

Harborough Innovation Centre Performance Review

Review of Financial Year 2 Performance –Quarter 1 (April -June), Quarter 2 (July-Sept) and Quarter 3 (Oct -Dec)

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1. Document Purpose

- To report on the financial performance of the Harborough Innovation Centre (HIC) compared to the Year 2 budget agreed between HDC and Oxford Innovation, during the following periods;
 - Quarter 1 (April - June 2012)
 - Quarter 2 (July – September 2012)
 - Quarter 3 (October –December 2012)
- To review project performance against all other sets of Performance Indicators (defined in either the original Business Plan, Grant Conditions or by the Strategy Board).

2. Executive Summary

- The Profit & Loss position of the HIC project at year 1 end was £48.55k above business plan, representing an overall loss of -£118k versus Business Plan target loss of -£167k.
- Year 2 to date performance (to end December) shows a Profit & Loss performance of -£56,339, against a Business Plan target loss of £70,738 and a budget projected loss of -£82,148 (over performance of £25,809 and £14,399 respectively).
- Project Cumulative P&L position is
 - Total loss since project initiation to end December 2012 of -£174,528k v. Business Plan target of -£237,478

- £62,950k above Business Plan Target
- A good enquiry pipeline and conversion rate continues as a measure of OIs sales and marketing effectiveness and a tool to help define future promotional and strategic development campaigns.
- February 1st occupancy is forecasted to be at least 53%.

3. Financial Performance, Year 2 to date

3.3a Table 5; Summary of Performance Year 2 to date against Budget

Budget	Month December 2012			Year To Date 2012/13		
	Actual	Budget	Budget Variance	Actual	Budget	Var
Occupancy	49%	57%	-8%	40%	47%	-7%
Revenue	£22,692	£28,164	-£5,472	£180,072	£216,122	£36,050
Expenditure	£30,261	£35,169	£4,908	£236,411	£298,270	£61,859
Profit/Loss	-£7,569	-£7,004	-£565	-£56,339	-£82,148	£25,809
Cumulative Position				£174,528	£248,888	£74,360

Following a slowing in enquiries during the summer months (experienced each year across the Oxford Innovation network of centres), occupancy has risen dramatically

Whilst this has negatively impacted the monthly revenue performance against budget we are still trending close to the year to date target and are optimistic of good occupancy recovery during Quarter 3.

For February we are forecasting 53% occupancy exactly in-line with the original business plan based on the following new customers already committed to move into the centre (paperwork completed and deposit received)

- Fact 51 – office 42, a digital marketing company moving in on Feb 1st
- Xena Automotive Limited –Moving in to office 13 on the 1st Feb 2013 – Office 13. This company is moving from Colchester and therefore an inward investment output for ERDF grant targets
- Rented Property Ltd t/a Northwood –Moved in 14th January 2013 – office 49

In addition, below is a summary of our new customer potentials (hot leads)

March - Experience Elite (John Morgan) Sells advanced driving to the Police. He was interested in office 42 which has now been sold. Will come and view other options

May/June = **Redman Displays** (Alan & Jackie Stuart) interested in office 15 (898 SQ FT. He has given notice on his office but that runs till May.

3.3b Occupancy Result Year to Date against Budget & Business Plan

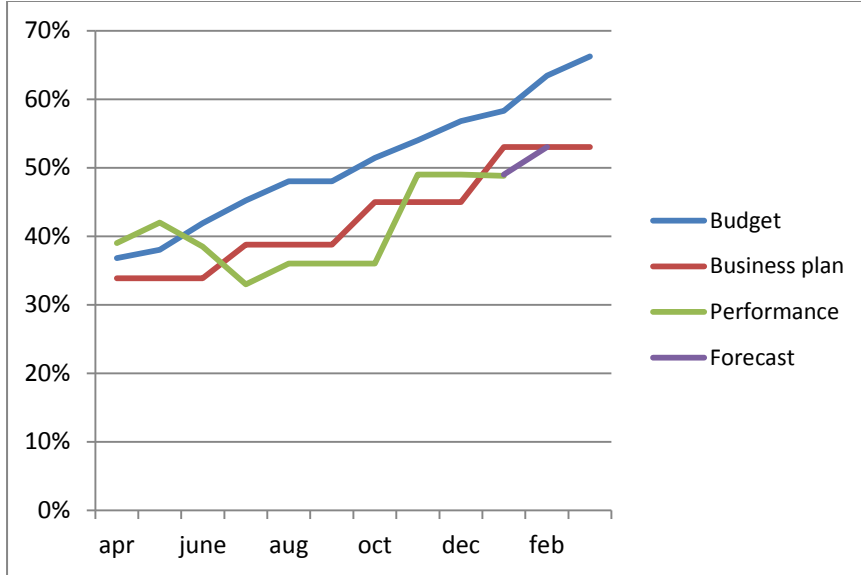


Figure 1: Occupancy Overview Year 2

3.4 Overall Summary of Performance against Key & Other Performance Indicators Yr. 1

Performance Indicators	Target	Monitoring process	Q1 end June	Q2 end Sept	Q3 end Dec	Q4	Yr2 Result	Performance v Target
Key Performance Indicators (contract)								
Occupancy (of net lettable 18ksqft)	66% end of Year 2 (BP 43%)	Monthly Occupancy report	40%	38%	49%			
Av Square Foot Price	£23.63 during year 2 (up 5% /yr)	P&L	£25.11	£25.48	£24.74			
Surplus/Profit	Break Even point reached in Year 3	P&L (£k)	- £23,787	- £44,259	- £56,139			£25.81k over budget
Conference Revenue	£45,700	P&L	£4,248	£7,232	£15,331			
Jobs created -ERDF	11	HIC Monthly ERDF Report						delivered 3 yr 1
Businesses created & attracted -ERDF	7.2 created/attracted to EM in Yr2	HIC Monthly ERDF Report						delivered 15 yr1
Jobs created or safeguarded -SP	2.4 jobs created or safeguarded Yr1	HIC Monthly ERDF Report						
New business growing at 12 mnths & attracted to EM -SP	4.2 business growing at 12 months	Annual reporting commencing Yr 2						
Other Performance Indicators (agreed SB)								
Graduation Of Tenant Businesses	One in Yr4, rising to 3 in Yr6	Contract Management						N/A
Number of virtual customers	15 at Yr2 end	Occupancy report	9	10	12			
Customer Satisfaction Level - all	80% - to be completed Sept 2012	Annual customer survey						N/A
Conversion rate - qualified enquiries	30%	Contract Management	40%	40%	40%			
# customers using business support	5 businesses during year 2	Contract Management	2	3	5			
Customer Satisfaction - bus support	80% - to be completed Sept 2012	Annual customer survey						N/A
Number of events at the centre		Contract Management	11	7	8			
Number of FTE jobs within the centre		Contract Management	40	37	92			
Annual Business Success Rate		Annual reporting						
Businesses expanding in centre		Annual reporting						
Business with high growth potential;	> 5 staff /3 years, 10% TO growth	Annual customer survey						