



Corporate Performance Panel
Wednesday, 4th September, 2024 at 4.30 pm
in the Council Chamber, Town Hall, Saturday Market
Place, King's Lynn PE30 5DQ

Reports marked to follow on the Agenda and/or Supplementary Documents

1. **King's Lynn Innovation Centre (KLIC) Performance Update** (Pages 2 - 5) As agreed by the Corporate Performance Panel this report is now published as open.

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POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Corporate Performance Panel		
DATE:	4 th September 2024		
TITLE:	King's Lynn Innovation Centre – Performance Summary		
TYPE OF REPORT:	Update & Monitoring		
PORTFOLIO(S):	Portfolio Holder Property [Cllr Simon Ring]		
REPORT AUTHOR:	Tracy Brooker, Property Services Manager		
OPEN/EXEMPT	Exempt	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
<p>Matthew Henry, Assistant Director Property & Projects submitted a report to the Corporate Performance Panel on 4th January 2023 providing a written update that NWES had complied with the Settlement Agreement and paid the loan amount in full in October 2022. The original Settlement Agreement allowed for monthly instalments up to and including 5 April 2026. A request was made by the Panel to receive a summary of the current position of the building/revenue/tenants etc</p> <p>The purpose of this report is to provide a summary on the performance of the building including occupancy rates, income and expenditure.</p>
KEY ISSUES:
<p>The performance of the KLIC building including occupancy rates, income and expenditure.</p>
OPTIONS CONSIDERED:
<p>No further reporting on this issue is required.</p>
RECOMMENDATIONS:
<p>None – this report is provided at the request of the panel on the current performance of the KLIC building.</p>
REASONS FOR RECOMMENDATIONS:
<p>No recommendations – Summary on the performance of the KLIC building including occupancy rates, income, and expenditure.</p> <p>Note: This case can now be closed.</p>

REPORT DETAIL

1.0 Introduction

1.1 The Council during 2019 took possession of the King's Lynn Innovation Centre (KLIC) as part payment of monies owed from the financing arrangements for the delivery of this facility. The Settlement Agreement and Payment Plan owed by Norfolk and Waveney Enterprise Services (NWES) has been settled in full in October 2022 which was reported on 4 January 2023. The Panel requested a summary on the performance of the KLIC building including occupancy rates, income and expenditure.

1.2 The KLIC building comprises of the following available space:

Ground Floor	12 office units, reception (office) and a Conference Room
First Floor	8 office units and three meeting units.
Second Floor	2 office units
Third Floor	2 office units

2.0 Monitoring Report

2.1 Demand for these office units remains high with all the units have been let. The meeting rooms are let to both internal and external Clients. There is currently a waiting list for offices from companies who are keen to move into this building.

2.2 The units are let on short term leases. The current annual rental income is £435,872.60 per annum with the meetings rooms achieving an additional rental income of £20,528.25 (an increase from £11,377.25 for 2022/23). The net contribution that The KLIC building makes to the investment portfolio is approximately £177,000 per annum.

2.3 The units are let on rate per square foot and there is a total of 13,195.78sq. ft Net Internal Area. Internal Area resulting an occupancy rate of 100%.

2.4 The rents are all inclusive with the following services being provided:

- 24 hr access
- CCTV
- Disabled access
- Manned reception
- Meeting room hire as agreed at lease agreement/renewal. Reduced rates once allowance is used.
- High specification throughout
- Communal break-out areas
- Vending machines with complimentary refreshments
- Broadband facilities included (up to 100mbps available)
- Utility bills included.
- Telephone systems available.
- Cleaning of communal areas provided.
- Cleaning services for individual offices available at additional charge
- Incoming and outgoing mail services available

2.5 Expenditure for the building for 2023/24 is to date £258,507.08, as detailed on the table below:

12308 - KL Innovation Centre		2023 - 2024
Account	Account (T)	Actual
1101	Salaries	30,905.61
1135	Overtime	1,722.01
1141	Wages	3,992.72
1401	Recruitment	260.00
2101	Repairs & Maintenance	30,286.96
2205	Garden Service	3,700.00
2302	Premises Security	0.00
2311	Security Alarms	2,350.27
2401	Electricity	265.59
2415	Electricity Bulk Billing	96,486.57
2501	Window Cleaning	2,200.00
2511	Cleaning Material & Equip	1,069.39
2521	Contract Cleaning	31,398.84
2701	NNDR	5,418.77
2721	Water & Drainage Rates	1,379.99
4101	Tools And Equipment	447.10
4103	Signs	174.00
4111	Furniture	3,275.04
4118	TV Licence	159.00
4123	Christmas trees	54.17
4126	Computer Equipment	0.00
4141	Vending Machines	3,848.05
4143	Beverage Supplies	4,833.88
4181	Catering	261.50
4190	Telephones	9,528.43
4211	Stationery & Office	556.59
4214	Postages	9,608.71
4215	Broadband Charge	12,780.88
4223	Hire Of Skip	0.00
4911	Miscellaneous	80.00
5151	Contracted Services	0.00
8931	Telephones	-3,720.00
9330	Room Hire, Int rechg CR	-2,077.00
9410	Prop Insurance Recharge Debit	2,320.01
9411	Misc Insurance Recharge	370.00
9424	CCTV Internal Recharge	4,570.00
9453	Postages Recharges DR	0.00
9651	Transfer To Reserves	0.00
		<u>258,507.08</u>

2.5 In 2023/24 the reception office which was in a smaller meeting room was moved into the foyer for increased visibility which in turn will create a much-needed small meeting facility for internal tenants.

3.0 Corporate Priorities

3.1 As set out within previous reports.

4.0 Financial Implications

4.1 Income generating property and occupancy rates high.

5.0 Any other Implications/Risks

5.1 Risks of tenant default (arrears approximately £2,515.16). With a waiting list of prospective tenants, risk surrounding vacancy rates can be mitigated.

6.0 Equal Opportunity Considerations

6.1 None apparent

7.0 Environmental Considerations

7.1 None apparent

8.0 Consultation

8.1 Not applicable

9.0 Conclusion

9.1 The KLIC building is a good Income generating property with occupancy rates high. The net contribution that The KLIC building makes to the investment portfolio is approximately £177,000 per annum.

10.0 Background Papers

10.1 None.

Tracy Brooker
Property Service Manager