

**12 December 2013****Agenda Item: 6**

## **REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY**

### **PERFORMANCE AT WORKSOP TURBINE INNOVATION CENTRE**

#### **Purpose of the Report**

1. To provide an update on performance at Worksop Turbine innovation centre since April 2013.

#### **Information and Advice**

##### **Background**

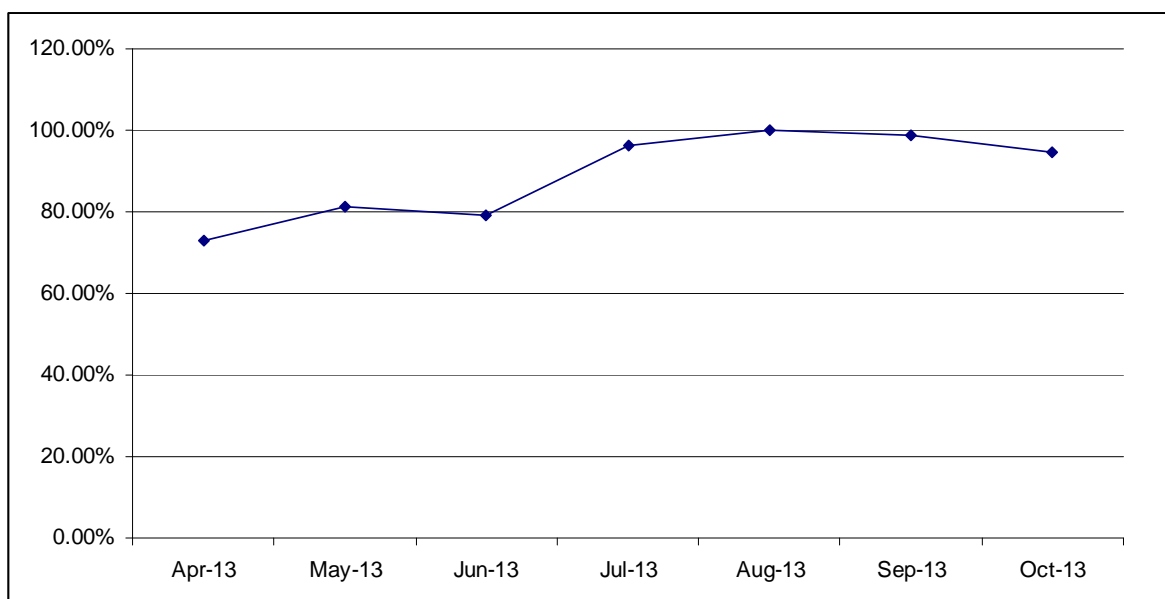
2. The three innovation centres in North Nottinghamshire comprise the Mansfield i-centre, the Newark Beacon and the Worksop Turbine. The centres were built to provide flexible and high-quality business accommodation and to drive economic growth in the local community. A key principle behind their establishment was to nurture innovative knowledge-based enterprises in order to bring higher-skilled and better-paid employment into areas which traditionally had low skills levels and associated low wages.
3. Tenant businesses at the centres benefit from excellent facilities including high specification buildings, modern telephony and ICT facilities, access to meeting and conferencing facilities, on-site cafés, and in the case of the Mansfield i-Centre, an on-site nursery.
4. The premises have different building owners but the County Council is an equity stakeholder in all three, having contributed to the construction costs of all.
5. In April 2011, a major change to operations was instituted with a move to a single, outsourced management contract covering all three centres. Previously, Mansfield i-Centre and Newark Beacon had been managed under separate outsourced contracts and different providers, and the Turbine had been managed in-house by the County Council.
6. The integrated management contract had the joint aim of seeking to improve the way the three centres are managed, and to drive the maximum economic benefit from the Nottinghamshire centres - by enabling additional collaboration opportunities for businesses in the centres, e.g in terms of

networking and supply chain development, and by integrating business support, both of which will promote growth in the tenant businesses.

7. Oxford Innovation Ltd (OI) was appointed on a five-year contract to March 2016, with the possibility of two one-year extensions.
8. An annual report on innovation centre performance is brought to Economic Development Committee each year. The report submitted to Committee in June 2013 identified that Worksop Turbine was showing weaker financial performance than the other two innovation centres. Committee requested a further update on performance after six months.

### **Performance since April 2013**

9. The contract is showing positive results in terms of job growth, businesses benefiting from the integrated business support and financial performance. Three companies have “graduated” from the centres in the first six months (against an annual target of 5); these companies have stayed within Nottinghamshire so the jobs associated have been retained locally. For example, engineering company Jaivel moved from Mansfield iCentre into its own premises on nearby Hermitage Lane; Tempo Training moved from Newark Beacon to larger premises in Colwick, Gedling, and Spectrum Energy moved out of Worksop Turbine to a larger leased premise within Shireoaks. Graduating companies frequently retain a relationship with the innovation centres and continue to use them for conferencing space etc. Even with these departures, occupancy has either remained stable or continued to grow. At the end of Q2, occupancy was 87.6% across the centres, compared with 80.6% at the start of the financial year.
10. The most significant occupancy growth over the period was at Worksop Turbine. Occupancy grew there from 72.8% on 1 April to 96% on 1 July, owing to the arrival of Wincanton Logistics, which company moved its back office functions into Worksop Turbine. Since then, a couple of company downsizes and the graduation of Spectrum Energy referred to above have reduced occupancy to 95%, which is still exceptionally high when compared both to past occupancy levels and to current occupancy in the other innovation centres in Nottinghamshire. At the end of Q2, occupancy stood at 87% in Mansfield iCentre and 81% at Newark Beacon.
11. Occupancy growth at Worksop Turbine since April 2013 is represented graphically in the chart below.



12. Expansion of customers within the centre continues to underpin occupancy growth. There were 50 new jobs created within the three centres in the period 1 April – 30 September 2013. 27 companies benefited from business support during this period – on track to achieve the target of 46 companies receiving business support during the financial year. Two of the assisted companies were identified as high growth prospects and have been referred to the regional Growth Accelerator Programme for further support / coaching.

13. Growth in occupancy has a positive effect on income. Although Wincanton is not a small start-up company, recruiting a larger company to the centre will help to secure its sustainability. Ability to increase prices, and hence increase income, is driven by demand, having an “anchor tenant” will enable some price flex to support new / growing firms.

14. Based on financial monitoring to date and forecasts for the remainder of the year, the Worksop Turbine may this year contain the annual operating deficit at c. £10K. This will represent a substantial improvement on previous years, in which the deficit has been up to £90K. Deficits are currently shared 50:50 with Bassetlaw District Council in a partnership agreement.

### **Reason/s for Recommendation/s**

15. The Economic Development Committee asked to receive a six month update on performance at Worksop Turbine.

### **Statutory and Policy Implications**

16. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described in the report.

## **Financial Implications**

17. The income generated is used to offset the costs of operation.

## **RECOMMENDATIONS**

18. That Committee notes improved occupancy performance at Worksop Turbine from April to October 2013.

### **Report of the Group Manager, Corporate Strategy**

**For any enquiries about this report please contact: Matt Lockley ext 72446**

### **Constitutional Comments (NAB 28.11.13)**

The Economic Development Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

### **Financial Comments (SEM 28/11/13)**

The financial implications are set out in the report.

### **Background Papers**

Report to Economic Development Committee, 11 June 2013, *Integrated Innovation Centres: Performance report 2012-13*

### **Electoral Division(s) and Member(s) Affected**

Worksop North, Cllr Sybil Fielding