

**REPORT TO THE PERFORMANCE SCRUTINY PANEL
MEETING ON 9 DECEMBER 2021**

Status: For Discussion
Title: Update on Harborough District Council Business Centres
Originator: David Wright, Economy & Business Service Manager
Where from: Performance Scrutiny Panel on 18 March 2021
Where to next: N/A

Objective: To update the Scrutiny Panel on progress with Harborough District Council Business Centres, particularly in relation to increasing occupancy levels, synergies between facilities and progress with management arrangements.

1. Outcome sought from Panel

- 1.1 Consideration of the attached presentation (Appendix A) outlining progress with the two Harborough District Council Business Centres – Harborough Innovation Centre and Harborough Grow-on Centre.

2 Background

- 2.1 Harborough Innovation Centre (HIC) is a business centre with up to 52 individual office spaces, shared workspaces, virtual services, meeting rooms, onsite café and reception services. Established in 2011 as Harborough District Council's first business centre and funded by HDC, European Regional Development Fund (ERDF) and East Midlands Development Agency, the HIC has supported more than 250 business since opening. The HIC's main point of difference is the targeted and tailored business support start-up businesses and SMEs receive. This includes strategic coaching and mentoring as well as advice on grants and funding. Designed to give a flexible workspace solution without long-term financial ties, the HIC continues to be the perfect location for local growing businesses.

In the early years, the management of the HIC was outsourced to a centre operator, Oxford Innovations. In 2019, HDC brought the running of the HIC in house. In recent times, occupancy at the HIC has fallen due a mix of factors, the main being the Covid-19 pandemic from early 2020. Since then, occupancy has fallen due government requirements to work from home for much of the past year meaning many businesses have seen a dramatic reduction in turnover.

2.2 Harborough Grow-on Centre (HGC) is a business office centre offering 17 individual office spaces ranging from 532 – 2,076 sq. ft. with two separate meeting rooms and a reception area. It was designed and built following the success of the Harborough Innovation Centre and was opened in 2020. The project was funded by HDC with support from the European Regional Development Fund (ERDF) and the Leicester and Leicestershire Enterprise Partnership (LLEP).

The aim of the HGC is to work as part of HDC Business Centres in tandem with the Harborough Innovation Centre (HIC). The aspiration is to transition companies that outgrow the HIC to the HGC to continue their growth whilst also encouraging other small to medium scale businesses into the HGC either from within the district or further afield.

Designed to meet the needs of SMEs (small to medium enterprises), tenants are able to sign longer leases of 3 years or more dependent on requirements. HGC is currently operated by an out-sourced facilities management company, MK2. Given the building was only completed in late 2019 and since the Covid-19 pandemic with government requirements to work from home for much of the past year, many businesses have either put their plans on hold or decided to scale back. As a result, lack of demand for office space left the HGC with no tenants until late 2020. In August 2020, HGC welcomed its first tenant business, Krypton IT.

In March 2021, responsibility for the Harborough Grow-On Centre transferred from the Council's Fixed Assets Service to the Economy and Business Service, in order to operate alongside and benefit from the synergies with the Harborough Innovation Centre.

2.3 The operation of business centres is a non-statutory service, but has been considered as an important way in which the Council can support new and growing small businesses to develop and thrive, thus helping to ensure the prosperity of the area through long term economic growth and added value employment, in a way in which the commercial property sector would not fulfil on its own.

2.4 The attached report provides an update on progress in relation to occupancy at both centres, as well as new and current initiatives, and the intention is that this will be expanded on in the presentation, with the opportunity for members of the Scrutiny Panel to ask questions.

3 Points for discussion

3.1 The impact of the Covid pandemic on occupancy and usage levels of the Business Centres.

3.2 Steps being taken to adapt services, both to meet the needs of businesses post-Covid and to create a strong and supportive business community.

3.3 Progress being made to secure new tenants, increase income, reduce running costs and raise awareness of the Business Centres.

4 Equality Impact Assessment Implications/Outcomes (attach completed EIA)

4.1 Not applicable.

5 Impact on Communities

5.1 Not applicable.

6 Legal Issues

6.1 Not applicable.

7 Resource Issues

7.1 At the end of 2020/21, the net cost to the Council for both the HIC and HGC was £311K. However, by the end of 2024/25 it is currently estimated that the Council will be in surplus by £175K, which will represent a net improvement of £486K.

7.2 The Business Centres staffing is based on the original fairly small HIC team, which is made up of a Business Centres Manager, Operations Manager, Business Adviser and two part-time Customer Experience Assistants, (ie. 4 FTE in total). As this does not allow much capacity for growth, part of the integration of the HIC and HGC into Business Centres management involved a proportion of HIC management salaries being allocated to the HGC budget. As occupancy increases at both centres, it is important that the team structure reflects this growth and the needs of tenants, so there is a small amount of incremental growth built into the business plan for increased staff costs in future years.

8 Community Safety Implications

8.1 Not applicable.

9 Risk Management Implications

9.1 A risk management approach has been adopted for the Business Centres, particularly in relation to planning the implications of the Covid pandemic on occupancy levels.

10 Consultation

10.1 Not applicable.

11 Background Papers

11.1 Harborough Innovation Centre Business Plan - April 2021 to March 2025.

11.2 Harborough Grow-on Centre Business Plan - April 2021 to March 2025.

11.3 Budget Challenge 2025 - delivering a Sustainable Budget to 2024/25 Report for Business Centres

Previous report(s): *not applicable*

Information Issued Under Sensitive Issue Procedure: No

Appendices:

A. Presentation outlining progress with the two Harborough District Council Business Centres.