

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

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| 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

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| 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: |
| The performance of the KLIC building including occupancy rates, income and expenditure. |
| OPTIONS CONSIDERED: |
| No further reporting on this issue is required. |
| RECOMMENDATIONS: |
| None – this report is provided at the request of the panel on the current performance of the KLIC building. |
| REASONS FOR RECOMMENDATIONS: |
| No recommendations – Summary on the performance of the KLIC building including occupancy rates, income, and expenditure. |
| Note: This case can now be closed. |

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:

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|--------------|---|
| 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