How to develop and operate shared workspace
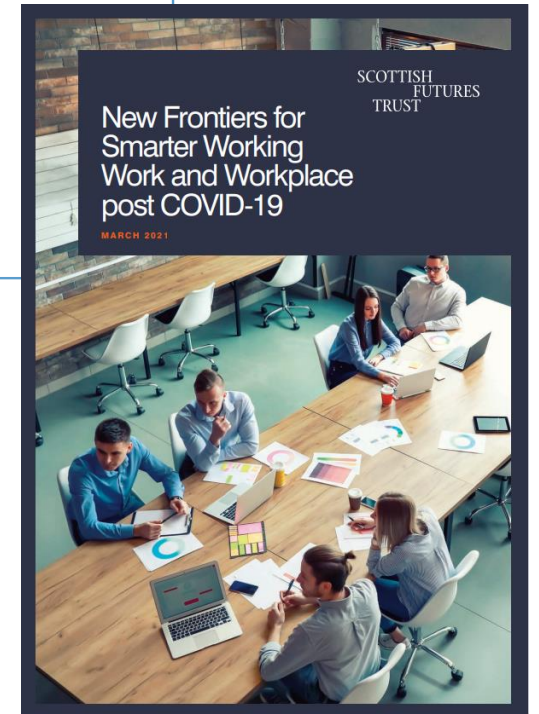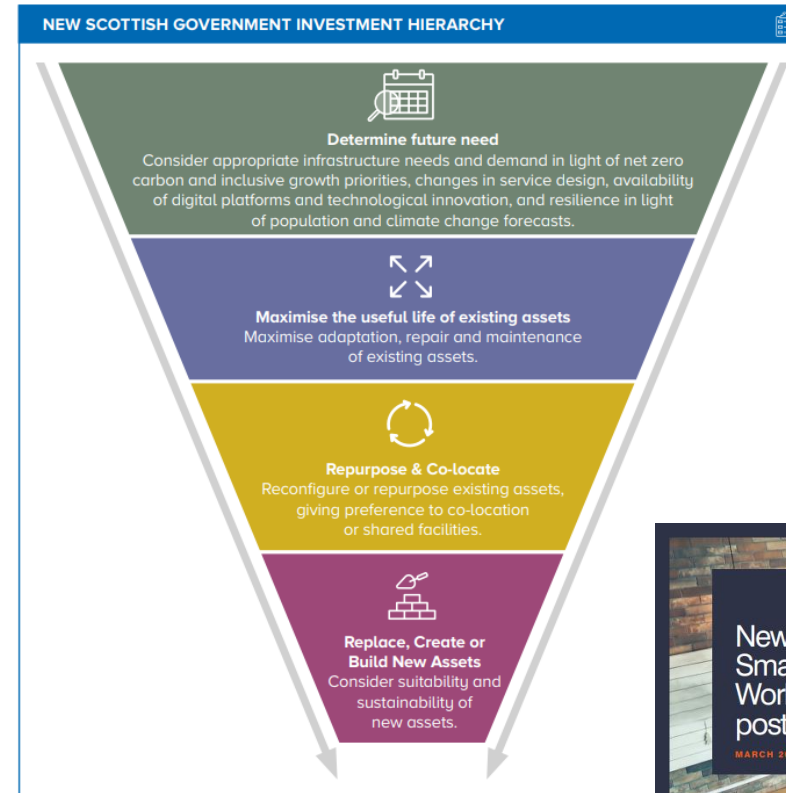
Guidance

April 2022

FOREWARD

The purpose of this guidance is to provide support to owners and operators considering or already running shared workspace. It has been prepared in response to commonly asked questions and is presented as a resource to inform future development and operation.

To support the transition to net zero, there is a policy and funding focus on maximising the useful life of existing assets including repurposing and sharing. This approach is promoted in the new Scottish Government Investment Hierarchy which priorities the reuse of existing assets over new build. Many of the shared space projects currently being considered make use of existing buildings. More on this approach can be found in the Scottish Government's *Infrastructure Investment Plan*.

Modern technology and digital connectivity has enabled a more flexible approach to the spaces we use. Where these spaces are has evolved as we become more agile in terms of where we want to work, learn, and undertake other tasks. As we recover from COIVD-19 and find what the new normal looks like, an interesting trend is what this means for the balance of time spent in the office and working at home, and the hybrid space in-between. This hybrid space can provide local choice for a mix of users from mobile office workers, to peripatetic staff delivering public services, to learners, and community groups. More on this type of space can be found in Scottish Futures Trust's *New Frontiers for Smarter Working and Workplace post COVID-19*.

Much of this guidance concentrates on the relationships between owner, operator, and users and in particular the regulation required and charging considerations. Whilst it provides suggestions as to how these can be set up and reconciled, there are undoubtedly other solutions which could be followed to create successful outcomes. It should be read therefore as a helpful guide as opposed to a detailed instruction manual.

Of course, the success of a shared workspace project is not a given. Owners and operators have to deliver a *welcoming workplace environment*, one which attracts and retains users. Creating and fostering the right sharing culture is critical to offering an excellent customer experience as users can choose not to use the space if it doesn't meet their needs and expectations. This guidance aims to create the platform upon which a successful shared workspace project can be delivered.

NEW SCOTTISH GOVERNMENT INVESTMENT HIERARCHY

Determine future need
Consider appropriate infrastructure needs and demand in light of net zero carbon and inclusive growth priorities, changes in service design, availability of digital platforms and technological innovation, and resilience in light of population and climate change forecasts.

Maximise the useful life of existing assets
Maximise adaptation, repair and maintenance of existing assets.

Repurpose & Co-locate
Reconfigure or repurpose existing assets, giving preference to co-location or shared facilities.

Replace, Create or Build New Assets
Consider suitability and sustainability of new assets.

SCOTTISH FUTURES TRUST

New Frontiers for Smarter Working Work and Workplace post COVID-19

MARCH 2021

STRUCTURE OF THIS GUIDANCE NOTE

Section 1
Strategic context

Identifies the strategic drivers behind shared workspace and explains the need for guidance on development and operation in response to commonly asked questions.

Section 2
Use

Outlines the concept's purpose and gives examples of the mix of public and private sector organisations, groups, and individuals considered potential users.

Section 3
Routemap

Sets out a routemap to guide decision making, provides a checklist, and suggests supporting resources.

Section 4
Operational decisions

Considers the key relationships involved, different types of operational models, and how the sharing of space could be regulated.

Section 5
Charging arrangements

Suggests charging principles, eligible costs, and how users could be charged.

Appendices

1. Strategic Brief template
2. Owner operates examples
3. Owner owns, others operate examples

SECTION 1 – STRATEGIC CONTEXT

Introduction

This section identifies the strategic drivers behind shared workspace and explains the need for guidance on development and operation in response to commonly asked questions.
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Strategic drivers

Agile working

The recent evidence of more people being able to work in a more agile manner both as a result of covid restrictions and longer term trends, especially being flexible in *where* they work, looks set to continue. ICT appropriate for remote working, and acceptance of the practice, enables people to work from a variety of places and helps organisation to be more resilient.

Place

There is a place-based approach to meeting local needs, one where public bodies increasingly collaborate on service delivery, and this contributes to initiatives like 20 minute neighbourhoods and work local. User choice generating demand for work local options is a critical consideration and one which is equally as important as the policy based drivers.

Infrastructure Investment Plan (IIP)

A key policy driver is the IIP which promotes the use of existing buildings over the development of new ones, more shared spaces, and a preference not for mono use/ single purpose assets. When investment is required, for example in the form of refurbishment, this creates opportunities to make existing buildings more energy efficient.

Inclusive growth

There is a desire to support Fair Work First, of which flexible working is a criteria, and staff wellbeing. Giving people choices where they work supports an inclusive and caring society.

Asset efficiency and co-location

The drive towards more efficient public sector land and property estates continues. Transitioning portfolios of legacy buildings to a modern right sized, fit for purpose, efficient estate is helped when better use is made of existing space and when current maintenance and future lifecycle costs are shared.

Net Zero

The sharing of space reduces overall estate footprint, and working locally reduces the need to travel, thus supporting the drive to net zero targets.

Need for guidance

What is it?

What is the purpose of the space? Where is the space located and what does it look like?

Who might use it?

Who would the typical users be? Public bodies, micro-businesses, community groups?

How could it operate?

Who might own and operate and how is use of the space regulated? Does the owner manage the day to day running of the space or is an operator involved?

What could the charging arrangements be?

What are the charging principles, the costs to be covered, and how are they shared?

SECTION 2 – USE

Introduction

This section outlines the concept's purpose and gives examples of the mix of public and private sector organisations, groups, and individuals considered potential users.

Purpose

What is it?

The facility offers flexible shared space and other complimentary settings for organisations and individuals in addition to their home, office, existing community facility, or place of study locations. Informed by local need they can be located across Scotland in urban, town, rural, and island settings. Branding, e.g. project name, would happen locally.

The settings can be flexible and include a range of spaces depending on the owner's strategy and target users. Whilst spaces may be run on a not for profit basis they will most likely have to cover their operating costs and also offer an attractive, flexible/ adaptable, digitally enabled, and welcoming environment for users.

Potential users

Public sector office staff

Employees from a broad range of public authorities including, but not exclusively, Local Authorities, Scottish Government and its associated bodies, the NHS, and the Emergency Services seeking either desk space or near home drop-in workspace options.

Public sector service delivery

Demand from public authority front line workers who need touch down space for example mobile teams such as health and social care practitioners, parks staff, waste and cleansing operatives who often work away from their base to deliver services locally.

Private sector office staff

Staff from a spectrum of businesses from start-ups and micro-businesses (perhaps linked to business support), to SME and corporate employers seeking desk space or near home drop-in workspace options for their staff.

Third Sector

Demand from charitable and voluntary groups for desk space or near home drop-in workspace and/ or service delivery space.

Students and school pupils

Demand from higher and further education providers for outreach teaching space and from school pupils seeking tutor and/ or self-study space.

Community groups

Space to hold meetings and events.

Individuals

Other members of the public perhaps learning, researching, etc.
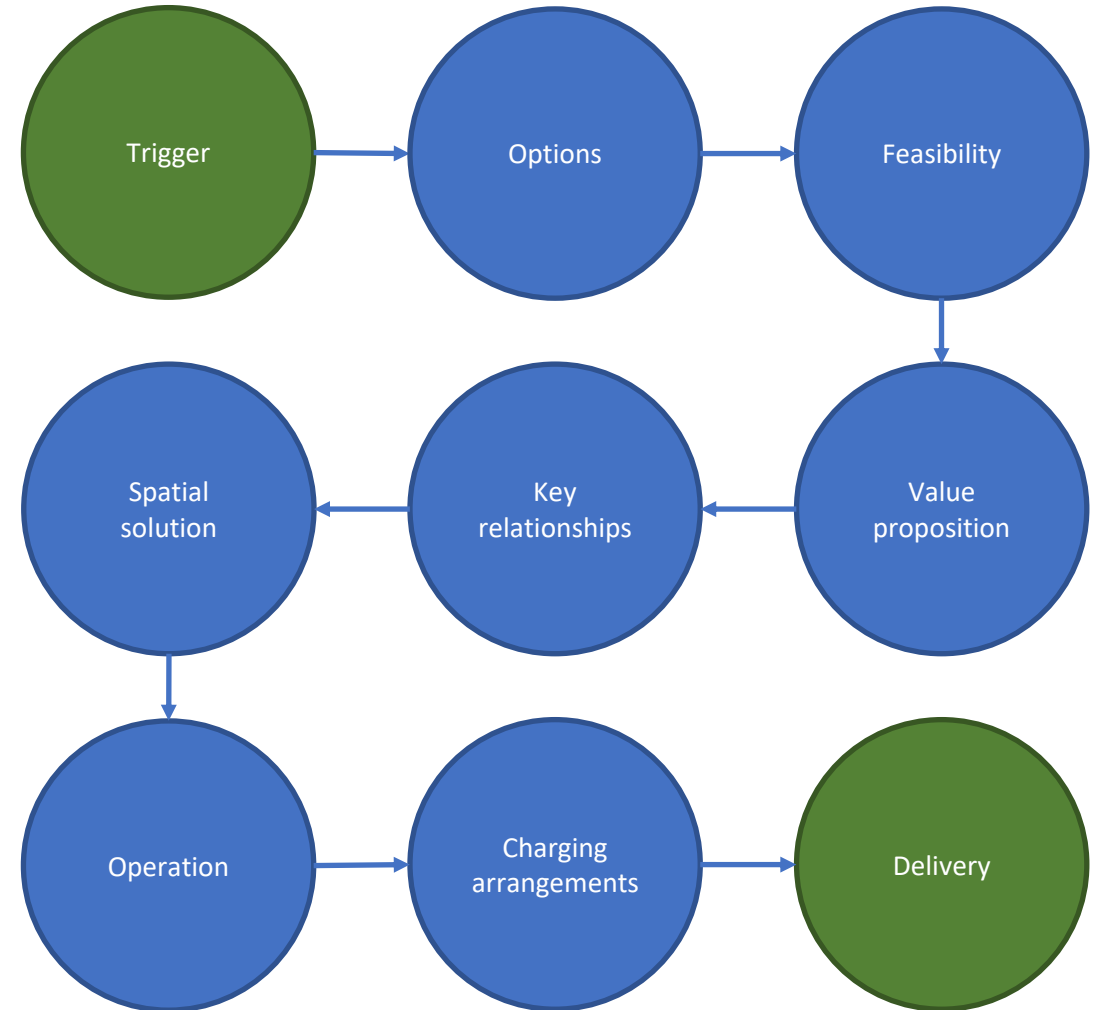
SECTION 3 – ROUTEMAP

Introduction

This section sets out a routemap to guide decision making, provides a checklist, and suggests supporting resources.

Routemap

The activities involved in working up a project can be structured around:

- **Trigger**: establishing and being clear on project need and/ or opportunity, scope and objectives are crucial from the outset, be it demand, or property, or funding driven.

- **Options**: considering if there are other ways to achieve what the project seeks to deliver, for example alternative methods of meeting the established need or other buildings.

- **Feasibility**: ensuring the preferred option is deliverable, for example is it practical and fundable.

- **Value proposition**: expressing to key stakeholders and users the benefits the project will deliver.

- **Key relationships**: considering the building specific key relationships between owner, operator (if there is to be one), and users.

- **Spatial solution**: designing the space in the way which best supports the value proposition.

- **Operation**: selecting the appropriate operational model and deciding how use of the space will be regulated.

- **Charging arrangements**: agreeing the charging principles, the costs to be covered, and how they will be recovered.

- **Delivery**: putting in place the resources to develop the business case, identify funding, prepare detailed design, secure statutory consents, procure contractor, and construct.

SECTION 3 – ROUTEMAP (continued)

Checklist with templates/ tools

Below is a checklist to support development and operation, and some suggested resources. A useful way to navigate through this is to ascertain what is the most important question to be answered at each stage. Then ask '**do I have an answer** to that most important question?' and then '**do I have enough information** to move to the next stage?':

Routemap	Suggested main question	Supporting resources	Source
Trigger	• *What is the case for change?*	• The Place Standard • The Place Guide • Infrastructure Investment Plan	• The Place Based Framework | Our Place (wsdev.org) • Media - Scottish Futures Trust • A National Mission with Local Impact: Infrastructure Investment Plan for Scotland 2021-22 to 2025-26 - gov.scot (www.gov.scot)
Options	• *What is the optimal way to meet the identified need/ opportunity?*	• Guide To Developing The Project Business Case (the Five Case Model) • Scottish Capital Investment Manual	• Guide to developing the Project Business Case (publishing.service.gov.uk) • Scottish Government Health Directorates Capital and Facilities Division
Feasibility	• *Is the building a viable proposition?*	• RIBA Plan of Work - Stage 1 • Net Zero Public Sector Buildings Standard	• RIBA Plan of Work (architecture.com) • Layout 1 (sustainabilityexchange.ac.uk)
Value proposition	• *How are the benefits framed?*	• National Performance Framework • Briefing & Evaluation Framework	• www.nationalperformance.gov.scot • sftframework18052021.pdf (scottishfuturestrust.org.uk)
Key relationships	• *Who will operate?*	• User analysis to inform relationships	• Target Group – Development Impact and You (diytoolkit.org)
Spatial solution	• *What kind of space is required?*	• New Frontiers for Smarter Working Work and Workplace post COVID-19	• NewFrontiers_7.qxp_Layout 1 (scottishfuturestrust.org.uk)
Operation	• *How will use of the space be regulated?*	• Standard leases for use in Scotland • Memorandum of Terms of Occupation (MOTO) / Property Sharing Agreement (PSA) • A facilitation type agreement	• The Property Standardisation Group (psglegal.co.uk) • For MOTO and PSA documentation and guidance on use please contact Scottish Government Property Division at PropertyDivision@gov.scot • For a facilitation type agreement documentation and guidance on use please contact Scottish Futures Trust at mailbox@scottishfuturestrust.org.uk
Charging arrangements	• *How will costs be apportioned?*	• Legal agreements as above • The Scottish Public Finance Manual	• Legal agreements as above • Scottish Public Finance Manual - gov.scot (www.gov.scot)
Delivery	• *Are there adequate project resources (staff and financial) available to develop the business case, identify funding, prepare detailed design, secure statutory consents, procure contractor, and construct?*		

SECTION 4 – OPERATIONAL DECISIONS

Introduction
This section considers the key relationships involved, different types of operational models, and how the sharing of space could be regulated.

Key relationships
Assuming the *trigger*, *options*, *feasibility*, and *value proposition* routemap activities have successfully been undertaken (the results of which can be usefully captured in a Strategic Brief, see Appendix 1 for a template), a critical next step is considering the building specific *key relationships* between owner, operator (if there is to be one), and users.

The building specific key relationships will be primarily influenced by the building's intended use, i.e. purpose and demand. However, there are other influences such as culture and synergies that will also need to be considered. It is also important to take into account the owner's:

- Appetite for directly managing the building and what could be a diverse mix of users; and
- Experience, competence and capabilities around effectively being a landlord/ operator.

Operational models
The operational model adopted could be one of the following approaches:

- **Owner operates**: a scenario where the owner is willing and able to operate the space and deal with users itself. The owner also has the option to use part of the space itself.

- **Owner owns, others operate**: there could be two scenarios here:
    I. the owner prefers to install a third party, perhaps a local Development Trust or one of its ALEOs (Arms Length External Organisations), to manage the building and users on its behalf. The owner may use part of the space itself.
    II. the owner is remote, hands off, and relies on an operator to deal with all management of the building and hosting decisions. The owner does not use the space.

The preferred model then informs how relationships between owner, operator (if there is one), and users are regulated. These range from formal to more informal agreement.
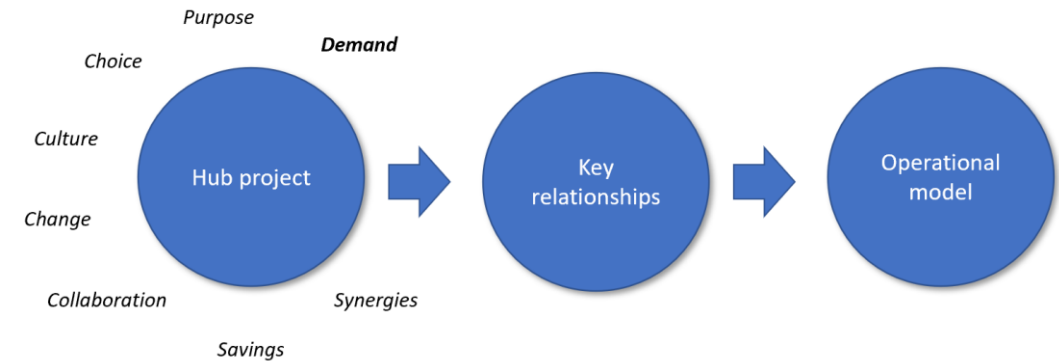
**SECTION 4 – OPERATIONAL DECISIONS (continued)**

Decision making

The process an owner goes through to inform their decision on the type of operational model to be used can be set out as below (albeit in some instances a proactive and interested operator could instigate and secure use of the asset from the owner). The preferred model then informs the nature and extent of regulation required and between whom:
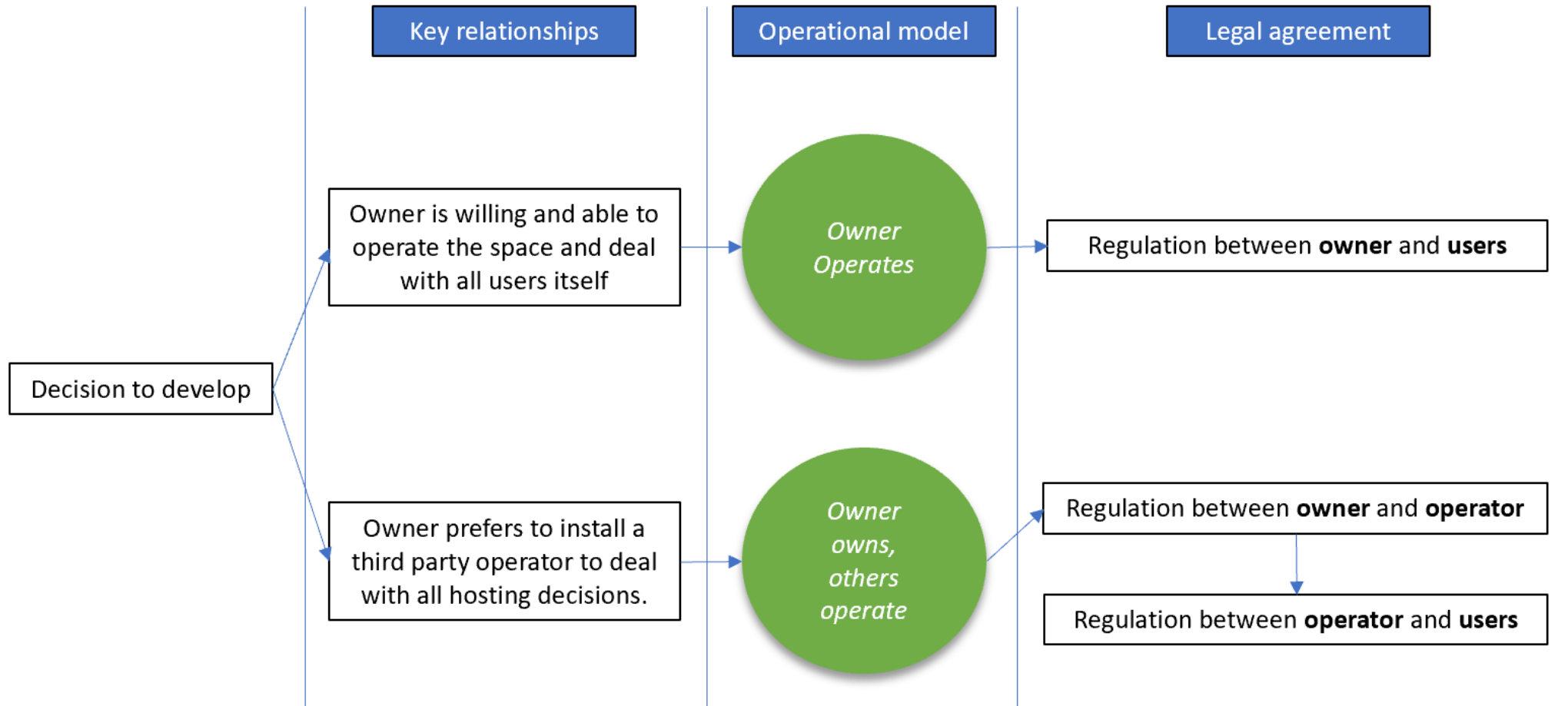
SECTION 4 – OPERATIONAL DECISIONS (continued)

Owner operates model

In this model the owner is willing and able to operate the space and deal with all users itself.
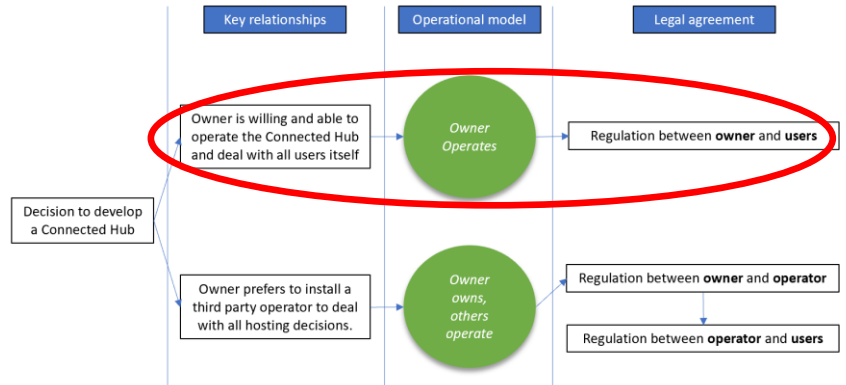

The **owner** will be sufficiently capable, competent, and resourced to deal with all user issues (or if not, may employ a managing agent to do so). The owner will put in place a legal agreement with each of the users to regulate the sharing/ use of the building. This may be a traditional lease, licence, a MOTO (Memorandum of Terms of Occupation), a PSA (Property Sharing Agreement), or a Membership agreement. The type of legal agreement will depend on the users intended use of the building.

This model is best suited to owners who are experienced in dealing with a range of landlord and tenant matters, perhaps through having a large operational or investment estate themselves, and for whom incorporating another asset to manage is feasible (subject of course to the appropriate additional property management resource being put in place).

In this model the owner may retain part of the space to occupy themselves, or it might simply be providing the space for others to use.

Examples include the shared space owned and operated by Hive Work Spaces in Dunfermline and Red Tree at Magenta by Clyde Gateway in South Lanarkshire (as summarised in Appendix 2).
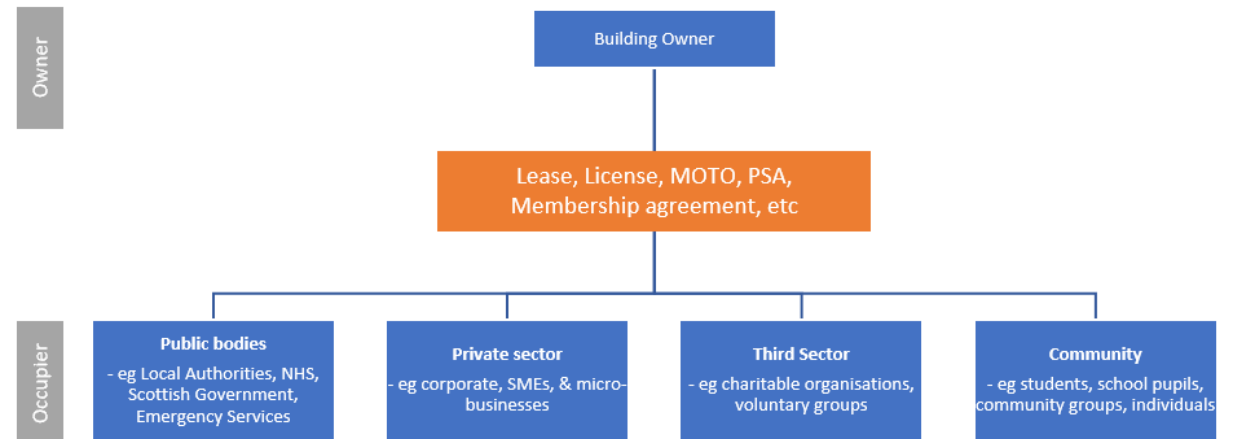
SECTION 4 – OPERATIONAL DECISIONS (continued)

Owner owns, others operate model

In this model the owner prefers to install an third party operator, perhaps a Development Trust or an ALEO (Arms Length External Organisation), to act on its behalf or an independent third party operator agrees with the owner to run and manage the building.
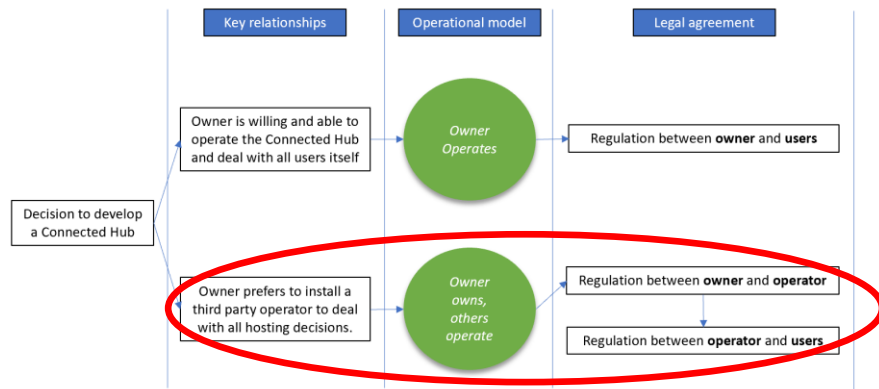

The **owner** might decide it does not have the skills, resource, or the appetite, to operate the building. The owner might also decide that an operator may be able to promote the facility in a way it could not. The owner can decide or agree with the operator that they would enter into a lease, licence, or a facilitation type agreement. This legal document would set out the purpose, use, costs, and responsibilities for the running of the building.

The **operator** would also be required to put in place a contractual arrangement with the users of the space such as a sub-lease, sub-licence, MOTO, PSA, or a form of membership agreement to regulate users in the building on (i) an exclusive, (ii) shared, or (iii) one-off basis. The type of legal agreement to be entered into with a user will depend on the use of the building by the user.

In this model the owner can be either involved, for example it may use space in the building, or be remote, hands off, with the operator running the building and being responsible for all users and hosting decisions.

Examples include the shared spaces operated by The Melting Pot in Edinburgh and by the Scottish Government at Scotland House in London (summarised in Appendix 3).
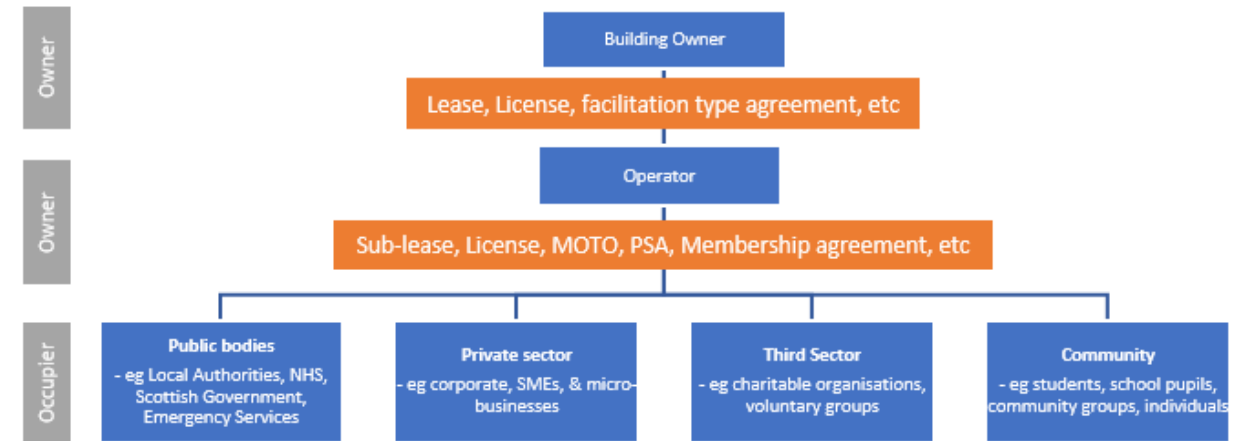
SECTION 5 – CHARGING ARRANGEMENTS

Introduction
This section suggests charging principles, eligible costs, and how users could be charged.

Charging principles
Guidance on the charging principles which could be adopted will help to create a consistent, transparent, and comprehensive approach. Advice should always be taken from the relevant finance officer with regards the tax and rating implications of the charging arrangement put in place. Charging principles could include:

- Fair and reasonable cost recovery
- Bespoke fit out/ requirement paid for by user
- No profit rent should be charged
- Ability to pay should be taken into account (similar to a concessionary rent approach)
- Some users should contribute towards a share of capital and finance cost including longer term building lifecycle costs

Eligible costs

Annual revenue costs - it is fair and reasonable for an owner to recover revenue costs associated with providing space for example but not limited to:

Hard Facilities Management:

- Building maintenance (planned and reactive)
- Grounds maintenance
- Refuse disposal
- Building insurance

Soft Facilities Management:

- Cleaning
- Window cleaning
- Catering
- Security
- Reception
- Mail/ portering

Utilities:

- Gas
- Electricity
- Other (e.g. biomass)
- Metered water and sewerage

Other:

- Any other occupation costs.
- Longer term repairs & maintenance (major works)

Longer term costs – there is also a need to make provision for any longer term repairs and lifecycle maintenance, and any major works required or planned, e.g. any major refurbishment which will be required in the future for example but not limited to:

- Roofing & Exterior Walls
- Doors & Windows
- Grounds
- Heating, Ventilation, Air Conditioning
- Plumbing
- Electrical including Lighting.

Capital and finance costs
Owners may also have to consider how capital and finance costs are treated, for example if an operator is involved then the owner will not be in a position to recover anything from the users as it has no relationship with them. The owner may want to know how it will be recovering capital and financing costs from the operator. These costs could be for purchase, construction, refurbishment, repurposing, fit out, or expected lifecycle costs. A development agreement separate from regulation between owner, operator, and users, may be required to cover these costs.

SECTION 5 – CHARGING ARRANGEMENTS (continued)

How users could be charged

There are different ways owners and operators could recover costs. These are independent of which type of operational model selected – ie *owner operates*, or *owner owns, others operate* – as these charging arrangements could be used in either scenario. There is a spectrum of charging arrangements from traditional co-location to membership including:

Traditional sharing arrangement

Collaborative arrangement

Traditional co-location	Managed co-location	Pay as you go	Membership
• Traditionally owners/ operators have covered costs through charging users according to the square metres of floorspace the user's staff require.	• Owners/ operators adopt a more collaborative approach whereby costs are covered through charging users for access to a set number of desks.	• Owners/ operators seek to cover costs through charging users according to usage.	• Owners/ operators look to cover their costs through charging a membership fee to use the facility.
• This is traditionally based upon exclusive building areas and access to common parts.	• This is based upon agreeing the user needs a number of desks, but not which desks, to meet requirements.	• This could be based upon floorspace/ rooms utilised but more likely it would be calculated by number of desks, or hours, used.	• This could be based on a base fee then varying levels of membership fee depending on what the user requirements were.
• Usually it is a fixed periodic sum for defined access ('use it or lose it').	• Again it is usually a fixed periodic sum for defined access ('use it or lose it').	• This could be a fee payable according to use, and rates could vary depending on amount of desks/ hours booked.	• Member events could be offered to build a club culture.
• The amount is a mix of rent and recharge (for example for utilities, building maintenance, etc).	• And again, the amount is a mix of rent and recharge (for example for utilities, building maintenance, etc).	• The extent to which users could be casual or ad hoc – as opposed to 'trusted' or pre-authorised users – would need careful consideration.	• The owner/ operator could offer group or individual memberships.

APPENDIX 1 – STRATEGIC BRIEF TEMPLATE

Introduction

The purpose of a ***strategic brief*** is to provide a clear understanding of the strategic context for the project, its objectives, existing arrangements, business need, potential scope, benefits, and main risks, constraints, and dependencies. The first four sections set out the need for change. The remaining sections are more project specific.

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1. **Strategic introduction**
   - Organisation overview (a very brief snapshot of the organisations):
     - current activities, services, and responsibilities, including key stakeholders and customers
     - organisational structures, staff, and geographies
   - Existing business strategies:
     - strategic visions, goals, business aims and service objectives
     - Existing estate strategies

2. **Strategic objectives**
   - describe how the project will contribute to the key objectives outlined above
   - describe how the project will align shared principles and intent
   - what is to be achieved, what the 'end state' will look like

3. **Existing arrangements**
   - Provide a snapshot of how services are currently organised, provided and delivered
   - Mentions locations, basis of occupancy (e.g. owner occupied, leased buildings)

4. **Business need**
   - Highlight the problems, difficulties and inadequacies with the status quo
   - Highlight how the status quo constraints delivery of business strategies
   - Describe the business need that will be met by the project and why it is needed now

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5. **Potential scope & service requirements**
   - Scope:
     - Ascertains the scope of the project (including teams involved)
     - Sets out the boundaries of the project (including relevant timescales)
   - Summarise the potential scopes:
     - Minimum: to satisfy the core service requirements
     - Desirable: to meet the core plus desirable service requirements
     - Optional: to deliver the core plus desirable plus optional service requirements

6. **Benefits**
   - Main beneficiaries of the project (link to objectives):
     - Organisation/ staff – better utilised, fewer buildings, and better use of workspace
     - Customers/ public – better services to citizens
   - Financial – cashable and non-cashable (link to objectives)
   - Non-financial – qualitative and non-quantifiable (link to objectives)

7. **Main risks, constraints, & dependencies**
   - Risks:
     - business, service and external
   - Constraints:
     - Policy
     - Affordability/ existing contractual arrangements
     - Willingness of senior management to change
   - Dependencies:
     - things that must be put in place, and/ or managed elsewhere, for the project to be delivered
     - outline existing programmes and projects underway

APPENDIX 2 – OWNER OPERATES EXAMPLES

The Hive, Dunfermline

The owner – Hive Work Spaces – operates this co-work space (and serviced offices for lease) on the basis below:

Users get:
- a desk in a shared office, with a lockable pedestal
- Access 24/7, 365 days a year
- 6 hours of meeting room hire per calendar month
- 6 month licence
- £130 per calendar month, equating to £6 per day

Source: www.hivescotland.co.uk

Red Tree, Glasgow

The owner – Clyde Gateway – operates this co-work space (and traditional office space for lease) on the basis below:

Business Club membership £23 per week:
- Suited to freelancers/ start-ups
- Hot desking
- Business lounge

Premium desk rental £35 per week:
- Co-working environment
- Dedicated desk
- Access to all building amenities

Meeting Rooms Conference & Event Spaces

- Can accommodate 1-50 delegates
- Audio and video facilities
- Catering available on request

So what are the benefits?

The business club and premium fixed desks provide an all-inclusive rate covering:

- High speed Wi-Fi
- Complimentary Nespresso coffee
- Kitchen/breakout areas
- Contactable host during working hours
- Shower facilities and drying room
- Bike storage
- 4 hours meeting room use per month

Source: www.redtreebusinesssuites.com

APPENDIX 3 – OWNER OWNS, OTHERS OPERATE EXAMPLES

The Melting Pot, 15 Calton Road, Edinburgh

The owner of the building – Foundation Scotland – uses a social enterprise – the Melting Pot – to manage the co-work space and deal with all occupier matters on the basis below:

Your Desk £300 pcm	Your Hybrid £200 pcm	Your Basic £85 pcm	Your Flex (individual) £12.50 pcm / £100 annually	Your Flex (organisation) £50 pcm / £500 annually
Fixed desk & storage	Hot desk	Hot desk	Hot desk	Hot desk
Unlimited access during opening hours	Unlimited access during opening hours	35 hours access per month during opening hours	PAYG access during opening hours	PAYG access during opening hours
Access to Member-Only meeting spaces	Access to Member-Only meeting spaces	Access to Member-Only meeting spaces	£4/hour, capped at £22/day	£4/hour per person, capped at £22/day
Free 2hrs/month Club Room use	Free 2hrs/month Club Room use	Free 2hrs/month Club Room use	Access to Member-Only meeting spaces	Access to Member-Only meeting spaces
Members' rate for venue hire	Members' rate for venue hire	Members' rate for venue hire	Members' rate for venue hire	Members' rate for venue hire
Mailbox and business address	Mailbox and business address	Mailbox and business address		

Source: www.themeltingpotedinburgh.org.uk

Scotland House, London

The office is operated by four partners; the Scottish Government, Scottish Enterprise (including Scottish Development International), VisitScotland, and Highlands and Islands Enterprise who share the running cost. This allows their employees to use the space as and when required. Memberships are offered to others on the basis below (meeting room use hourly, half day, or full day from £20 to £400, and events space is £300 per hour):

**MEMBERSHIP PACKAGES**

Associate Member £200 / year
Access for one member with 80 hours of hot-desking included.

Enterprise Member £475 / year
Access to any member of your organisation; max of four in Scotland House at any one time; 80 hours of hot-desking per membership included

Bolt Ons
3 month unlimited hot-desking: £200 per person, maximum of 6 people per organisation permitted
80 hours hot-desking: £275 per membership, valid 12 months
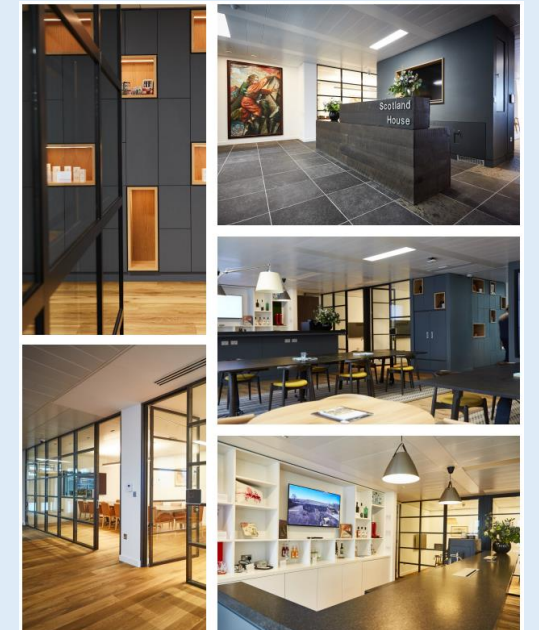
Source: www.scotlandhouse.com

Contact details

Iain Wardrop

Associate Director

E: iain.wardrop@scottishfuturestrust.org.uk

Scottish Futures Trust, 1st Floor, 11-15 Thistle Street, Edinburgh, EH2 1DF

SCOTTISH FUTURES TRUST