a high level of overall satisfaction was evident.

⁸ Full discussion of location decisions is included in section 4 below.

4 THE LOCATION

The companies were first asked what factors were important to them in deciding on a location from which to do business: they were asked to rate the level of importance of each of the factors.

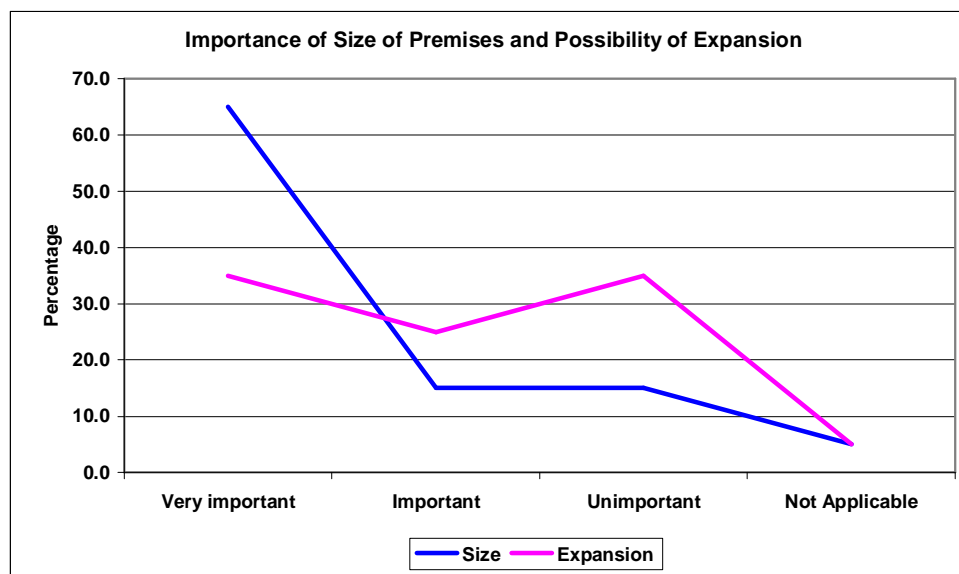
The companies then were asked if they had considered other premises prior to deciding on Cavalry Park, where they would go if they decided to leave the Park, what business benefits they got from being on the Park, and how they rated the Park as a location from which to do business.

[a] Factors Taken Into Consideration in Locating Business

[i] Size

The availability of the right size of premises [or land on which to build] was very important to 65% of the businesses: the remainder being split evenly between important and not important. To the developer it was not applicable. When it came to room for expansion it was different, with over a third saying it was very important and 28% saying it was important and over a third saying it was unimportant. As will be shown later in this section 28% of the businesses on the Park has already moved into larger premises in order to accommodate business expansion.

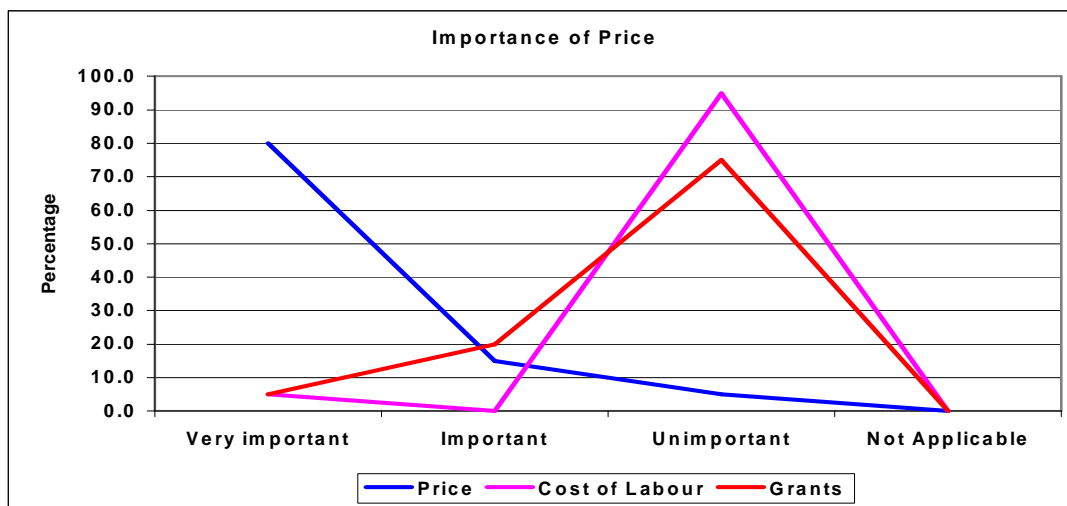
Figure 4.1 The Importance of Size Factors



[ii] Price

As could be anticipated the price of the premises was considered very important by the majority of the businesses: 80% rated price as very important to them. The cost of labour and the availability of grants were of considerably less importance: 95% thought cost of labour unimportant and 74% said the availability of grants was unimportant to them.

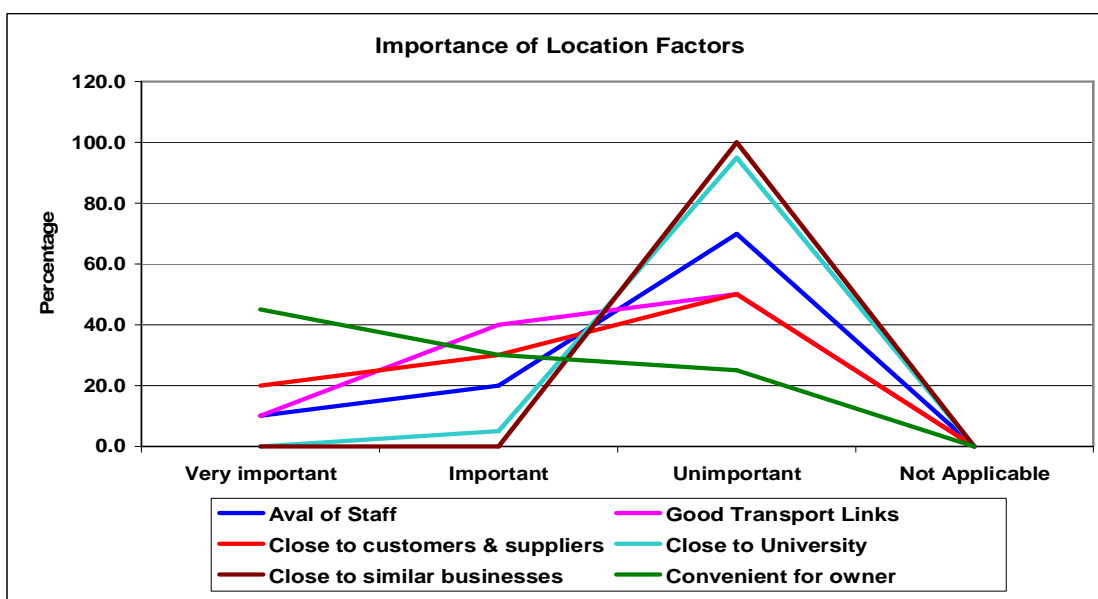
Figure 4.2 The Importance of Price Factors



[iii] Location

The businesses were asked about six factors relating to the location of business. The most important factor was “convenient to owner/management” with 45% of the businesses citing that as very important and 30% saying it was important. Forty percent rated good transport links as important; and 30% thought being close to customers and suppliers was important and 20% said the availability of staff was an important factor.

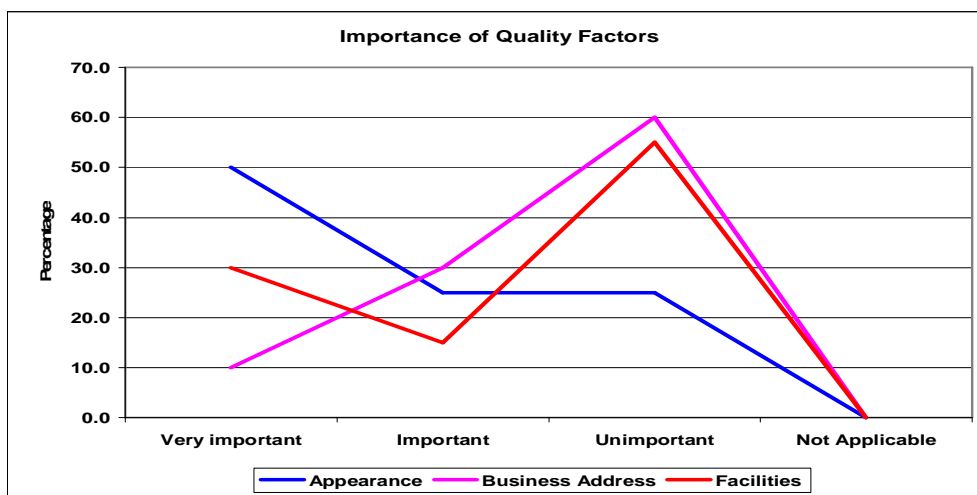
Figure 4.3 Importance of Location Factors



[iv] Quality

The most important quality factor was the appearance of the location with 50% of the businesses saying that was very important to them. That was followed by facilities, which a third of the businesses selected as very important. Prestigious business address was cited as being very important by 10% of the businesses. The full results are given in Figure 4.4 below.

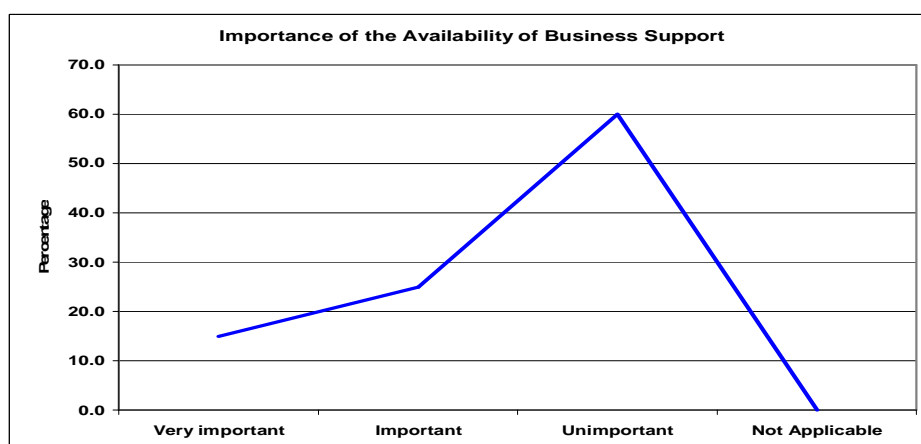
Figure 4.4 Importance of Quality Factors



[v] Availability of Business Support

The availability of business support was considered very important to 15% of the businesses and as important to 25% of them. All of those considering it very important were small businesses who were tenants of Pearson Donaldson where the availability of the board room was extremely important combined with the generally helpful attitude of the landlord and his staff towards them.

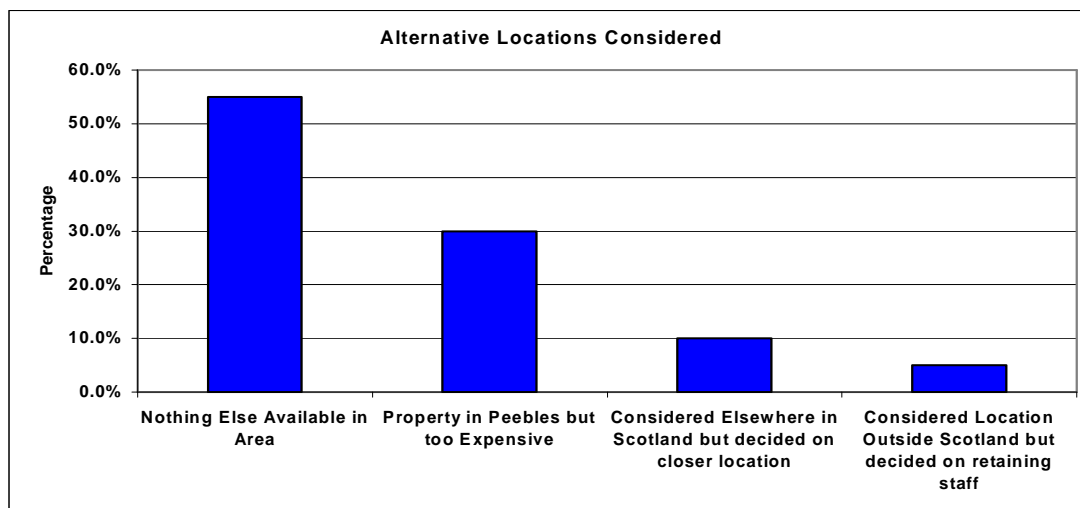
Figure 4.5 Importance of the Availability of Business Support



[b] Alternative Locations Considered

The companies were asked if they had considered any alternative location before deciding to locate their businesses on Cavalry Park.

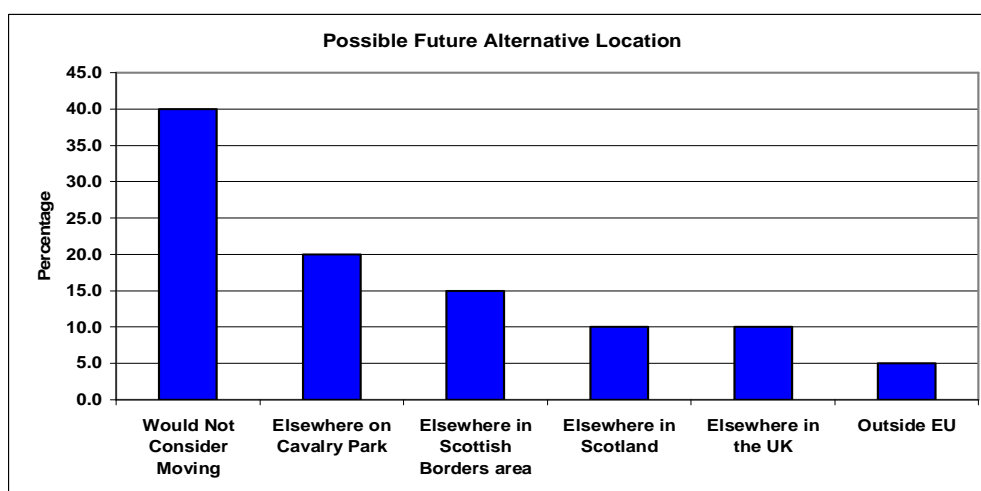
Figure 4.6 Alternative Locations Considered



Around 55% of the businesses stated that they had not considered an alternative location as none existed in the Scottish Borders. Thirty percent did look at properties in High Street, Peebles but said it was too expensive and lacked parking facilities. Two businesses considered locations elsewhere in Scotland but decided it was not appropriate for their businesses to move outside the Borders area. One existing business considered a location in south-east England but chose to remain in Peebles in order to retain staff and continuity of business.

Sixty percent of the businesses could either not a move to any other location or could only envision locating to larger premises on Cavalry Park. Two companies would consider locating outside Scotland and one in Dubai.

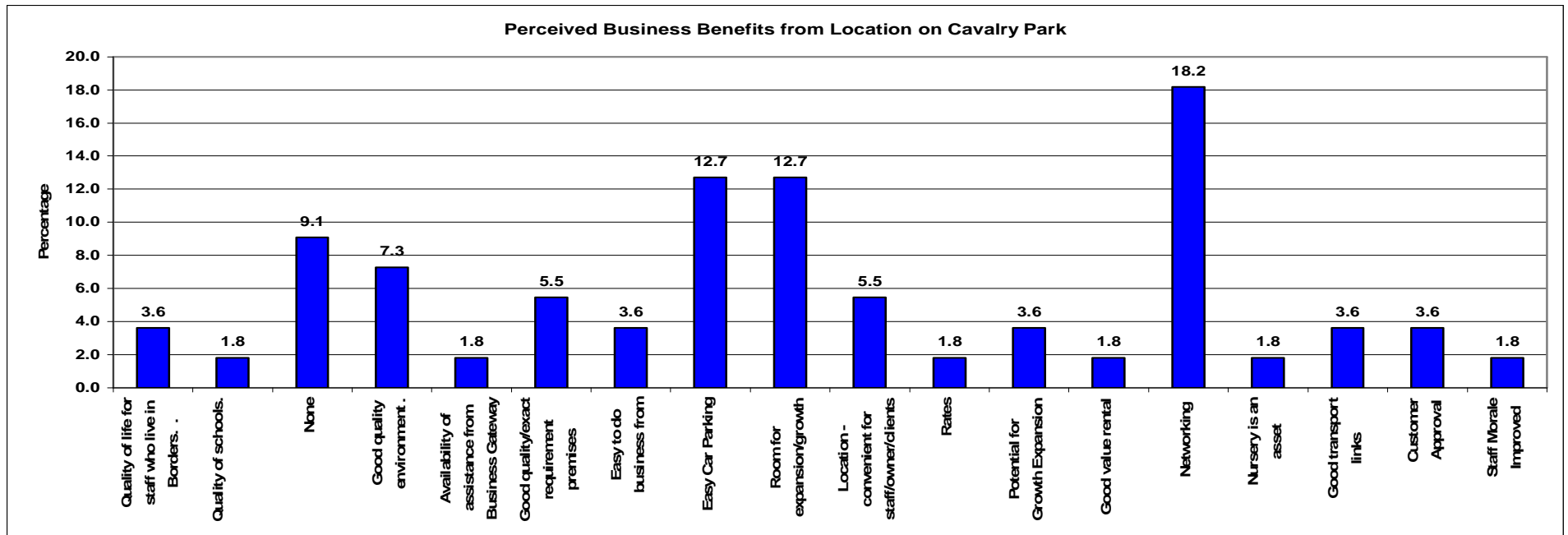
Figure 4.7 Future Possible Alternative Locations



[c] Business Benefits Derived from Being on Cavalry Park

The companies were asked what, in their opinion, were the business benefits they derived from having located their businesses on Cavalry Park. The identified benefits are given in Figure 4.8 below. The most frequently identified benefit was “networking with other businesses [18%], followed by “room for expansion” [13%]; easy car parking [13%] and “good quality environment⁹” [7%]. Just over 9% of the businesses said they had not identified any specific business benefits from being on the Park.

Figure 4.8 Perceived Business Benefits

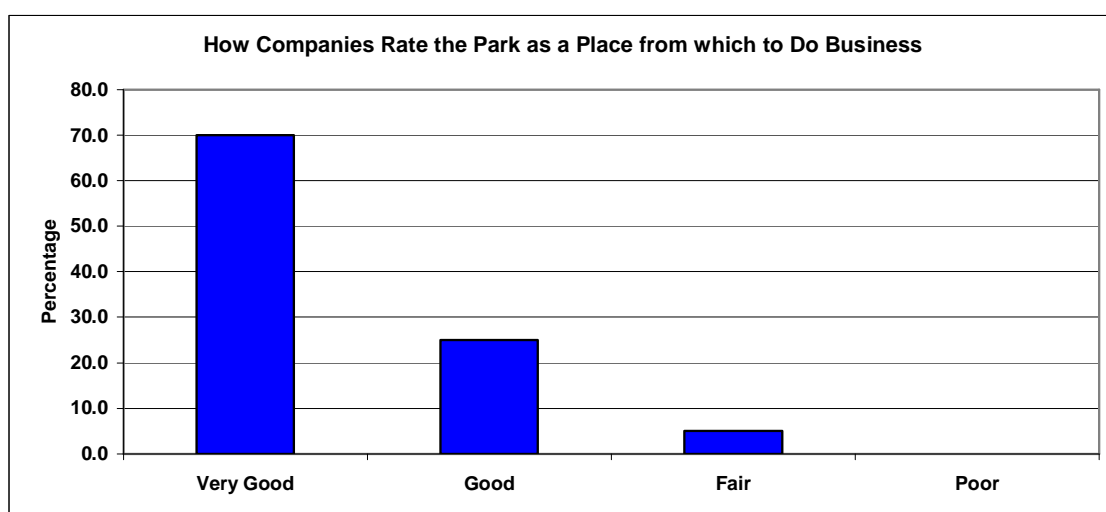


⁹ The good quality environment was believed to be conducive to better performance and appreciated by both staff and management.

The things the companies did not like included lack of signage especially within the Park; potholes at the entrance to the Park [Borders Regional Council seen as not dealing with this issue]; a general eating facility for the Park; change in the nature of the businesses allowed on to the Park e.g. construction and retail. A full list of the comments made by the businesses is at **Appendix 2**.

When asked to rate the Park as a place from which to do business, 70% thought it was very good and 25% thought it was good: one company rated it as “fair”.

Figure 4.9 Cavalry Park as a Business Location



Summary: Overall the companies on the Park chose it because they could get the right size premises [or land] at the right price and there was room for expansion. The smallest companies liked the facilities and support made available by their landlord. The companies also liked the quality of the environment and believed it contributed to business efficiency through increased staff morale and quietness. Around 17% of the businesses [large and small] liked the ability to network with other businesses on the Park. Over half of the companies could find no alternative location for their business and around a third looked at other properties in Peebles but found them too expensive and having no parking facilities. Over two-thirds of the businesses thought Cavalry Park was a very good business location and the remainder thought it was a good business location, with the exception of one company. Overall the satisfaction rate among the businesses was very high; all enjoyed being on the Park and the majority believed their businesses had benefited in qualitative terms.

5 ECONOMIC IMPACT ASSESSMENT

As required by the consultant’s brief, the economic impact assessment has been carried out in line with the “Additionality and Economic Impact Assessment Guidance Note”¹⁰. The economic impact will be considered under three headings:

- Business Performance
- Employment
- Gross Value Added

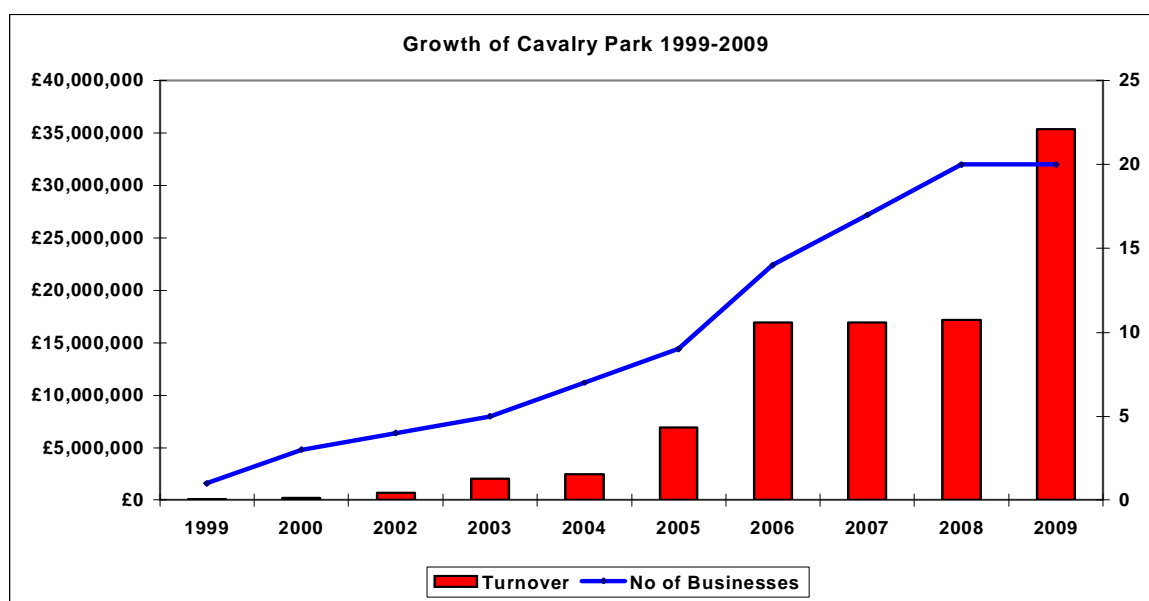
[A] BUSINESS PERFORMANCE

[i] Business Turnover

The businesses were asked to provide information on their turnover when they first moved on to the Park and now. In the case of new start businesses initial turnover was given as zero. In all cases “turnover now” was the latest the businesses had – in most cases that was for 2008 in a few they had figures up to end February 2009.

Figure 5.1 shows the growth in the number of businesses and their turnover on a cumulative basis from 1999-2009.

**Figure 5.1 Growth of Cavalry Park 1999-2009
Cumulative Number of Businesses and Turnover**



The number of companies remained stable over 2008/2009 but turnover continued to rise by 15% over the year. This is a good performance given the downturn in the economy over most of that period: the drop in the value of the pound did benefit the on-line sales companies, although it should be borne in mind that for those buying in supplies from overseas the cost increased.

¹⁰ Scottish Enterprise Appraisal and Evaluation Team, 1 November 2008

The turnover figures shown above relate only to the cumulative turnover as the businesses moved on to the Park: it does not allow for increases in turnover of the businesses already on the Park. Based on the growth of 15% per annum [see above] a “smoothed” line has been generated which takes account of the growth in turnover annually for the businesses already on the Park. That produces the results shown in Figure 5.2 below.

**Figure 5.2 Growth of Cavalry Park 1999-2009
Cumulative Number of Businesses and “Smoothed” Turnover**

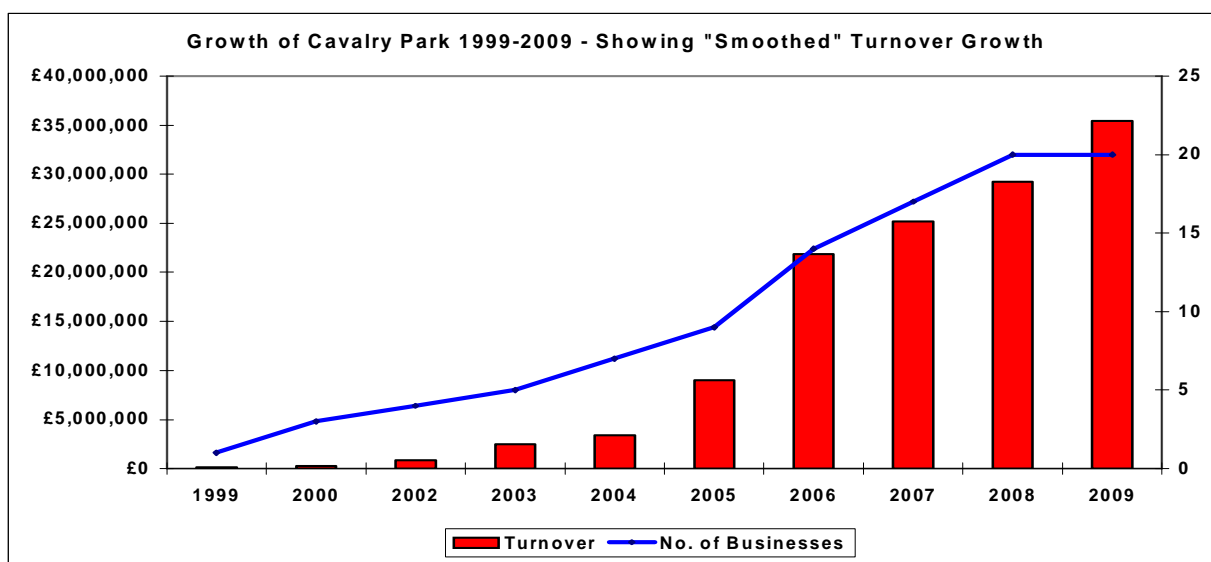
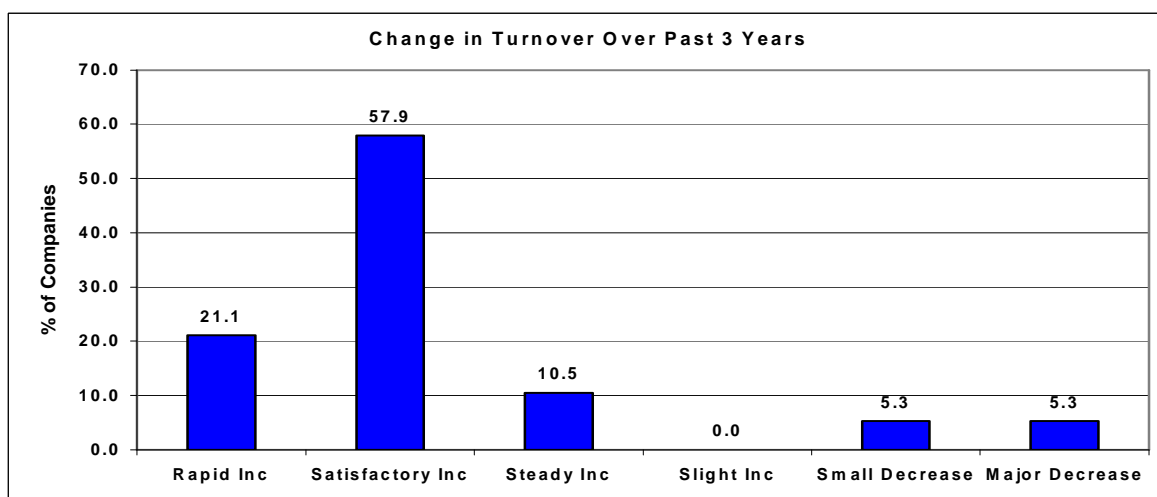


Figure 5.2 shows a closer correlation between growth of turnover and the number of businesses.

This also does not give an entirely accurate position as some of the businesses have a higher rate of growth than others and, indeed, one company has seen a decrease in turnover due to the current financial crisis in the UK – particularly in the house building/construction market. The rate of turnover growth over the past three years as estimated by the businesses is illustrated in Figure 5.3.

Figure 5.3 Changes in Turnover

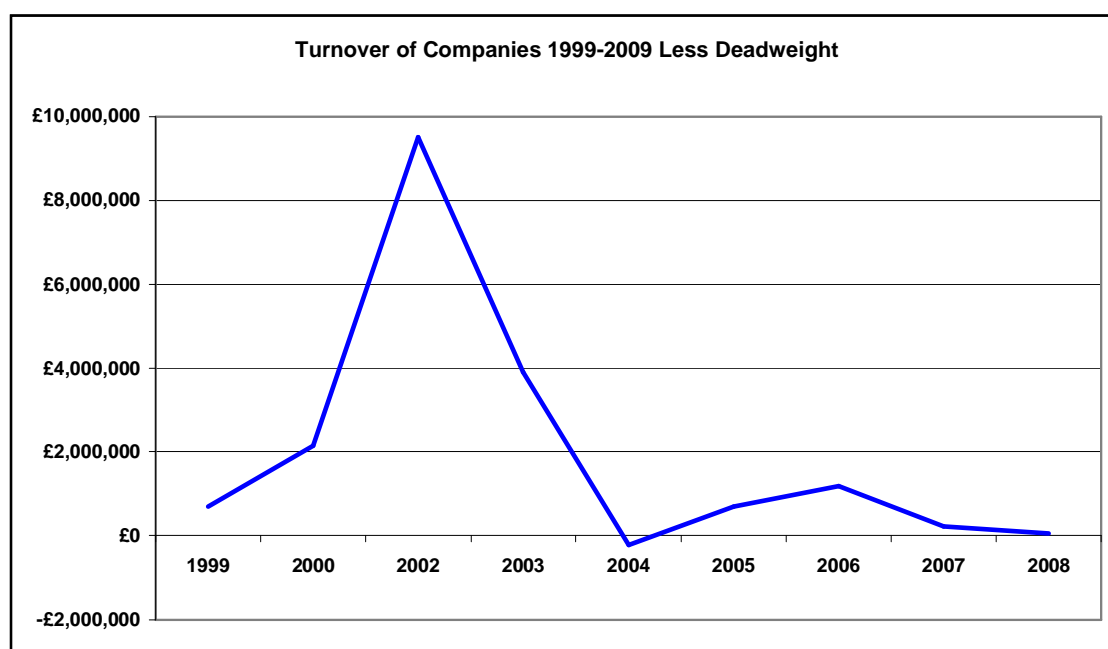


The majority of the companies [61%] said that their turnover had been growing steadily until around August 2008. Since that date the rate of growth had decreased slightly or remained static. Those companies have been shown as satisfactory since for the majority of the three years that growth had been consistent. Those businesses in the general construction/house building sectors have felt the impact of the present economic downturn earlier than the others: they put the drop in turnover growth from the end of 2007. The company suffering most from the present economic crisis has seen a drop in turnover of 47% and has shed almost a third of its employees.

Those companies selling through the internet are continuing to grow, especially where a substantial proportion of their sales are outside the UK. The drop in the value of the pound has helped their businesses.

Figure 5.4 shows the turnover growth of the companies over the period 1999-2009 less deadweight, i.e. the amount of turnover on entry to the Park. The negative growth in those companies coming on to the Park in 1994 is due to the deliberate down-sizing of one company. The levelling off in 2008 is due to the fact that the companies moving on to the Park in 2008 have only one set of accounts available at the time of this report.

Figure 5.4 Turnover of Companies Less Deadweight 1999-2009



Using Additionality Calculator A¹¹, the additional turnover at Cavalry Park is calculated as follows:

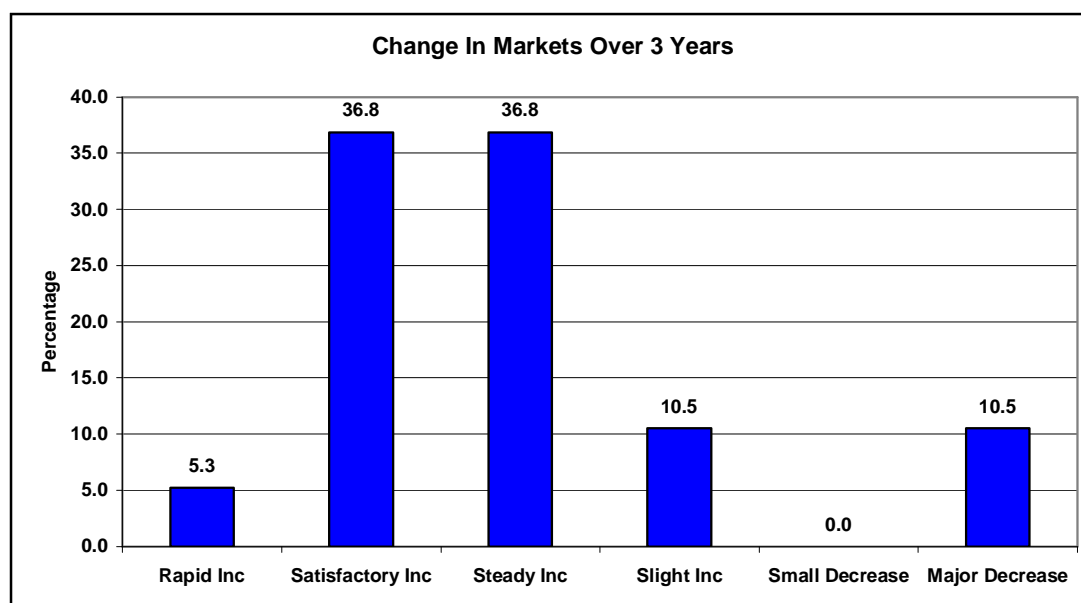
	National
Lower Limit of Range	11,041,310
Upper Limit of Range	12,203,554

The full calculation is at **Appendix 3**.

¹¹ Additionality & Economic Impact Assessment Guidance Note, Scottish Enterprise, November 2008

[ii] The Markets

Figure 5.5 Change in Markets Over 3 Years



In their opinion, the companies in general are doing slightly better than the markets they are operating.

21% have seen rapid growth in turnover compared with 5% saying the market was growing rapidly. Almost 58% are seeing satisfactory growth compared with 37% who say the growth in the market is satisfactory. In the case of the businesses saying there was a major decrease in the market this was from the end of 2007 and one company's performance was better than the market performance.

The internet sales market [irrespective of product] is the highest growth area in terms of both business and market performance.

In spite of the present chaos in the financial markets, all of the businesses are confident that they will continue to grow or get back to their previous levels of turnover during 2010: there was a relatively even split between early and late 2010. Those businesses in the construction industry believed that 2009 would be very difficult but things would start to improve early next year with a comeback by the end of 2010/early 2011.

In geographic terms the companies sold predominantly within the south of Scotland [Scottish Borders and Dumfries & Galloway] [52%]; but a further 32% sold within the rest of the EU and the rest of the world [mainly USA and Israel]. A third of their supplies were from the south of Scotland, with 44% being from the rest of the UK [predominantly on-line stationery purchases]. Those being supplied with materials tended to be outside the UK, with the USA and Italy being dominant. The results are in Figure 5.6.

The industry sectors for both customers and suppliers are at **Appendix 4**.

Some of the companies struggled more when asked to identify where their competitors were, although the larger ones had no trouble. The companies said that 44% of their competitors were based elsewhere in the UK, with a third being based in the Scottish Borders. In terms of displacement, there is 33% local displacement and 50% displacement in terms of Scotland as a whole. Although some of the companies did have trouble estimating where their competitors were located, the final assumptions made by them are believed to be accurate.

The net trading position [sales less supplies] is shown in Figure 5.7: there is a positive trading position in both south of Scotland and other Scotland but a negative position with all other areas. Whilst there are businesses on the Park selling in the wider overseas, the companies on the Park operate pre-dominantly in the Scottish market.

Figure 5.6 Distributions of Sales, Suppliers and Competitors

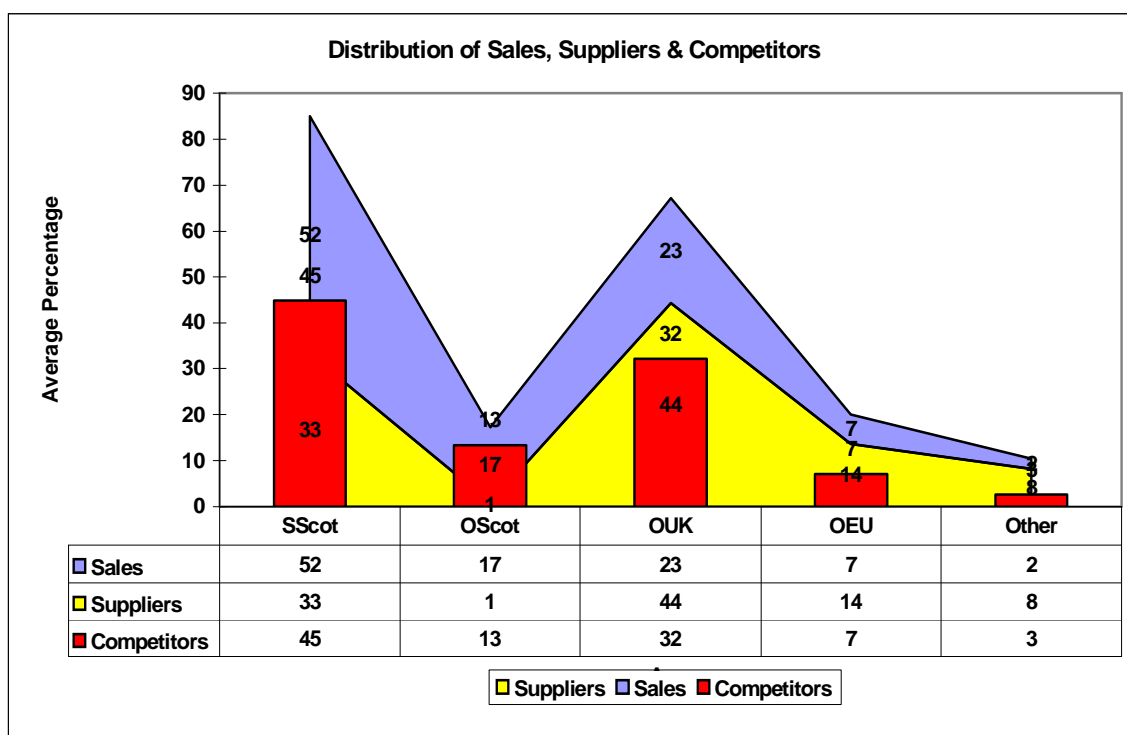
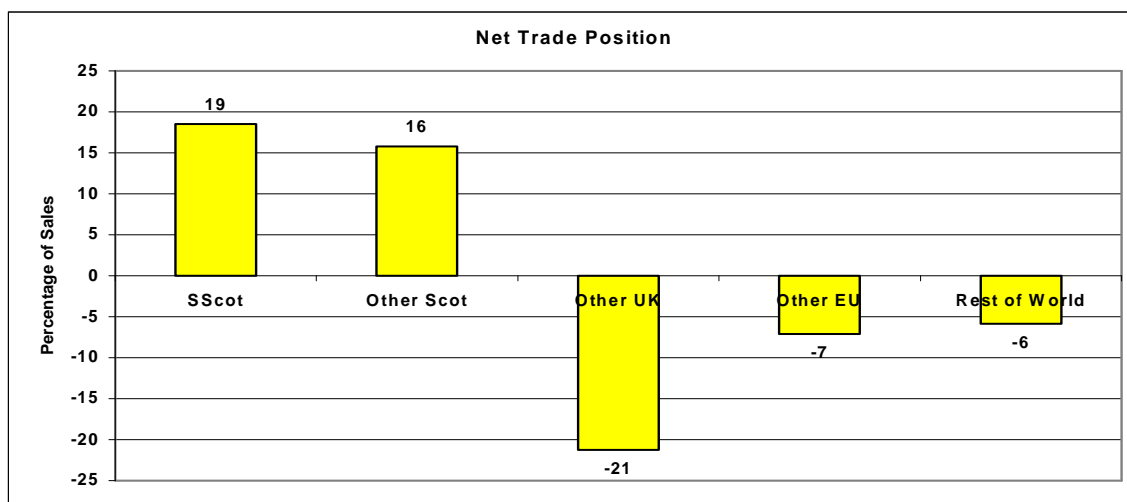
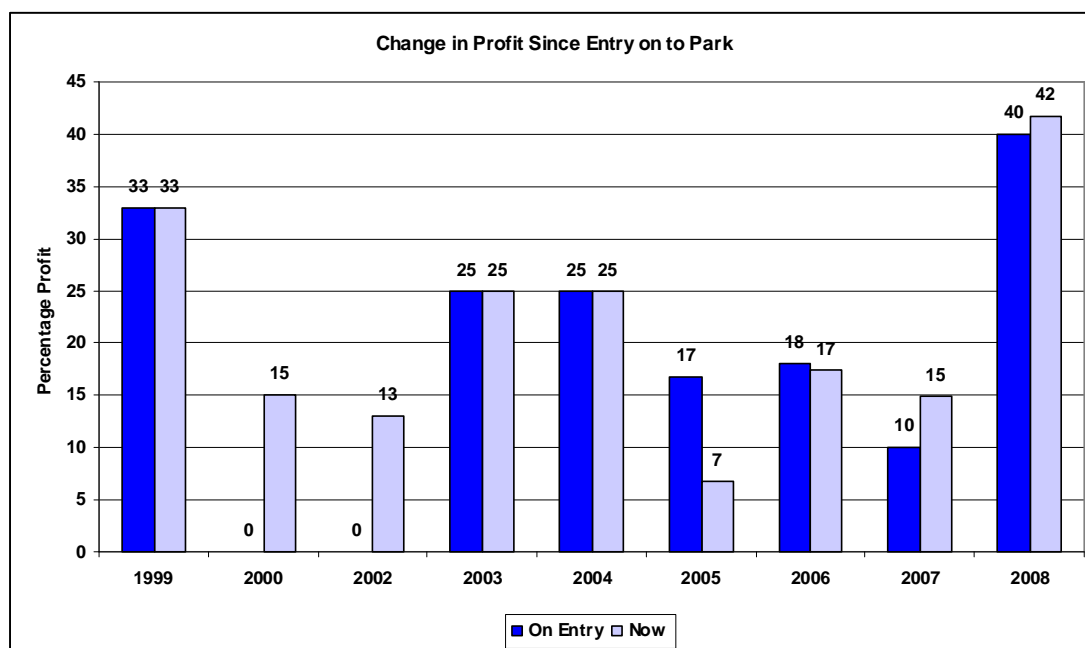


Figure 5.7 Net Trading Positions



[iii] Business Profit

Figure 5.8 Changes in Profit



The figures provided by the companies are net profits.

The average profit over all the companies at the time of their entry on to the Park is 24.3% and the average profit now is 27.8% a growth of 3.5%. The actual percentage for all of the companies, by year of entry on to the Park, is shown in Figure 5.8 above. Those companies showing a drop in profits between entry to the Park and now are in the construction industry where they are feeling the worst impacts of the recession: it should be noted, however, that they are still showing a profit [albeit reduced].

Profit is a more difficult aspect on which to gather robust data as the companies are – understandably – more reticent. The smaller companies tend to be the most reticent as there are concerns over tax positions. The larger companies may actually have generated more profit than reported as they reinvested money into the company, for example, in paying off loans/mortgages on property.

The percentages shown in Figure 5.8 above are believed to be a reasonably accurate reflection of the position on the Park with any margin of error due to the *under-reporting* of profit.

Figure 5.9 illustrates the change in profit [by year of entry on to Park] less deadweight: in other words the current profit less profit on entry for each of the companies by the year they moved on to the Park. The graph also shows the cumulative profit for each of the years. The major dip between 2004 and 2005 is due mainly to the deliberate downsizing of one company. This graph is included for information but it should be noted that, while the percentage profit, in many cases, remains the same or even declines slightly, the actual amount of profit may have increased. For that reason the actual amount of profit – less deadweight – is given in Figure 5.10.

Figure 5.9 Changes in Percentage Profit – Less – Deadweight by Year of Entry on to Park

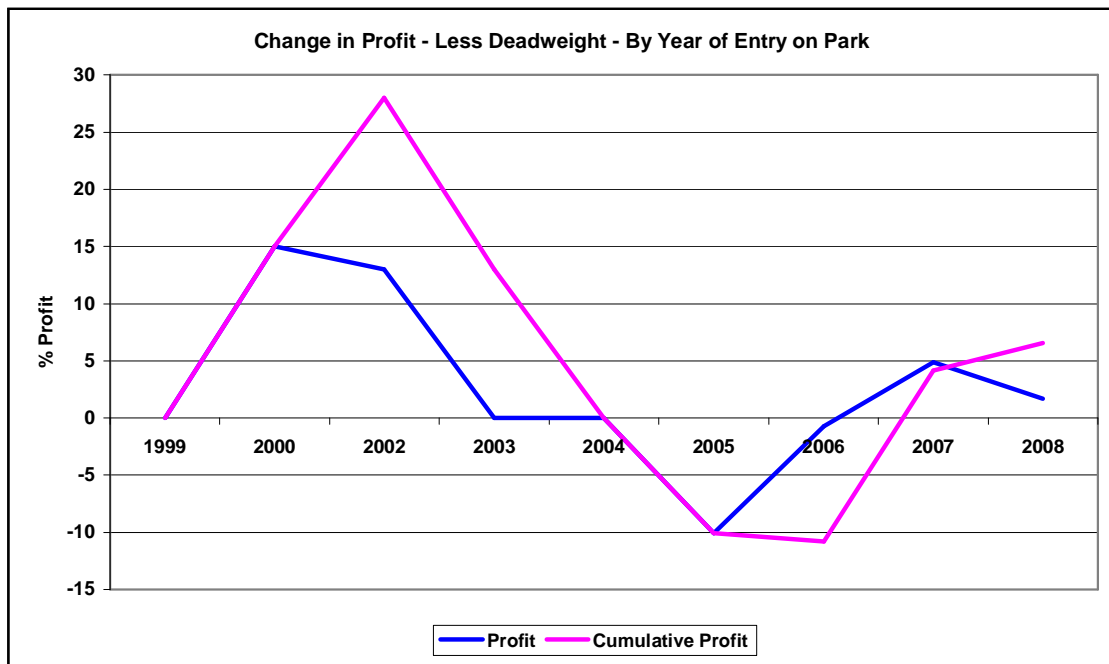


Figure 5.10 Changes in Amount of Profit – Less – Deadweight by Year of Entry on to Park

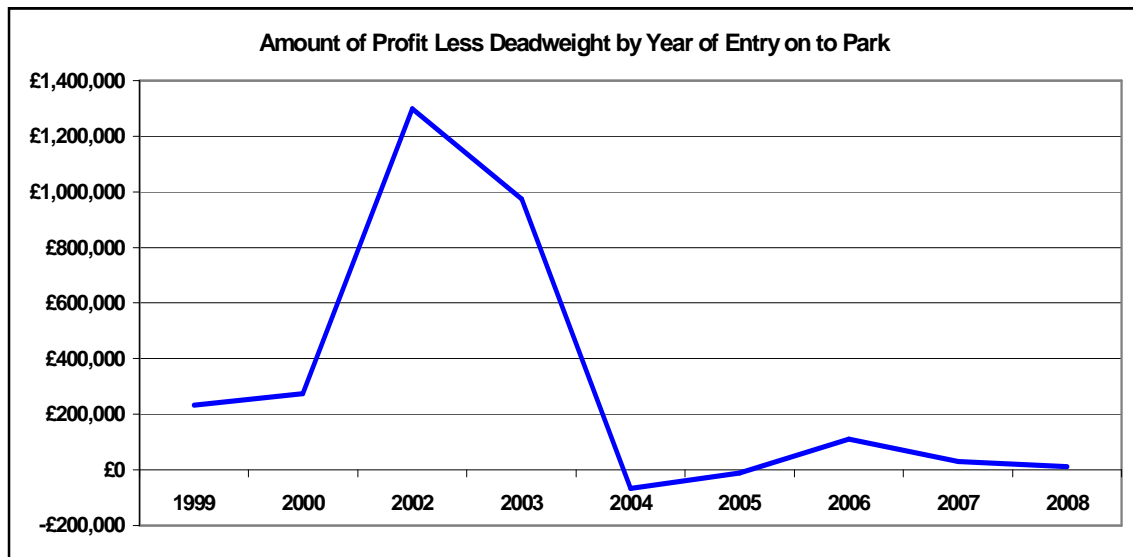


Figure 5.11 Cumulative Amount of Profit

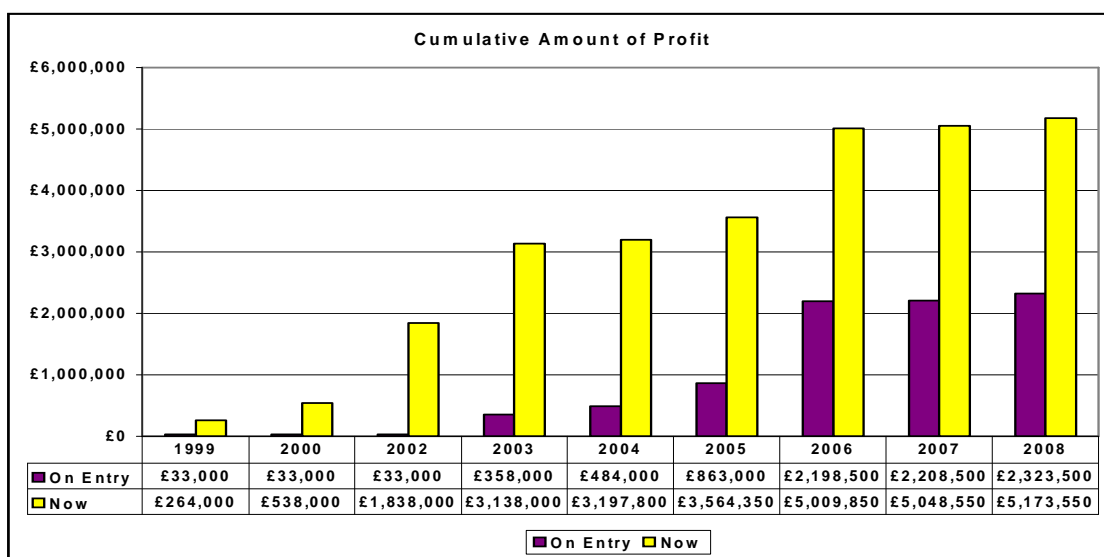
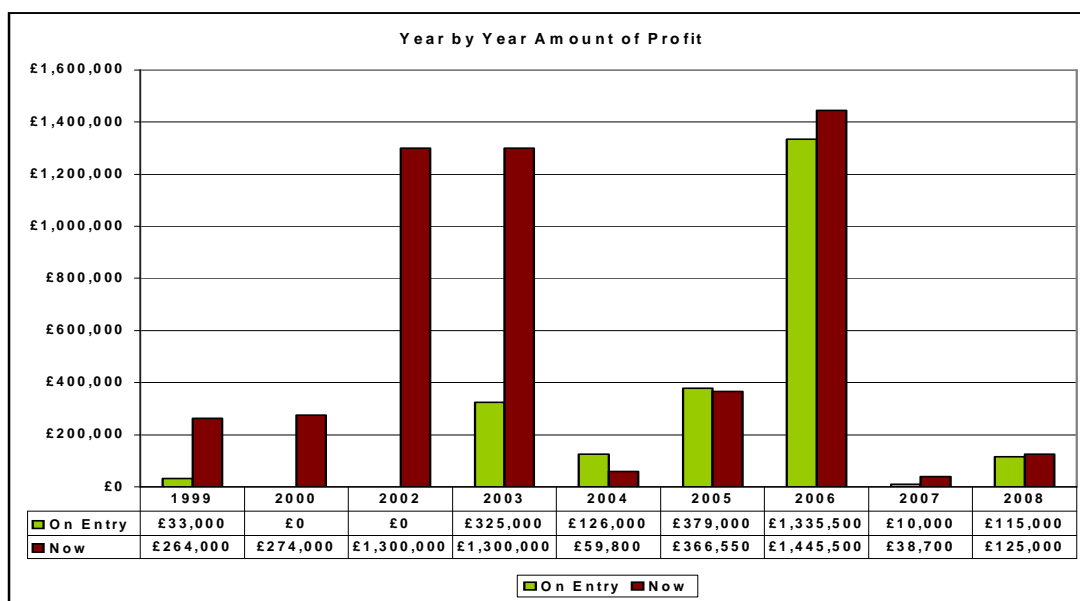


Figure 5.11 above shows the actual amount of profit generated by the businesses on Cavalry Park by year of entry on to Park cumulatively for year of entry and for present time. Figure 5.12 shows the non-cumulative amount of profit and it can be seen from that the companies that moved on to the Park in 2002/3 have shown the highest growth in amount of profit. Once again, there must be a note of caution as some of the other companies will have reinvested profit and not included that amount in their net profit figures. A gross profit margin for the Park can be calculated as follows: $\text{gross profit \%} = \frac{\text{cumulative profit}}{\text{cumulative turnover}} \times 100$. The gross profit margin for Cavalry Park is, therefore, 14.62%: in other words for every £1 of sales profit is 14.62p. This is not a high rate of gross profit but given that: the companies provided net profit information; some reinvested profits; and the construction companies were experiencing the effects of the current economic situation; it shows that overall Cavalry Park is weathering the recession and, indeed, is maintaining a good level of performance.

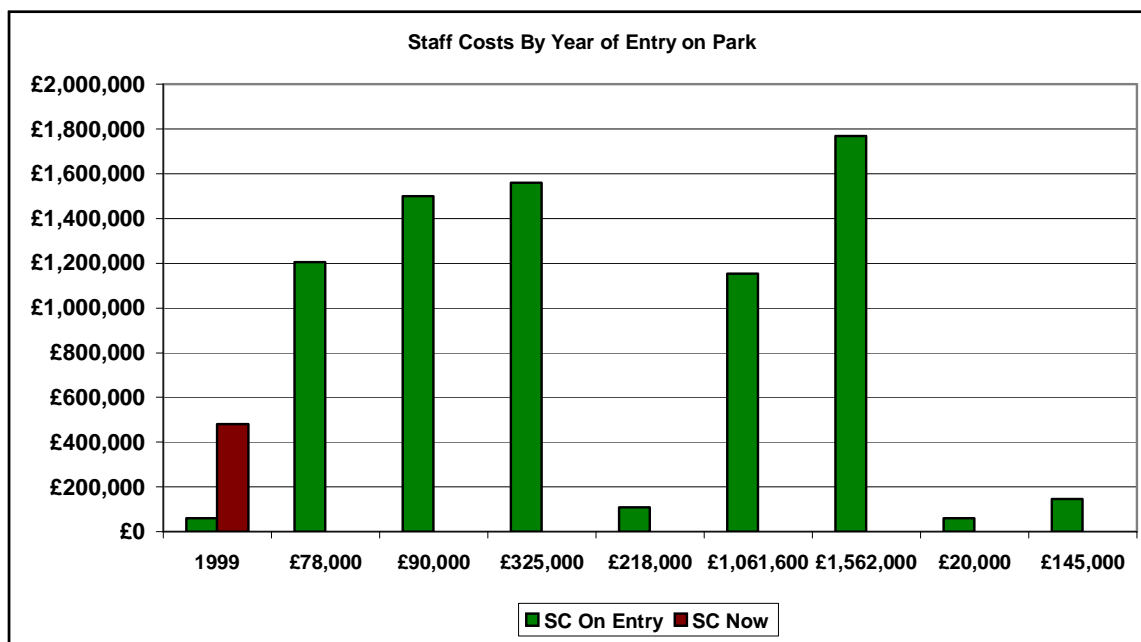
Figure 5.12 Year by Year Amount of Profit



[iv] Staff Costs

The staff costs for the businesses by year of entry on to Park are shown in Figure 5.13 below. These are gross costs, i.e. including the cost to employer of national insurance.

Figure 5.13 Staff Costs by Year of Entry on Park



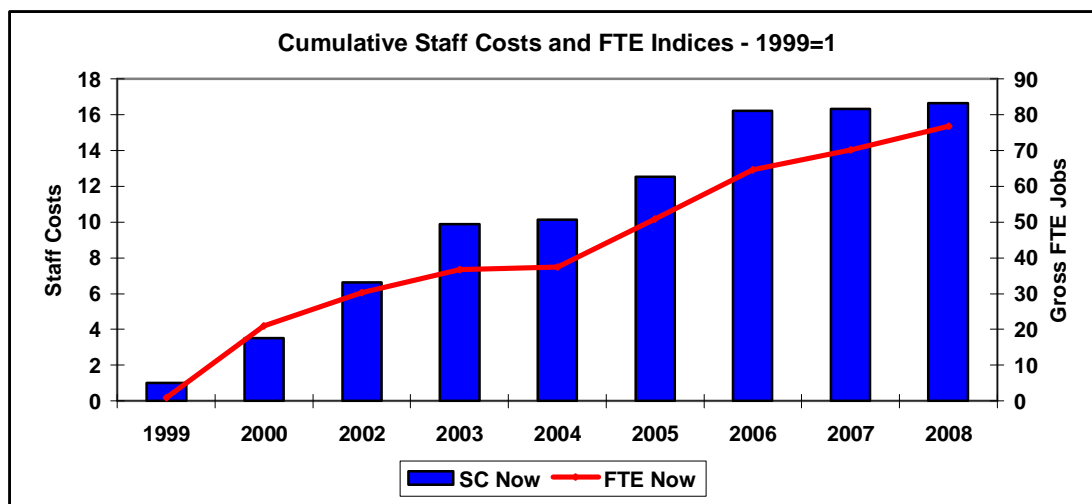
It can be seen easily that there is a large jump in staff costs for the companies locating on the Park in 2003 – indeed, all of the companies locating on the Park between 2000 and 2003 show a marked increase in staff costs compared with those locating on the Park in 2005 and 2006. The companies locating on the Park in 2007 and 2008 have very low staff costs with a modest increase since they located on the Park.

The companies locating on the Park in 2000 have increased the employment by a greater amount than they have increased staff costs, i.e. employment has increased by c. 86% and staff costs by 93%. That gives a staff cost per FTE of £9,750 on entry to the park and £21,149 now. That probably reflects that those involved in the early days of the businesses took a smaller salary than is the case now. That is in contrast with 2003 where both employment and staff costs have increase by c.79%. In this instance the staff cost per FTE shows a modest increase between entry and now of c. £1,000. In 2002 the number of FTEs increased by 82% and staff costs increased by 40%; however, cost per FTE rose from £18,000 to c. £53,000: this, again, probably reflects founders taking a low salary at the outset.

It should be noted that the figures for 2008 are distorted by the fact that no financial information was available from the largest employer in that year: based only on the companies providing financial information the staff cost per FTE remained steady at c. £36,000.

In order to get a clearer picture of the staff costs increase, an index has been prepared for each of the number of Full Time Equivalent [FTE] employees and staff costs and the result is shown in Figure 5.14 below. The actual figures for 1999 are taken as “1” with the results for future years shown as comparators.

Figure 5.14 Cumulative Staff Costs and FTE Employment by Year of Entry



The figure above shows that staff costs have risen more than FTE jobs showing that salaries have risen since 2002 onwards. Again, it should be noted that there is a distortion in 2008 due to the information for one of the larger companies not being available and, therefore, not included.

It was difficult to calculate average salaries for the Park as the questionnaire did not ask for that: however, in order to make a comparison an average has been taken based on [the range of staff costs/number of companies] less a 17.5% allowance¹² for add-on costs to the employer.

The range of average salaries on Cavalry Park is very wide reflecting the both the diversity of the businesses and their stage of growth: it extends from as low as £2,074 to as high as £160,000. Figure 5.15 gives both an average and a median figure for Cavalry Park and compares it with the published annual earnings figures for Scottish Borders, Scotland and the UK¹³.

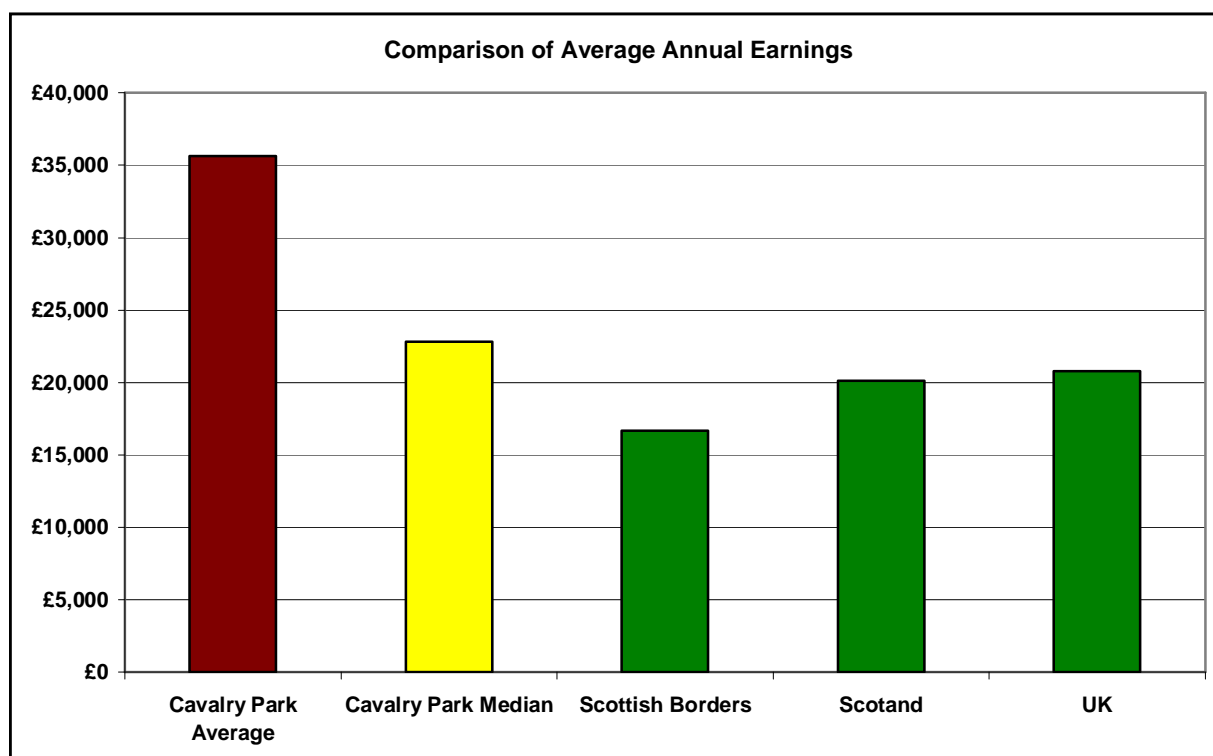
That figure shows that both the average and median for Cavalry Park are considerably higher than any of the other areas, although the median is closer to the UK average figure. It is believed that the figure for Cavalry Park is so much higher than the Scottish Borders average because there are owners of successful businesses working on the Park and single-employee businesses with very little in the way of overheads. Even allowing for those anomalies – and those earning very low salaries¹⁴ – Cavalry Park would seem to be performing above the norm in terms of salaries.

¹² Taken from General Principles for Employment, UCD 2008 and amended to allow for 50% of businesses paying pension contributions.

¹³ 2008 Annual Survey of Hours and Earnings [ASHE] Table 7.7a, Scottish Government,

¹⁴ Single-person businesses at an early stage in their life cycle.

Figure 5.15 Comparisons of Average & Median Earnings



Summary: The businesses on Cavalry Park are diverse in size, stage in life-cycle and markets they operate in. They range from new-start up, single person businesses to a software development business with more than 30 employees. The combined turnover on the Park is growing, although those companies in the construction industry are seeing a downturn due to the current financial position of the UK. The companies are, in general, seeing growth in profit, although, once again, those in the construction industry are seeing shrinking profit levels. Salaries paid on the Park vary greatly from new single-person businesses providing the owner with very little remuneration at this point in their life-cycle to those larger, more mature businesses paying high level salaries. The median annual income for the Park is estimated to be above those for the national and UK economies. The net additional turnover for the businesses is estimated as:

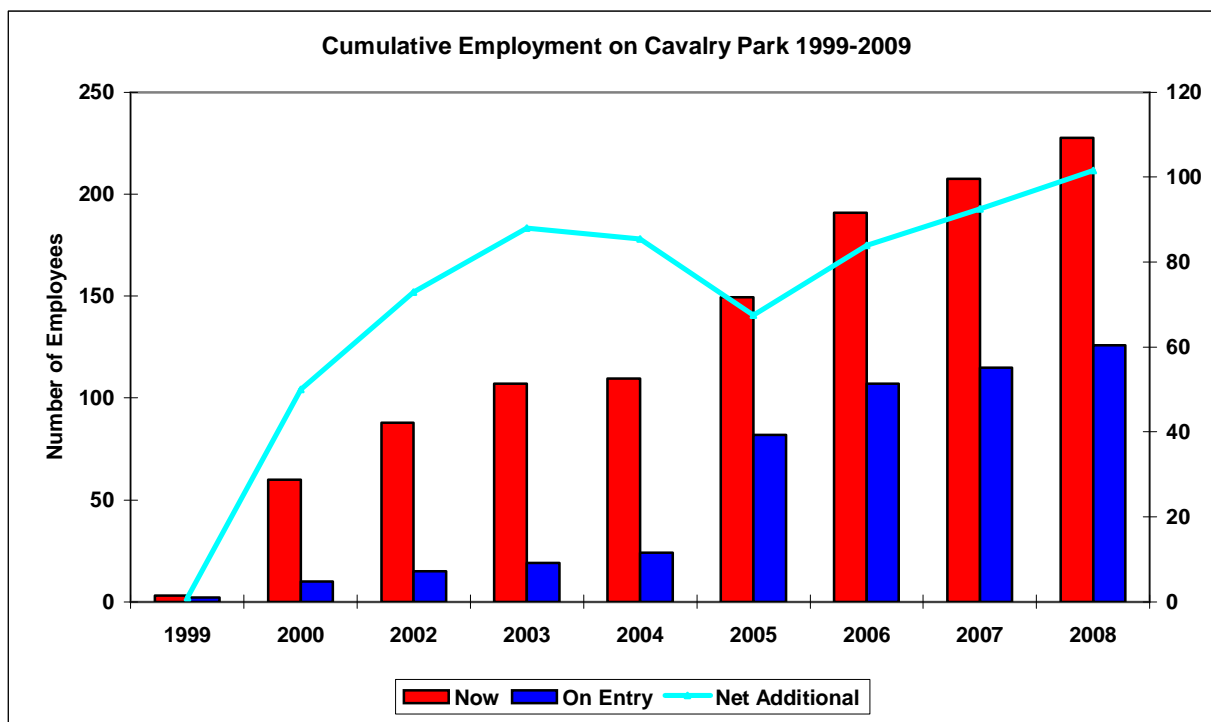
	<i>National</i>
<i>Lower Limit of Range</i>	<i>11,041,310</i>
<i>Upper Limit of Range</i>	<i>12,203,554</i>

Overall Cavalry Park has good salary levels, increasing profits [other than construction industry businesses] and increasing turnover.

[b] Employment

Employment on Cavalry Park has been growing over the period 1999-2009 as the number of businesses has increased and the businesses have grown.

Figure 5.16 Cumulative Employment 1999-02009



At the time of this study there were 228 FTE jobs on Cavalry Park. After deduction of deadweight¹⁵ a net additional 102 jobs have been created. Using the net cost to SE [at 1992 prices] the cost per job is £7,349 (£749,623/102). Table 5.1 below shows the gross employment position on the Park from 1999-2009, together with the net additional jobs for each year.

Table 5.1 Gross and Net Additional Employment 1999-2009

Year	On Entry	Now	Net Additional
1999	2	3	1
2000	8	57	49
2002	5	28	23
2003	4	19	15
2004	5	3	-3
2005	58	40	-18
2006	25	42	17
2007	8	17	9
2008	11	20	9
Totals	126	228	102

¹⁵ Those jobs that already existed at the time the business located to Cavalry Park.

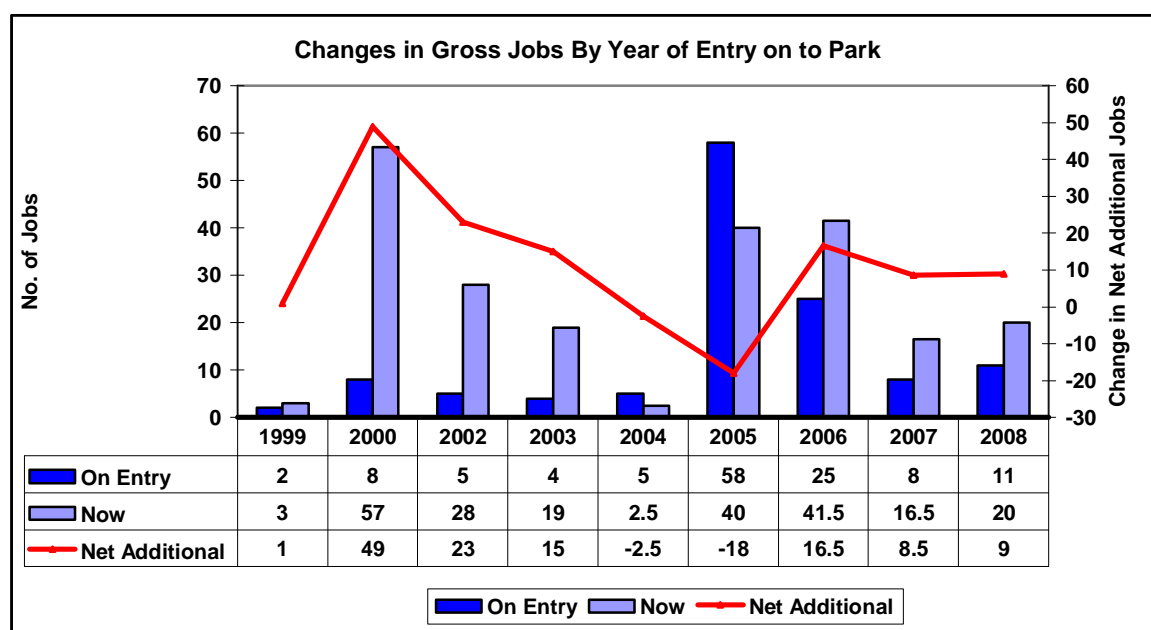
Using Additionality Calculator A¹⁶, the additional employment at Cavalry Park is calculated as follows:

	National
Lower Limit of Range	64
Upper Limit of Range	71

Full calculation is at **Appendix 5**.

The gross job-growth on the Park since 1999 is shown in Figure 5.17 below by the year during which the business located on to the Park. The gross numbers of jobs at the time of the study are: 193 full-time jobs and 69 part-time jobs: a growth of 41% in full-time jobs and of 65% in part-time jobs. Again, it should be pointed out that those companies showing a loss of jobs are in the construction industry and one that has deliberately down-sized. The largest employment growth periods [see red line for net additional jobs in Figure 5.17 below] obviously follow the increase in the number of businesses on the Park: those increases, in turn, follow the two tranches infrastructure expenditure by SE. The major job gains on the Park can be seen, therefore, to have a direct relationship to SE's investment.

Figure 5.17 Gross Job Growth 1999-2009



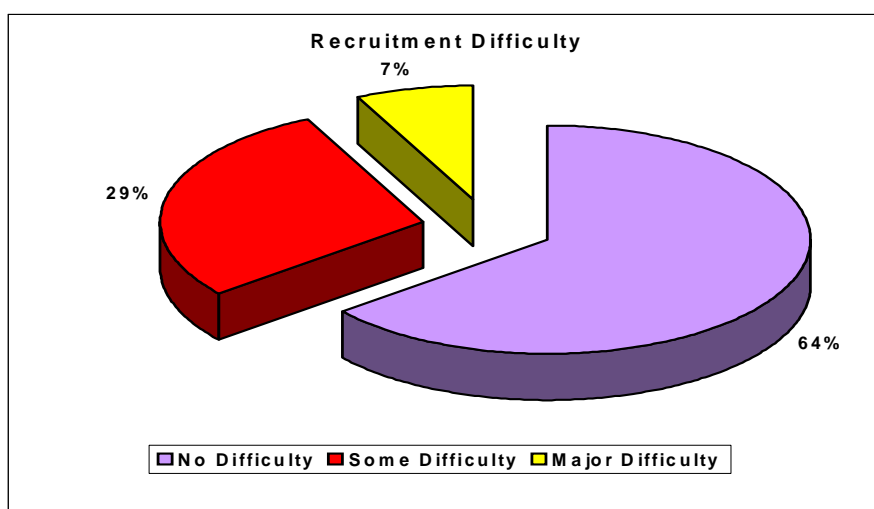
At the time of this study, there was a further development on site of 930 sq m [10,000 sq ft], which is due for completion in 2009. That development has the capacity to accommodate 28-40 additional jobs¹⁷.

¹⁶ Additionality & Economic Impact Assessment Guidance Note, Scottish Enterprise, November 2008

¹⁷ Utilising 1 job per 23 sq m for office use; and 1 job per 33 sq m for production processes.

There was little difficulty in recruitment at Cavalry Park: the main difficulty was where a specific skill was being sought, for example, chartered surveyor where the business still had an unfilled vacancy after six months. This was believed by the business concerned to be due to the proximity of Edinburgh where most of the chartered surveying companies on the east coast are located. This could be due to there being no chartered surveyors living in the Peebles area who want to work locally: or it could be that the salary being offered by the local company is considerably lower than that attainable in Edinburgh. The level of recruitment difficulty is shown in Figure 5.18 below: the major difficulty is the example cited. Those experiencing some difficulty were looking for a very specific skill-set and it had taken a little time to identify the right individual. Almost two-thirds of the businesses had experienced no difficulty at all.

Figure 5.18 Difficulties in Recruiting Staff



Almost all of the employees [99.6%] lived in the Scottish Borders [the remainder lived in Edinburgh]. Sixteen percent of the employees had a science/engineering degree and a further 16% had a degree in another subject. In all, almost one-third of the employees on the Park were educated to at least degree level.

Summary: Employment on the Park had risen to 228 FTE jobs (an increase of 102) representing an increase of 45%, since the first company moved on to the Park in 1999. The additional employment on the Park has been calculated as:

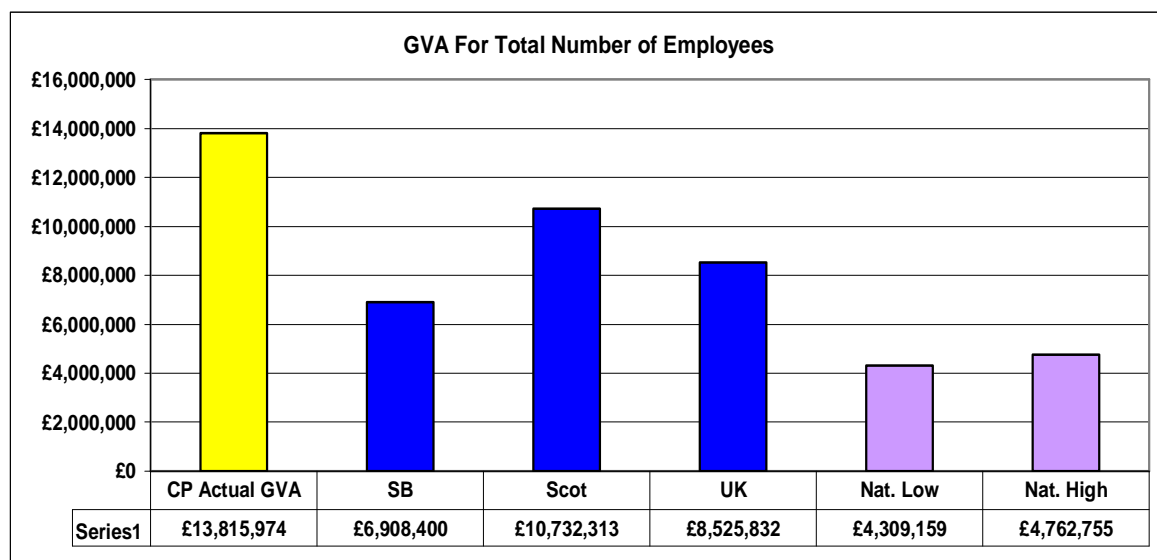
	<i>National</i>
Lower Limit of Range	64
Upper Limit of Range	71

Almost all of the employees on the Park lived locally [in the Scottish Borders], and around two-thirds of the businesses had experienced no recruitment difficulties.

[c] Gross Value Added

The companies located on Cavalry Park are not in the main industrial categories cited by the Scottish Government: the figures used, therefore, are for all industries with the exception of those working in the construction industry.

Figure 5.19 GVA Comparison¹⁸



The basis used for calculating the Cavalry Park GVA in Figure 5.19 above is:

$$\text{GVA} = \text{Operating Profit} + \text{Employee Costs} + 5\% \text{ allowance for Depreciation}$$

The profit figure used is net profit as that is the information provided by the companies but it is believed that the GVA figure does not have an overly optimistic bias.

Using the GVA per employee¹⁹ for the Scottish Borders, the total GVA for the Park drops dramatically by 50%. Using the GVA per employee for Scotland as a whole the figure drops by 22%; and, finally, using the GVA per employee for the UK the figure drops by 62%.

The reasons for the very high GVA at Cavalry Park are believed to be:

- There are a number of companies on the Park selling exclusively over the internet: these companies have larger profit figures as their overheads are lower.
- Many of the companies [large and small] are owned by the chief executive [and other senior management] and salaries in the case of the companies with larger turnovers and lower supply costs are fairly high.

¹⁸ Sources used: Scottish Economic Statistics 2008; Scottish Government; ONS Annual Business Inquiry 1998-2006, compiled by Scottish Government; UK Accounts “Blue Book”, HM Treasury 2008

¹⁹ All industries [no breakdown was available by industry at this level].

Utilising the same percentages and multipliers as for turnover an Additionality Calculator²⁰ has been completed for GVA giving the following result²¹:

	Scotland
Lower Limit of Range	£4,309,159
Upper Limit of Range	£4,762,755

Figure 5.20 GVA for Cavalry Park Showing Net Additional GVA²²

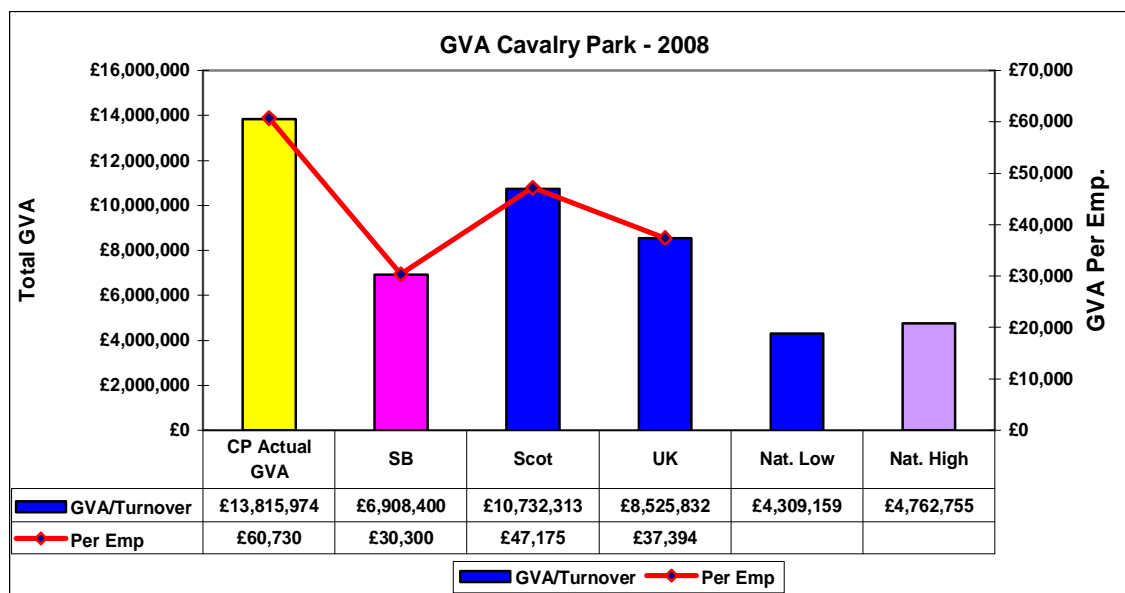


Figure 5.20 shows a combination of data:

- The actual GVA for Cavalry Park [based on net profit + Staff costs + 5% depreciation];
- The estimated GVA for Cavalry Park using the GVA per employee for Scottish Borders x Gross FTE jobs on the Park;
- The estimated GVA for Cavalry Park using the GVA per employee for Scotland x Gross FTE jobs on the Park;
- The estimated GVA for Cavalry Park using the GVA per employee for the UK x Gross FTE jobs on the Park;
- The net additional GVA for Cavalry Park at the national level [low and high estimates];

This shows clearly that the Park is performing very well when compared with the figures for the other areas. The net additional contribution at the Scottish level is around £4.5 million.

GVA/Turnover ratio for Cavalry Park is:

$$\frac{£13,815,974}{1} : \frac{£35,400,516}{2.56}$$

²⁰ Full calculation is at **Appendix 6**.

²¹ The multipliers used are the median of the multipliers for the industries on Page 7 and taken from Scottish Government Industry Multipliers 2007;

²² Sources: UK National Accounts 2008 [Blue Book], HM Treasury; ONS Annual Business Inquiry 1998-2006, compiled by Scottish Government; and Scottish Economic Statistics 2008, Scottish Government

Summary: The GVA for Cavalry Park is estimated to be £13,815,974 based on net profits + staff costs + depreciation against turnover of £35.4 million – a ratio of 2.6 to 1. The Park performs better than the UK and Scottish Borders as well as Scotland as a whole when the GVA per employee is considered. The main comparison must be the actual GVA per employee for the Park [£60,730], compared with the GVA for the Scottish Borders [£30,300] – where Cavalry Park is performing twice as good as the Scottish Borders as a whole.



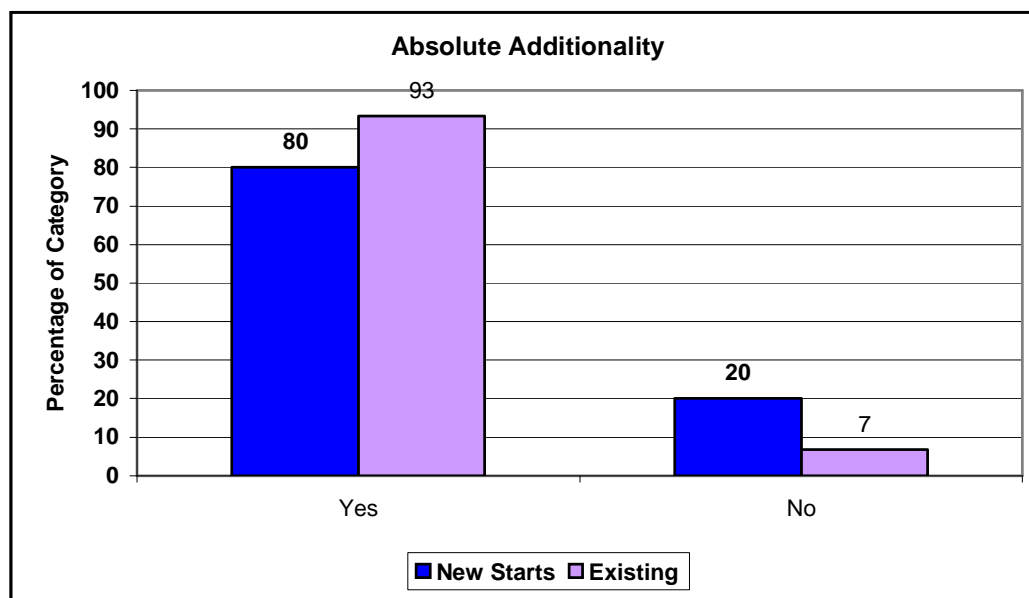
6 ADDITIONALITY

[a] Employment and Turnover Additionality

The companies, on the whole, found this section very difficult to answer. All of them answered all of the questions that were applicable to them, but did struggle to quantify their answers. The purpose of this section is to consider what the position would have been had Cavalry Park not existed: a concept that the majority of the businesses could not envision.

When asked about absolute additionality 80% of the start-up businesses said they would have gone ahead – probably working from home. The existing businesses had a much higher percentage – 93% - that would have continued in business: 7% (two businesses) said if they had not got on to Cavalry Park they would have ceased trading as there was no other suitable accommodation [or site] in the Scottish Borders area.

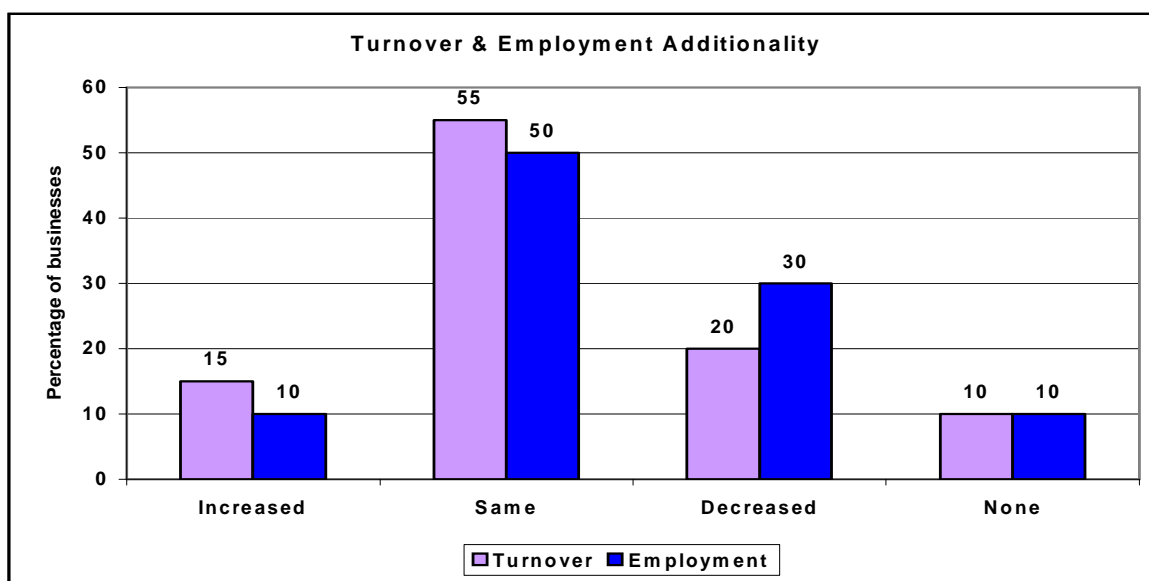
Figure 6.1 Absolute Additionality



When asked what would have happened to turnover and employment if they had not been able to secure premises on Cavalry Park, many of the companies had most difficulty. The majority went for the easy answer and said they would be the same.

Two businesses said there would be no turnover and no employment as they had already said that the businesses would not have gone ahead or continued had the Park not existed. Thirty percent of the businesses said employment would have decreased and 20% said that turnover would have decreased. Fifteen percent thought that turnover would have increased and 10% thought employment would have increased. This was primarily due to two companies who would have “given up the quality of life” and moved to areas where there was the possibility of higher turnover. Figure 6.2 below shows the results.

Figure 6.2 Turnover & Employment Additionality



The companies were clearer when asked about Time and Quality Additionality. Fifty percent of the companies said that turnover growth happened sooner and 40% of employment growth happened sooner because of the availability of premises on Cavalry Park. Forty percent of the businesses said start-up was delayed and this was due to two companies waiting for planning consents. Innovation has not been included as none of the businesses were involved in innovation.

Figure 6.3 Time Additionality

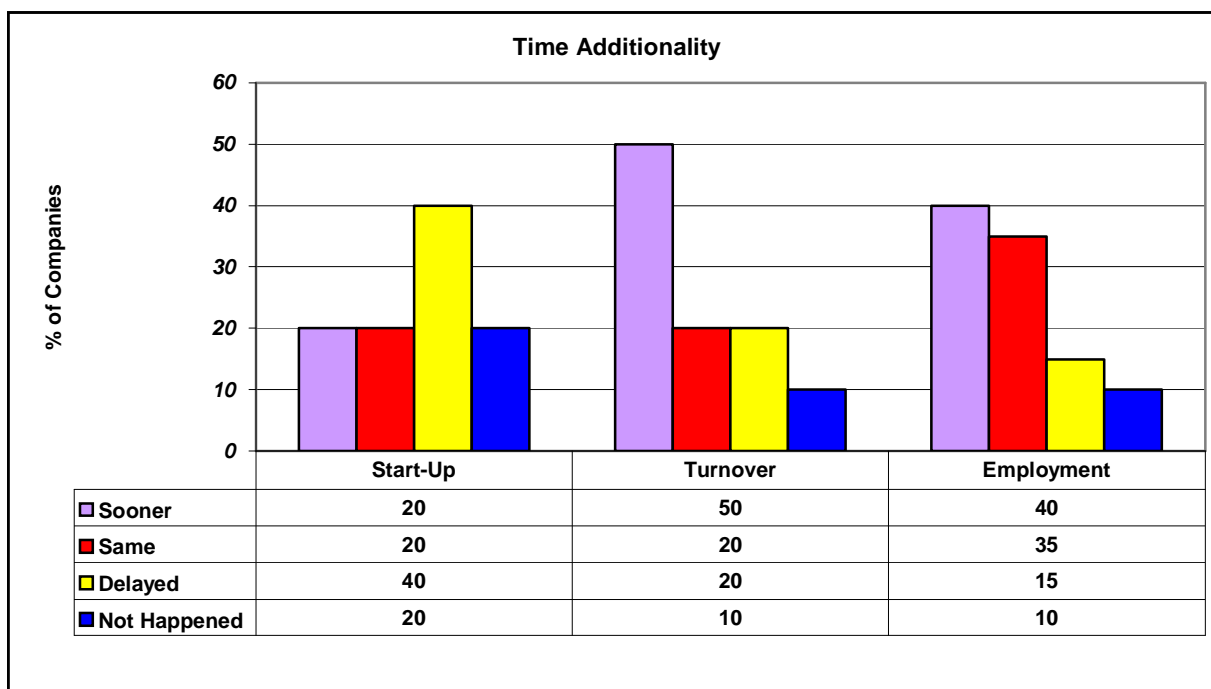
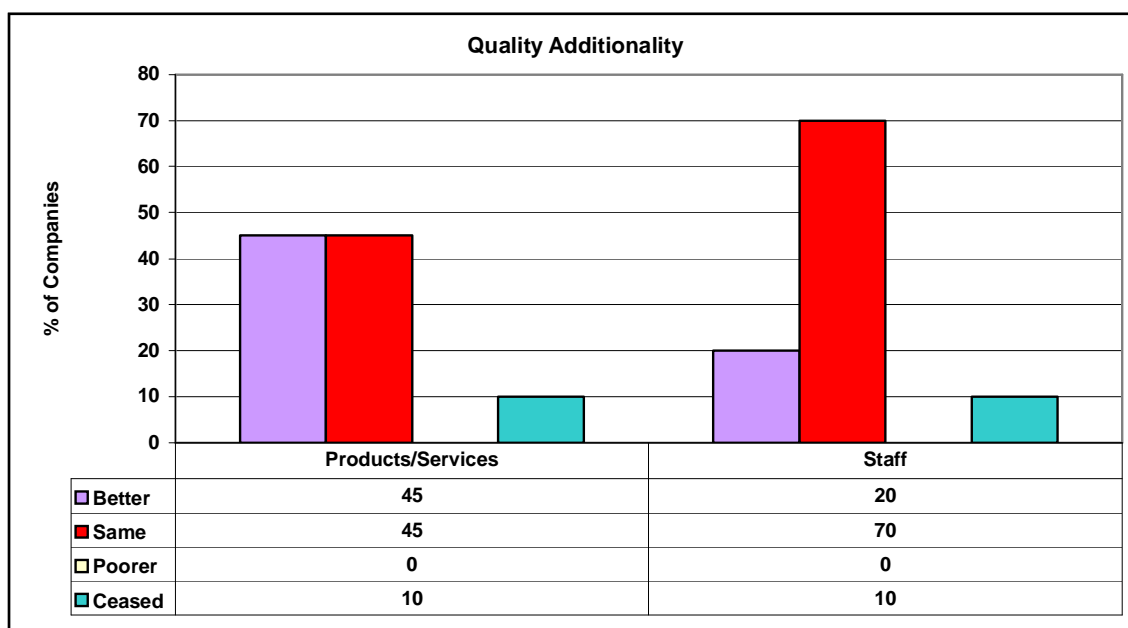


Figure 6.4 Quality Additionality



No company thought that the quality of their products/services or staff were poorer. Forty-five percent thought that the quality of products/services would be better and 20% thought staff was better: the latter was due to improved staff morale, better working conditions, and the ability to recruit the right people. Those saying products/services were better said it was due to modern, good-quality premises allowing them to improve working practices and to introduce new processes.

Summary: Absolute additionality was limited with the majority of the companies saying that their business would have gone ahead. This has to be tempered by the fact that the majority of the businesses said there were no other suitable premises available in the area. Similarly with turnover and employment, the more than half the companies said those would be the same. When it came to time additionality there was evidence that Cavalry Park had played a major role in bringing forward the economic benefits for the area. It is believed that the additionality figures in this section are on the modest side due to difficulty on the part of the companies in trying to imagine “what if”: there is some evidence that the answer they gave was not always the most logical.



7 CONCLUSIONS

7.1 Scottish Enterprise invested £2.1 million [£1.6 at 1992 prices] in developing 5.6 hectares of land [in two phases] and building 848 sq m of business space in order to “kick-start” the development of a quality business park in the Scottish Borders. The assistance received from European Regional Development Fund [ERDF] 5b of £293,000 towards the cost of building the pavilion played an important role in this early stage of the Park’s development.

7.2 This public-sector investment has leveraged private-sector investment of c. £6.3 million – a public/private leverage figure of 3.1. In addition to this SE has achieved an income of c. £1.7 million from the sale of land and building to both developers and businesses for their own use, giving a net cost to SE of c. £424,175. By deflating prices back to 1992 level, the net cost to SE is c. £749,623 and the leverage ratio is 1 : 2.5 a cost of £81 per sq m of business space on the Park – or £7,349 per net additional FTE job. The development of the Park has been achieved with an excellent value-for-money outlay from the public purse.

7.3 The views expressed by the businesses when asked about what other locations they looked at confirms the view that no other site was available for the development of modern, business accommodation. The companies struggled to find alternative accommodation in the Scottish Borders: for the smaller companies only inadequate, expensive accommodation in Peebles was available; for the larger companies, the alternative was to relocate [or start up] outside the Scottish Borders.

7.4 Cavalry Park has contributed substantially to the creation and retention of growing, successful businesses in the Scottish Borders. It has also contributed significantly to the diversification of the local, rural economy.

7.5 The initial concept was to provide a location for high-tech businesses but in more recent times this has been widened to encompass a wider range of companies. This step was taken due to the lack of take-up by high-tech businesses – the most likely reason being the proximity to the large-scale Edinburgh businesses parks. In spite of this there are high-tech companies on the Park, particularly EBS Ltd and Propeller Media. The latter is already designated a “high-growth” company by SE and is developing ground-breaking software for the healthcare market. The views of both SE personnel and the majority of the companies are that the present mix of companies on the Park works well and that benefits have accrued from this change of direction.

7.6 The range of companies on the Park seems to work very well. The level of interaction or networking among the companies is high; indeed, it is the highest we have seen in conducting many of such evaluations. The companies rated this as the most important business benefit they got from being located on the Park. It is not merely a lip-service to networking, the larger companies use some of the smaller ones for the provision of services; the smaller companies rely on each other for assistance and the larger ones for some services.

7.7 In terms of the environment, Cavalry Park is set in an attractive rural landscape alongside the River Tweed. The Park is, as yet, somewhat lacking in landscaping, although one of the developers [Pearson Donaldson] has made considerable efforts to improve landscape coverage on his land, it has yet to mature. Some of the newer developments are considerably lacking in landscaping, particularly the Stanley Brash Construction building and the TechAuto development. This may be something the companies will address once the economic situation has improved: they should be encouraged to do so.

7.8 The businesses on Cavalry Park are diverse in size, stage in life-cycle and markets they operate in. They range from new-start up, single person businesses to a software development business with more than 30 employees. The combined turnover on the Park is growing, although those companies in the construction industry are seeing a downturn due to the current financial position of the UK. The companies are, in general, seeing growth in profit, although, once again, those in the construction industry are seeing shrinking profit levels. Salaries paid on the Park vary greatly from new single-person businesses providing the owner with very little remuneration at this point in their life-cycle to those larger, more mature businesses paying high level salaries. The median annual income for the Park is estimated to be above those for the national and UK economies. The net additional turnover for the businesses is estimated as:

	National
Lower Limit of Range	£11,041,310
Upper Limit of Range	£12,203,554

In gross terms the total turnover on the Park is currently £35.4 million an overall increase of 51.4% since the companies first located on the Park.

7.9 Employment on the Park has risen to 228 FTE jobs an increase of 102 net additional FTE jobs (or 45%) since the first company moved on to the Park in 1999. The additional employment on the Park has been calculated as:

	National
Lower Limit of Range	64
Upper Limit of Range	71

Almost all of the employees on the Park live locally [in the Scottish Borders], and around two-thirds of the businesses have experienced no recruitment difficulties.

7.10 The GVA for Cavalry Park is estimated to be £13,815,974 gross [based on profit + staff costs + depreciation] – higher than the GVA utilising per employee figures for Scottish Borders, Scotland and UK. When the net additional figures²³ are considered, Cavalry Park is still higher than the Scottish Borders and Scotland and [at its highest net additional figure] is 80% of the UK figure.

²³ After removal of deadweight, i.e. GVA already attributable to the existing businesses.

7.11 Absolute additionality was limited with the majority of the companies saying that their business would have gone ahead. This has to be tempered by the fact that the majority of the businesses said there are no other suitable premises available in the area. Similarly with turnover and employment, more than half the companies said those would be the same. When it came to time additionality there was evidence that Cavalry Park has played a major role in bringing forward the economic benefits for the area. It is believed that the additionality figures in this section are on the modest side due to difficulty on the part of the companies in trying to imagine “what if”: there is some evidence that the answer they gave was not always the most logical.

7.12 Cavalry Park has a buzz to it that was not there a few years ago. The companies on the Park are happy there: there was very little in way of complaints – a very unusual circumstance when given the opportunity to say whatever they want about a business location.

7.13 The companies are successful; they are employing almost exclusively local people; the larger companies are trading in Europe and elsewhere in the world; they are extremely content with their location on the Park.

7.14 In terms of the goals expressed in the Consultants’ Brief, the Park can be said to meet them in the following terms.

Goal 1²⁴: “The challenge for government is to create the best possible environment for competitive businesses, entrepreneurship and innovation to flourish.”

It can be clearly demonstrated that Cavalry Park has fully achieved that goal. Without SE’s intervention it is extremely unlikely that the Park would ever have existed. The smaller companies would have continued to work from home, reducing both profitability and employment. The larger companies would have had to relocate outside the rural area and in two cases would not have continued in business or started up at all. The development of the Park has both grown and diversified the local economy.

Goal 2: “Achieving our Purpose in government requires a planning framework that both protects the quality of Scotland’s natural and built environment as an asset for sustainable economic growth and enables the development of growth-enhancing activities across Scotland, including rural areas”

²⁴ All goals are taken from The Government Economic Strategy 2007 cited in the Consultants’ Brief for this project.

Cavalry Park is a built-environment within a rural area that is providing, in local terms, substantial, sustainable economic growth. Whilst there are some issues with the physical environment within the Park itself, this is something that can be corrected either by the intervention of the public sector or by time. The great achievement of the Park is that it has provided a location for businesses to grow and to provide good- [and in some cases, high-] quality jobs for local residents. The businesses, despite the current economic climate, are on the whole, doing well: indeed, some are doing very well. Those in the construction industry are optimistic that things will improve within 1-2 years. Cavalry Park can certainly be classed as an “asset for sustainable economic growth”. The Park has also contributed to the reduction of the carbon footprint of the Scottish Borders in that almost all of the employees live locally in the area and there is anecdotal evidence that many of them cycle or walk to work.

Goal 3: “Sustainable growth and prosperity need to be shared across Scotland. At present, differences in income, participation and growth across Scotland act as a drag on our economic performance and potential. Increased participation and enhanced quality of employment across our cities, towns and rural areas will enhance our performance and deliver a more inclusive Scotland so that, no matter where people live, opportunities are open to them.”

The intervention by SE has made possible the development of this successful business park, and the introduction of a local developer in the early stages of the development of the Park has helped to kick-start the growth of the Park. Without the availability, in the early days, of small-scale, affordably-price accommodation it would have taken considerably longer for the Park to achieve its potential. Those small-scale developments remain integral to the success of Cavalry Park. Cavalry Park businesses, as already mentioned, provide employment for over 200 local residents. It has provided them with good quality jobs within easy distance of their homes. The development of the Park and the subsequent location of the businesses have provided local residents with the opportunity to work in their local community. The successful growth of the businesses has contributed significantly to the local economy through a turnover for the Park of £35.4 million and a contribution to GVA of almost £14 million.

Cavalry Park is a quality business park that has captured business growth and inward investment and has encouraged diversification of the local economy. It has created both opportunity and quality of employment and has helped to make the Scottish Borders a more inclusive region.



APPENDICES

- 1 List of Businesses**
- 2 Companies' Comments**
- 3 Additionality: Turnover**
- 4 Industry Sectors: Customers & Suppliers**
- 5 Additionality: Employment**
- 6 Additionality: GVA**
- 7 Questionnaire**

LIST OF PARTICIPATING BUSINESSES

Border Architects

Border Chiropractic

E.B.S. Limited

Helping Hands [in the Borders]

James Inglis Ltd

Kingsmeadow Nursery

Lemon Digital Design Ltd

National Shower Spares Ltd

Nautilus Consultants Ltd

Pearson Donaldson Ltd/Tweed Homes Ltd

Peter Sellar

Philips Knox & Arthur

Propeller Multimedia Ltd

Rogerson Footwear Ltd

Scotsdale Finance

Sportswise Borders Ltd [Rugbystore.co.uk]

Stanley Brash Construction

Stepping Stones/Another Chance

Tetra Acoustics Ltd

Included in survey from external information: Black Circles Ltd

COMPANIES' COMMENTS

General Comments on Cavalry Park
There would now be doubt about the choice of location as it takes longer to travel due to increased traffic; schools are more crowded - both due to increased housing development. Lack of appropriate communications is becoming critical to this business.
Overall Park is perceived as a positive influence. Disappointed at the erosion of the quality of the businesses. Good for local economy but impact for longer term on national economy not good. Afraid there won't be justification for future investment by SE, but fully understand SE's problem in getting high-tech businesses.
Would like to see it finished. Will be very good when completed
1 Parking may become an issue. 2 More high-tech businesses would improve Park. 3 Heavy industries could be disadvantageous.
More signage would be helpful
Good location needs no changes
Nice having mixture of companies and getting to know what they all do and what problems they face.
1 More signage for buildings; 2 roads not cleared after snowfall
Nothing specific but it all works very well.
Although there is a sandwich van there is nowhere to go for lunch or break where it would be possible to meet up with other businesses: this would assist in sharing knowledge.
Would like to see landscaping improved. Needs everyone to contribute. It would make the Park more attractive. Needs more of a contribution from other companies. Also needs Council to stop using it for parking up their vehicles.
Additional space has allowed increased business in Peebles rather than having to relocate. Park is fine but potholes at entrance need attention.
1 Access road to Park - wish council would fill potholes and upgrade road. 2 What the Park has to offer could be advertised better, perhaps via a dedicated website.
Some sort of eating facility would be excellent.
Believe it has had a positive impact on business overall. Park overall is very good but there is an incomplete unit which has foundations laid out for a long time which mars the appearance of the Park.
1 Don't like current developments; 2 no restriction now on type of business; 3 not allowed to have retail facility but not a major consideration; 4 there should be conditions on nature of development.
Introduction of speed bumps would be great - new developments mean that people drive past the nursery premises very quickly. BRC has not responded.
Problems with Borders College parking in front of loading bay. Signage is very poor - really need a location board at entrance and numbers on units.
Improvements to the design and landscaping of the construction company's building

Additionality Calculator A (for sample survey data)		Version: AMcP/SEL/Jun07/5.1	
<i>Enter Project Name</i>		<i>Project Reference</i>	
Additionality Calculation			
		Area of Benefit	
		Local	Scotland
<u>Intervention Option</u>			
Gross Impact	GI	<i>Enter gross impacts e.g. 25 (jobs); £1m (turnover)</i>	35,400,516
Leakage	L	<i>Enter levels of leakage e.g. 25%</i>	25%
Displacement	Dp	<i>Enter levels of displacement e.g. 10%</i>	50%
Substitution	S	<i>Enter level of substitution e.g. 15%</i>	0%
Multiplier	M	<i>Enter multipliers e.g. 1.32, 1.64</i>	1.7
<u>Reference Case</u>			
Deadweight		<i>Enter level of deadweight e.g. 35%</i>	49%
Leakage	L*		25%
Displacement	Dp*	<i>Enter Different Reference Case Values if Required</i>	50%
Substitution	S*		0%
Multiplier	M*		1.70
<u>Sampling Error</u>		<i>Enter margin of error from sample survey e.g. 5%</i>	5%
<u>Additionality</u>	AI		
Lower Limit of Range		(e.g. jobs or turnover)	0 11,041,310
Upper Limit of Range			0 12,203,554
		<i>Enter Explanation</i>	

BUSINESSES' CUSTOMERS & SUPPLIERS: INDUSTRY SECTORS

Customers	Suppliers
Telecommunications	Technical Hardware & Data Centres
House building, own developments	Construction
Healthcare	Software Industries
General Public	Educational Materials & Stationery
General Public	Stationery
Borders Regional Council & General Public	Work wear, consumables, stationery
General Public	Medical supplies & stationery
Scottish Borders Housing Association	Stationery
Public Sector	Stationery
Public Sector & General Public via internet	Bathroom fittings
Financial Services, Creative Industries, House Buyers	Timber frames, general construction materials
Retail shoe shops - own 14 branches throughout Scotland	Footwear manufacturers
Home owners	Stationery
Legal Profession	Stationery
General Public	Footwear Manufacturers
General Public via Website	Sportswear Manufacturers
General Public	Consumables, Stationery
General Public	Tyre Manufacturers/ Distributors
General Public & Construction Companies	Electronics
Non-surgical cosmetics, audio visual, builders, hotels, NHS	Paper Merchants, DVD/CD Producers

Enter Project Name		Project Reference	
Additionality Calculation			
		Area of Benefit	
		Local	Scotland
<u>Intervention Option</u>			
Gross Impact	GI	<i>Enter gross impacts e.g. 25 (jobs); £1m (turnover)</i>	0
Leakage	L	<i>Enter levels of leakage e.g. 25%</i>	22%
Displacement	Dp	<i>Enter levels of displacement e.g. 10%</i>	50%
Substitution	S	<i>Enter level of substitution e.g. 15%</i>	0%
Multiplier	M	<i>Enter multipliers e.g. 1.32, 1.64</i>	1.7
<u>Reference Case</u>			
Deadweight		<i>Enter level of deadweight e.g. 35%</i>	55%
Leakage	L*		22%
Displacement	Dp*	<i>Enter Different Reference Case Values if Required</i>	0%
Substitution	S*		0%
Multiplier	M*		1.70
<u>Sampling Error</u>		<i>Enter margin of error from sample survey e.g. 5%</i>	5%
Additionality	AI		
Lower Limit of Range		(e.g. jobs or turnover)	0
Upper Limit of Range			71

Enter Explanation

CP serves local businesses seeking to start-up & expand and as there is

Little recruitment difficulty on CP

Adjusted to match actual "after deadweight" figures

Based on median for types of businesses on CP

Additionality Calculator A (for sample survey data)		Version: AMcP/SEL/Jun07/5.1	
<i>Enter Project Name</i>		<i>Project Reference</i>	
Additionality Calculation			
		Area of Benefit	
		Local	Scotland
<u>Intervention Option</u>			
Gross Impact	GI	<i>Enter gross impacts e.g. 25 (jobs); £1m (turnover)</i>	13,815,974
Leakage	L	<i>Enter levels of leakage e.g. 25%</i>	25%
Displacement	Dp	<i>Enter levels of displacement e.g. 10%</i>	50%
Substitution	S	<i>Enter level of substitution e.g. 15%</i>	0%
Multiplier	M	<i>Enter multipliers e.g. 1.32, 1.64</i>	1.7
<u>Reference Case</u>			
Deadweight		<i>Enter level of deadweight e.g. 35%</i>	49%
Leakage	L*		0%
Displacement	Dp*		0%
Substitution	S*	<i>Enter Different Reference Case Values if Required</i>	0%
Multiplier	M*		0.00
Sampling Error		<i>Enter margin of error from sample survey e.g. 5%</i>	5%
Additionality	AI		
Lower Limit of Range		0	4,309,159
Upper Limit of Range		0	4,762,755
		(e.g. jobs or turnover)	



Cavalry Park Phase 2 Questionnaire

Face-Face Interview Survey

Administration

Establishment Name	<input type="text"/>	ID #	<input type="text"/>
Contact Name	<input type="text"/>	Tel #	<input type="text"/>

Interviewer Name

Pre-interview Checks (Establishment familiarisation)	Yes	1
	No	2

Interview Completion	Yes	1	→Date:	<input type="text"/>	Time:	<input type="text"/>
	No	2	→NOTE REASON:			

- Refused 1
- No longer trading 2
- No contact made 3
- Address not occupied 4
- Other (please specify) 5

Call Back Details

Instructions to interviewers:

- Follow numerical order of questions unless routing indicates otherwise.
- Words *in italics*: please read out the text to the respondent.
- When recording answers please circle appropriate code(s) where they apply.
- Questions marked ✕, require completion after the end of the interview.

Introduction & Respondent Details

ASK TO SPEAK TO PRE-ARRANGED INTERVIEW CONTACT

READ OUT: *Good morning/afternoon my name is YOUR NAME and I'm visiting on behalf of Scottish Enterprise. We are currently carrying out a survey of park tenants and have arranged to conduct a survey with you.*

This information allows the benefits of the park to be monitored and future assistance to local businesses and other organisations to be planned.

The survey should take around 45 minutes and the identity of your organisation will not be given to any third party for sales or marketing purposes

Are you available now to take part in the survey?

IF NO, ARRANGE CALL BACK TIME AND NOTE ON COVER SHEET.

CONFIDENTIALITY: *No contact information from this survey will be shared with third party organisations. Do you have any objections to your establishment identity being shared with Scottish Enterprise.*

Yes 1
No 2

READ OUT: *Can I first of all confirm your contact details...?*

Question 0.1

DATABASE INFO

Can I confirm the name of your organisation...?

Question 0.2

DATABASE INFO

Can I confirm the address of your current premises...?

WRITE NEW ADDRESS

Question 0.3

DATABASE INFO

Can I confirm your own name please...?

No answer 99

Question 0.4

DATABASE INFO

Can I confirm your job title...?

No answer 99

Nature of Organisation

READ OUT: *I would now like to begin by asking a few background questions about the nature of your business...If your organisation is part of a larger group, please answer questions only for the establishment located on this park.*

Question 0.1 (Industry Indicator)

What industry is your business in...?

INSERT DESCRIPTION GIVEN

× INSERT 4 DIGITS SIC (2003) CODE FROM DESCRIPTION

Question 0.2 (Date of Establishment)

In what year was your business (or organisation) established...?

WRITE YEAR

No applicable	77
Don't know	88
No answer	99

Question 0.3 (Spin-off Indicator)

Is your establishment a spin-off business from...?

A university, or public research & development centre	1
A private business, or private research & development centre	2
Neither	3
Don't know	88
No answer	99

Question 0.4 (Ownership Indicator 1)

Is this establishment a subsidiary, branch plant or branch office of a larger parent organisation...?

Yes	1
No	2 → Question 0.6
Don't know	88 → Question 0.6
No answer	99 → Question 0.6

Question 0.4b (Size of Premises)

What is the approximate floorspace of your premise on Cavalry Park (m2)

WRITE AREA

No applicable	77
Don't know	88
No answer	99

Question 0.5 (Ownership Indicator 2)

Can you say in which country this organisation's overall headquarters is located...?

WRITE COUNTRY

--

- × CODE ENTRY
- Scotland 1
- Other UK 2
- Other EU 3
- Other Europe 4
- USA 5
- Asia 6
- Other location (Please specify) 7

--

- Don't Know 88
- No answer 99

DEFINITIONS: FULL TIME = 30 HRS A WEEK AND ABOVE; PART TIME = LESS THAN 30 HRS A WEEK)

Question 0.6 (Full-time Permanent Staff)

WRITE NUMBER

- 1) *How many full-time staff did you employ at park entry and now...? (READ DEFINITION ABOVE)*
- 2) *... how many of these are fixed-term or temporary, at park entry and now...?*

3) × SUBTRACT FIXED TERM/TEMPORARY FROM TOTAL TO DERIVE PERMANENT EMPLOYEES

	On Entry	Now
Total Full-time		
Fixed-term /Temporary		
Permanent		
Don't know	88	88
No answer	99	99

Question 0.7 (Part-time Permanent Staff)

WRITE NUMBER

- 1) *How many part-time staff did you employ at park entry and now...?*
- 2) *... how many of these are fixed-term or temporary, at park entry and now...?*

3) × SUBTRACT FIXED TERM/TEMPORARY FROM TOTAL TO DERIVE PERMANENT EMPLOYEES

	On Entry	Now
Total Part-time		
Fixed-term /Temporary		
Permanent		
Don't know	88	88
No answer	99	99

Question 0.8 (Employment Leakage Indicator)

The next question asks about where your employees live. Can you please estimate the distribution of your total employees between the following areas...?

	Number
South of Scotland	<input style="width: 80px; height: 20px;" type="text"/>
Other Scotland	<input style="width: 80px; height: 20px;" type="text"/>
Other UK	<input style="width: 80px; height: 20px;" type="text"/>
Other EU	<input style="width: 80px; height: 20px;" type="text"/>
Other	<input style="width: 80px; height: 20px;" type="text"/>
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-1

Question 0.9 (Knowledge Intensity Indicator)

Approximately, how many of this establishment's current employees are educated to degree level or above in ...?

IF NECESSARY ASK
RESPONDENT TO ESTIMATE

	Number
Science and engineering subjects	<input style="width: 80px; height: 20px;" type="text"/>
Other subjects	<input style="width: 80px; height: 20px;" type="text"/>
Not applicable	77
Don't know	88
No answer	99

Question 0.10 (Displacement Indicator 1)

How would you rate your difficulty in recruiting skilled employees at this establishment? Please read out a number from the card...

WRITE NUMBER	<input style="width: 80px; height: 20px;" type="text"/>
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-2

Question 0.11 (National Priority Industries Indicator 1)

Think about your main customers, in terms of turnover value; are they from any of the following industry sectors?

Do you have any main customers that fall outside these broad industry groups

WRITE SECTOR BELOW)

Tourism	1
Food & Drink	2
Financial Services	3
Life Sciences	4
Energy	5
Creative Industries	6
Engineering	7
Other (please specify	8

Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-3

Question 0.12 (Export Orientation Indicator)

What percentages of your sales are made in the following areas...?

	%
South of Scotland	<input style="width: 80px; height: 20px;" type="text"/>
Other Scotland	<input style="width: 80px; height: 20px;" type="text"/>
Other UK	<input style="width: 80px; height: 20px;" type="text"/>
Other EU	<input style="width: 80px; height: 20px;" type="text"/>
Other	<input style="width: 80px; height: 20px;" type="text"/>

CHECK FOR 100%	100%
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-4

Question 0.13 (National Priority Industries Indicator 2)

Think about your main suppliers, in terms

of purchase value; are they from any of the

following industry sectors?

Do you have any main customers that fall outside these broad industry groups

WRITE SECTOR BELOW)

Tourism	1
Food & Drink	2
Financial Services	3
Life Sciences	4
Energy	5
Creative Industries	6
Engineering	7
Other (please specify	8



Not applicable 77
 Don't know 88
 No answer 99

SHOWCARD 0-5

Question 0.14 (Multiplier Effect Indicator)

Please estimate the distribution of your suppliers between the following areas ...? %

South of Scotland	
Other Scotland	
Other UK	
Other EU	
Other	
CHECK FOR 100%	100%
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-6

Question 0.15 (Displacement Indicator 2)

Approximately, what is the distribution of your competitors between the following areas...? %

South of Scotland	
Other Scotland	
Other UK	
Other EU	
Other	
CHECK FOR 100%	100%
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-7

Cavalry Park Premises and Location

READ OUT: *The next few questions ask about your establishment's current premises and reasons for locating on Cavalry Park.*

Question 0.1 (Prior Location Question)

Has this establishment ever been located somewhere else other than this park...?

Yes	1
No	2 → Question 0.4
Not applicable	77 → Question 0.4
Don't know	88 → Question 0.4
No answer	99 → Question 0.4

Question 0.2 (Displacement Indicator 3)

Where were your previous premises located... was it...?

South of Scotland	1
Other Scotland	2
Other UK	3 → Question 0.4
Other EU	4 → Question 0.4
Other	5 → Question 0.4
Not applicable	77 → Question 0.4
Don't know	88 → Question 0.4
No answer	99 → Question 0.4

SHOWCARD 0-1

Question 0.3 (Displacement Indicator 4)

In what town were the premises located...?

→ Question 0.4

Question 0.4 (Park Entry)

In what year did you locate at this park...?

WRITE YEAR

Don't know	88
No answer	99

Question 0.5 (Premises Entry)

In what year did your organisation first occupy your current premises...?

WRITE YEAR

Don't know	88
No answer	99

Question 0.6 (Premises Change 1)

Could you tell me what other premises you have occupied on this park?

Not applicable 77 → Question 0.8

Don't know 88 → Question 0.8

No answer 99 → Question 0.8

Number of former premises **WRITE NUMBER**

	Address (continue on separate sheet if required)	Year Entered	Year Departed
1			
2			
3			

Question 0.7 (Premises Change 2)

What were your main reasons for changing premises?

PROBE:

- Size, Cost, Location, Quality

Question 0.8 (Tenure)

Can you tell me on what terms you occupy your premises...?

Rental agreement or lease 1

Please specify the property owner...

Own the premises 2

Other (please specify) 3

Don't know 88

No answer 99

Question 0.9 (Location Decision Factors)

How important were the following factors in your organisation's decision to move to this park ...? Please read out a number from the card for each factor...

		WRITE NUMBER	Not applicable	Don't know	No answer
Size	The right sized premises	<input type="text" value="77"/>	77	88	99
	Room for expansion	<input type="text" value="77"/>	77	88	99
Price	Suitable price / rents or lease terms	<input type="text" value="77"/>	77	88	99
	Costs of local labour	<input type="text" value="77"/>	77	88	99
	Grants or other financial support	<input type="text" value="77"/>	77	88	99
Location	Availability of suitable staff nearby	<input type="text" value="77"/>	77	88	99
	Good transport links and accessibility	<input type="text" value="77"/>	77	88	99
	Close to customers or suppliers	<input type="text" value="77"/>	77	88	99
	Close to a university or research institute	<input type="text" value="77"/>	77	88	99
	Being close to similar types of businesses	<input type="text" value="77"/>	77	88	99
	Convenient for owner/ senior management	<input type="text" value="77"/>	77	88	99
Quality	Of good or attractive appearance	<input type="text" value="77"/>	77	88	99
	A reputable or prestigious business address	<input type="text" value="77"/>	77	88	99
Business Support	Good business facilities and services at park or nearby	<input type="text" value="77"/>	77	88	99
	Availability of business advice or support in the area (apart from grants)	<input type="text" value="77"/>	77	88	99
Other (specify below)		<input type="text" value="77"/>	77	88	99

SHOWCARD 0-2

Question 0.10 (Past Location Alternatives Open Question)

What alternative locations did you consider?

PROBE REASONS

Not applicable	77
Don't know	88
No answer	99

Question 0.11 (Future Location Alternatives Open Question)

If, for any reason, you were changing location in the future, what alternative locations would you consider?

PROBE REASONS

Not applicable	77
Don't know	88
No answer	99

Question 0.12 (Location Rating Indicator 1)

Overall, how would you rate Cavalry Park as a location to do business? Please read out a number from the card ...

WRITE NUMBER

Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-3

Question 5.14 (Business Benefits From Location on Cavalry Park – open question)

PROBE FOR BENEFITS

Question 0.14 (Premises & Location Open Question)

Are there any other issues you would like to raise about your current premises or the park location?

PROBE:

- Perceived benefits / disadvantages of location of park and accessibility
- Examples of the positive or negative impact of park location
- Perceived comparative performance of Cavalry Park in this area
- Suggestions for improvements

No answer 99

Business Performance

READ OUT: *The following questions ask about this establishment's overall business performance.*

Question 0.1 (Financial Information)

*Can you provide the following financial information...?
(LATEST FIGURES)*

	On Entry	Now	Not applicable	Don't know	No Answer
INSERT TURNOVER	£		77	88	99
INSERT PROFITS	£		77	88	99
INSERT STAFF COSTS	£		77	88	99

Question 0.2 (Confounding Factors Indicator 1)

I would like you to say how the turnover of this establishment has changed over the last 3 years. Please read out a number from the card ...

WRITE NUMBER

Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-1

Question 0.3 (Confounding Factors Indicator 2)

I would like you to say how the market conditions for your main products or services have been performing over the last 3 years. Please read out a number from the card ...

WRITE NUMBER

Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-2

Employment & Turnover Additionality

READ OUT: *The following questions ask about the overall effect on your business of being located on Cavalry Park.*

Question 0.1 (Absolute Additionality Indicator 1)

<i>If you had not located on this park...</i>	Yes	1
NEWS STARTS... <i>would you have started up at all?</i>	No (PROBE)	2
EXISTING FIRMS... <i>would you have continued in business?</i>	Don't know	88
	No answer	99

Question 0.2 (Turnover Quantity Additionality Indicator 2)

What would have happened to your average annual turnover if you had not been able to secure suitable premises at this location...? Please read out a number from the card ...

WRITE NUMBER	<input style="width: 40px; height: 20px;" type="text"/>
Not applicable	77
Don't know	88
No answer	99

SHOWCARD 0-1

Question 0.3 (Turnover Quantity Additionality Indicator 3)

As a percentage, how much different do you think your average annual turnover would have been if you had not been able to secure suitable premises at this location ...?

(PROMPTED) *Do you think average annual turnover would have been...?*

ASK IF 0 TO 100 % LOWER or HIGHER IN 5% INCREMENTS	<input style="width: 40px; height: 20px;" type="text"/>	+%
	<input style="width: 40px; height: 20px;" type="text"/>	-%
Don't know		88
No answer		99

Question 0.2 (Employment Quantity Additionality Indicator 4)

What would have happened to total employment at this establishment if you had not been able to secure suitable premises at this location...? Please read out a number from the card ...

SHOWCARD 0-2

WRITE NUMBER	<input style="width: 40px; height: 20px;" type="text"/>
Not applicable	77
Don't know	88
No answer	99

Question 0.3 (Employment Quantity Additionality Indicator 5)

As a percentage, how much different do you think your total employment would have been...?

(PROMPTED) *Do you think total employment would have been...?*

ASK IF 0 TO 100 % LOWER or HIGHER IN 5% INCREMENTS	<input style="width: 40px; height: 20px;" type="text"/>	+%
	<input style="width: 40px; height: 20px;" type="text"/>	-%
Don't know		88
No answer		99

Time & Quality Additionality

READ OUT: *The following questions also ask about the overall effect on your business of being located on Cavalry Park.*

Question 0.1 (Time Additionality Indicator1)

Thinking about the following activities, has your location on Cavalry Park brought forward or delayed these activities? Please read out a number from the card for each activity...

	Not applicable	Don't know	No Answer
WRITE NUMBER			
Business Start-up	77	88	99
Turnover growth	77	88	99
Employment growth	77	88	99
Main innovation projects	77	88	99

SHOWCARD 0-1

Question 0.2 (Quality Additionality Indicator 1)

Thinking about the following activities, has your location on this park affected the quality of these activity/ Please read out a number from the card for each activity...

	Not applicable	Don't know	No Answer
WRITE NUMBER			
Your main products or services	77	88	99
Staff Quality	77	88	99
Your main innovation activities	77	88	99

SHOWCARD 0-2

END

THANK YOU AND CLOSE

COMPLETE SECTIONS MARKED ✕

✕ How long has this survey taken to complete?

Hrs	Mins