

# Report

Report to:	<b>Community and Enterprise Resources Committee</b>
Date of Meeting:	<b>19 March 2019</b>
Report by:	<b>Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>Proposed Closure of HMRC Office in East Kilbride – Economic Impact Assessment</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:

- provide an update on the Economic Impact Assessment carried out following the announcement of the plans to close the HMRC facilities in East Kilbride and relocate services to Glasgow

## 2. Recommendation

2.1. The Committee is asked to approve the following recommendation(s):

(1) that the contents of the report be noted.

## 3. Background

- 3.1. In 2014 HMRC published its “Building our Future” programme and proposed the closure of the majority of Tax Service Offices in the UK and centralising these into Regional Super-Hubs. In November 2015, they subsequently announced plans to establish a Super-Hub in Glasgow with the merging of the Glasgow, Cumbernauld and three East Kilbride offices/store as part of the Glasgow catchment area. Only the HMRC team located at the National Crime Campus in Gartcosh will remain in its current location.
- 3.2. HMRC occupies two principal locations in East Kilbride at Plaza Tower and Queensway House, known as Centre 1. They also have a store at Hawbank Stores where filing is archived. Both principal locations are easily accessible by car and public transport from around East Kilbride and Glasgow. Around 2,660 staff are currently employed at these premises accounting for 8% of the jobs in the town and the East Kilbride based staff account for 31% of HMRC staff in Scotland.
- 3.3. HMRC is proposing to close both the East Kilbride offices and the Hawbank store and relocate staff to a new regional centre at a site identified in Glasgow city centre. The closures are due to happen in 2 phases with Plaza Tower staff relocating to Queensway House in 2022 with the relocation of all staff to the new Glasgow base in 2026.
- 3.4. The transfer of jobs to the Glasgow Regional Hub will have an impact on both jobs in the area and impact on spending in the local economy. In addition to the direct employment by HMRC there are up to 1,400 jobs supplying / supporting HMRC which could be lost across Scotland. Based on the scale of the East Kilbride base, there is the potential for a loss of around 420 jobs associated with supporting facilities in East Kilbride as a result of the HMRC office closures.

- 3.5. In addition, the closure would result in the large office site within East Kilbride becoming vacant at a time when demand for office accommodation is low and what demand there is tends to be focused around business parks.

#### **4. Economic Impact Assessment**

- 4.1. Working with the East Kilbride Taskforce, and the Public and Commercial Services (PCS) Union, the Council agreed to adopt the same method and approach undertaken in North Lanarkshire Council, in relation to the HMRC staff based in Cumbernauld, and West Lothian Council, for HMRC staff based in Livingston, to carry out a workforce impact assessment by way of an employee survey.
- 4.2. A common questionnaire for each of these locations and approved by PCS, was distributed to PCS members. The questionnaire aimed to ascertain the impact on staff at HMRC in East Kilbride in a format which could be easily compared with the other locations, as well as the wider economic impact on the town centre and community. The questionnaire was available to all PCS members. The survey was also available for completion on-line.
- 4.3. The survey was completed by 678 HMRC employees giving a 25% response rate of East Kilbride employees.
- 4.4. Officers in the Central Research Unit of Finance and Corporate Resources analysed the results of the survey. The full report including the questionnaire is attached in Appendix 1. The main findings of the survey are outlined below.
- 72% of employees live in South Lanarkshire (54% of those within East Kilbride)
  - 71% of employees earn less than £22,000 and a further 15% between £22,000 - £26,000
  - Up to £2.2mn could be lost in Retail and Hospitality spending annually should HMRC cease to operate in the town
  - Almost a third of employees surveyed said they do not intend to transfer to the new Glasgow Regional Hub. 78% live in South Lanarkshire (65% of those from East Kilbride)
  - Around 66% of HMRCs lowest paid workers said their travel cost will increase by almost 10% of the net weekly pay. A small number of this group also face additional paid childcare costs up to £2,000 per year due to the longer travel time to and from work.
  - 22% of employees have other caring responsibilities - 68% of those said it would impact on their ability to travel to Glasgow for work. 69% are aged over 45.
- 4.5. The findings will be shared with PCS, East Kilbride Taskforce and other stakeholders who will consider the content of the report and also take on board the potential implications that Brexit may have on the proposed closure of HMRC offices and the creation of regional centres across the UK.

- 4.6. Consideration will then be given, in consultation with PCS representatives, to the possibility of further assistance from the Council which may include help to raise awareness of the proposed closure and the wide-ranging impacts this would have on both the workforce and the town of East Kilbride.

## **5. Employee Implications**

- 5.1. There are no employee implications arising from this report.

## **6. Financial Implications**

- 6.1. There are unlikely to be any direct financial impacts for the Council with the majority of support being through staff time for awareness raising, PR or attending meetings. If the closure goes ahead and staff opt not to relocate, there could be additional costs to support these employees should they become unemployed and claim benefits.

## **7. Other Implications**

- 7.1. The key risks would be impact of the relocation of c2,660 jobs from East Kilbride, the unemployment this could create for those not transferring, and the knock-on impact this would have on the town estimated at c420 jobs.

## **8. Equality Impact Assessment and Consultation Arrangements**

- 8.1. This report does not introduce a new policy, function or strategy and, therefore, no impact assessment is required.
- 8.2. All necessary consultation arrangements have taken place.

**Michael McGlynn**  
**Executive Director (Community and Enterprise Resources)**

19 February 2019

## **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Focused on people and their needs

## **Previous References**

- ◆ None

## **List of Background Papers**

- ◆ None

## **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact: - Iain Ross, Project Manager, Planning and Economic Development

Services

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