

ECONOMIC DEVELOPMENT COMMITTEE

24 MARCH 2021

NEWARK BEACON UPDATE

1.0 Purpose of Report

1.1 The purpose of this report is to update Members on the progress made at the Newark Beacon.

2.0 Background Information

2.1 On 1 October 2018, management of Newark Beacon was brought in-house and a five-year Business Plan (2018-2023) was subsequently approved by the Economic Development Committee (21 November 2018).

3.0 Update

3.1 Business Plan

The Business Plan set out a number of proposals and objectives over a five-year timeline. There have been some delays to this programme, primarily due to essential works and staffing changes.

The current economic climate due to Coronavirus has obviously had a significant impact on the financial success of the Centre.

3.2 Staffing Changes

Both the Centre Manager and Assistant Centre Manager returned from maternity leave as of April and June 2020 on reduced hours (0.74 FTE and 0.61 FTE respectively) thus creating a need for a second Assistant Centre Manager of 0.81 FTE. A second ACM was appointed in September 2020.

In January 2021, the ACM started a second period of maternity leave and a temporary member of staff was appointed on a fixed term contract to cover this leave.

At the time of writing the report, the substantive Centre Support Assistant is on maternity leave and the team has two members of temporary support staff covering this role until her expected return in May 2021. Both temporary staff were furloughed from April to August but have continued working throughout lockdowns two and three.

In September 2020, a member of staff was appointed on a zero-hour relief contract to support the reopening of the café and the Centre's marketing strategy.

While the café is closed the substantive Café Operator is currently on furlough but is expected to return in March 2021.

3.3 Essential Works

Managing the Beacon over the last 30 months has enabled us to identify a range of essential works required to maintain the facility to the high standard we strive to achieve.

This is essential if we are to continue to provide a high level of service in an attractive environment and retain existing businesses. Equally, we are focussing on providing facilities that appeal to new organisations which may be attracted by new and innovative facilities.

Continued analysis of our competitors, highlights that the Beacon currently lacks a private area for tenants to use as break out space for down time away from their offices. In addition to this, we have also identified that an improved shower facility, updated cycle storage and electric vehicle charging points would make us a more appealing setting and help us support objectives in the Community Plan concerning sustainable growth.

The following progress in respect of improvements to the Centre have been made since the update to Committee in August 2020:

- Office 29 furnished as over spill office to support Castle House – completed Aug 2020 at a cost of £4,000 from the Covid Fund.
- Replacement Telephone Call Logging System- completed February 2021 at a cost of £4,745 from R&R.

A new programme of works has been identified to further improve the facilities:

3.4

	Scheme	Status	Cost (approx.)
a.	Office conversion to create tenant breakout space, improved showers and changing facilities, with renovation to both upstairs kitchenettes	Funding approved for 2021/22 Budget	£52,000 (Capital Scheme)
b.	End Stairwell Repaint	To programme	£2,048 (R&M)
c.	Electric Vehicle Charging Points	Funding to be determined	Approx. £28,000 grants are available

3.5

COVID 19

A COVID risk assessment and Safe System of Work were completed in June 2020 and are reviewed monthly.

The current pandemic has had an adverse impact on the centre’s financial performance. All on-site businesses that qualified were offered and received the 10K business rates grant in a timely manner in April 2020. As an added measure of support, all on-site customers were offered a 25% concession on their monthly rent for April, May and June. All virtual customers received a 50% concession for the same months.

During the first lockdown the centre café closed and reopened as planned in September as a takeaway-only service, fully adopting the centre’s COVID safe systems of work. During the second lockdown in November, the café was able to continue to trade.

At the beginning of January 2021, the third lockdown came into force and the café closed again due to the expected reduced footfall. It is anticipated that the café will reopen for takeaway food in line with the schools reopening and that there will be an initial outlay for restocking the café. The cycle of lockdown and reopening has made stocking challenging to manage and avoid obsolete stock and wastage. The current menu is being reviewed and re-costed to ensure achievable profit margins once it does reopen.

All conferencing and external meetings have ceased and will not resume until government authorisation is granted. In the meantime safe systems of work have been drafted and approved in readiness to restart this activity.

Office 29 has been furnished to accommodate overflow officers from Castle House as a drop in location in light of social distancing challenges. This includes desks, chairs and screens as well as docking stations and monitors.

4.0 Performance to Date

4.1 Rental

Annual rental income, both office rent and virtual, was budgeted at £373K for 2020/2021. As at the end of January 2021, the Beacon has generated £219K, an unfavourable variance of £153K.

As outlined in 3.4, all onsite customers received a 25% discount for April, May and June, which has contributed to this deficit while virtual customers received a 50% discount for the same period. Obviously, COVID has had a detrimental impact on income, with a dramatic reduction in enquiries during the first half of the financial year. New enquiries have been steady since August, with 27 enquiries all year, 48% of which have viewed the centre.

During the second half of 2019/20 the Virtual Office package was repriced under the direction of former management within the Business Unit, which resulted in the loss of 50% of virtual businesses. The two virtual packages were combined and the price doubled however, the higher price has not covered the loss and this is reflected in the reduced virtual income.

With more people working from home but wishing to portray a professional image, we expect virtual office business to increase in the next financial year. Therefore, the virtual office package has recently been reviewed again, with a list of products and services priced so customers can select the level of service they require. The option to utilise hot-desking days has been included in the gold package. A copy of the proposed packages is attached in the appendix.

4.2 Auxiliary

Auxiliary Income includes catering, hot-desking, hire charges and service charges and is budgeted at £106K for 2020/2021. Actual achieved so far up to month 10 is £14K, an adverse variance of £92K. Fewer tenants has meant that we have fewer services to recharge.

The remaining deficit is directly correlated to the centre being unable to host conferencing and meetings during the pandemic, and the accompanying catering that would support these. As well as significant reduction in achievable catering income: The café has only been open to onsite customers for three months of the financial year. The catering loss is offset by the reduced expenditure.

4.3 Occupancy

Occupancy in the 30 months since the Beacon management returned in-house has obviously fluctuated with natural progressions and the current COVID climate. In February 2021, the centre is currently at 71% occupancy (31 out of 44 offices being occupied). Prior to the COVID lockdowns, occupancy at the centre was 88% (November 2019). Constant tenant management on a daily basis ensures that tenant expectations are met to maintain a high degree of satisfaction.

The last year has seen a lot of movement in centre. Eight customers have vacated, however only three of these are due to the pandemic. A leisure industry business who were looking to reduce costs are hoping to return to the centre in late 2021. Other changes are the results of reduced staffing levels meaning an office in Newark is no longer required and/or customers have decided to work from home permanently.

On a positive note, two customers have downsized instead of vacating and three customers have upsized, along with one brand new customer who became a tenant in November 2020. Our largest tenant, UMC Architects, has gone the extra mile to accommodate all their staff to social distancing requirements by leasing three extra offices. They have increased their workforce throughout the pandemic, creating jobs to support their current largest project to date of designing the new Sky Studios in Elstree.

The centre management team are looking at all opportunities to increase the offer at the Beacon to make it as attractive as possible for businesses during this difficult time. Work due to be completed in 2021/22 and ideas being explored include:

- The capital scheme to break down larger offices to more small offices, including improved shower and changing facilities and a breakout room for onsite tenants to facilitate networking and socialising;
- Electric Vehicle Charging Points, exploring the possibility of any external grant;
- A “show office” is currently being set up which would include offering a fully furnished office ready for someone to move in;
- Flexible terms with shorter lease lengths;
- Corporate gym membership discount.

There will also be a full review of the marketing strategy for the Beacon in 2021 to identify any areas of improvement to maximise occupancy levels and income received. Local networking events are already being attended virtually, to increase awareness of the centre in the business community.

Services already included in a tenant’s lease include:

- Professional business support, provided on site by NSDC
- Reception meet and greet service including telephone answering in company name (Monday to Friday, 08.30-17.00 hrs, excluding bank holidays)
- 24/7 secure access to the Centre
- Free onsite car parking (subject to availability)
- Business Rates
- Shared Internet access for 0-4 users
- Direct Dial Telephone number with up to 2 extensions and handset hire (excluding call charges)
- Utilities: heating, electricity and water
- Newark Beacon as company postal address for mail & parcels
- Shared kitchens
- Toilet facilities
- Water Coolers in common areas

- Maintenance & Cleaning of common areas (kitchens, toilets, etc.)
- Monitored Intruder and Fire Alarm
- Onsite Networking Events
- Discounted meeting room hire

4.4 **Business Support**

Business Support has understandably tapered off during the pandemic as face-to-face meetings and conferencing have not been permitted. However, most of the planned support activities have been able to go ahead virtually. New customers have received an introductory communication from the Economic Support Officers and any questions about business support have been directed their way via the centre management team.

4.5 **Digital Communications**

Further work is required to increase the Beacon's digital footprint. The Beacon website needs to be moved onto the T4 framework. In the meantime, improvements to the current website include a virtual 360 tour of the centre, completed by an onsite customer; an enquiry form as a call to action and; google analytics information forwarded monthly to the centre team.

Social media has seen increased activity as posts are scheduled more frequently, often sharing NSDC corporate messages on Facebook, LinkedIn and Instagram thus raising the profile of the Centre.

The centre management team are currently exploring all avenues to market the centre including partnering with Buttercross estates to advertise on Rightmove.

4.6 **Customer Satisfaction**

Customer Satisfaction at the Beacon is measured using a formalised, questionnaire-based process. There was a 54% return rate.

Feedback was overwhelmingly good with 50% of respondents rating the Beacon as excellent, 28.5% as very good and 21.5% as good. Tenants were particularly happy with the staff, café and ground floor upgraded toilets. Points mentioned for future improvements focused mainly on the first floor toilets, centre temperature in particular air conditioning, and parking.

A Café survey was issued in November 2020 to onsite customers. Of the responses, 85% of customers used the café facility. Feedback indicated that customers thought that current pricing is fair, and particularly like that sandwiches are freshly-prepared rather than pre-packaged, ready prepared. Suggestions including healthy and vegan options were requested.

5.0 **Equalities Implications**

5.1 Equalities impact assessments will be completed as appropriate for the activities and actions mentioned within this report.

6.0 Financial Implications (FIN20-21/9677)

- 6.1 As part of the 2021-2022 budget setting process, a thorough zero-based review was undertaken to ensure the anticipated income and expenditure is accurate. The budget has been prepared with prudence and the understanding that whilst COVID will continue to prove a challenge, that normal business will resume in 21-22. If this continues as expected predicted occupancy levels and income generation should return to pre-COVID levels: a 9% occupancy increase.

The Centre Management Team remains focused on the tight management of the budget, and is confident that the Newark Beacon will return to a stable cost neutral position post-COVID.

The capital bid was submitted in autumn 2020 for the scheme identified in the table at 3.4 to further improve the facilities. This was approved at 22 February 2021 Policy and Finance Committee and Council on 8 March 2021 as part of the Capital Programme Budget report. A tender process will begin shortly.

7.0 Community Plan – Alignment to Objectives

- 7.1 The in-house management of Newark Beacon was driven by the desire to improve the quality of the service and business support available to the customers, as well as reduce expenditure and increase revenue in accordance with Newark and Sherwood's Commercial Strategy and Investment Plan.

The latest capital bid is further supporting this to provide improved showering facilities and update the current cycle storage with the potential to include a hire bike station (Brompton Bikes) to encourage increased cycling to work; to not only improve the overall health and wellbeing of the customers but also contribute to the reduction of congestion within the town.

Installing electric vehicle charging points would make the Beacon a more attractive proposition. Supporting the Government plans to accelerate the national move to greener transport as well as future proofing the centre. This would encourage the use of electric cars and protect the district's natural environment, whilst positively impacting local residents' health with the reduction in air pollution. We already have several customers with electric cars, with one actively seeking to move their fleet to electric vehicles.

In line with the Council's objective regarding the inclusive and sustainable economic growth, the Beacon management team feel the centre is ideally placed to help support new grass root start-up businesses, which are likely to emerge as the country begins to recover from the pandemic. The management team is currently developing a strategy to engage with and encourage new businesses into the centre, potentially tailoring the Café towards the business café culture with continued business support as they grow.

8.0 Comments of Director

- 8.1 I continue to welcome and support the difference made since the Beacon was brought back in house in terms of occupancy and budget. The centre provides important accommodation to a number of businesses. There is a need to absorb temporary staffing costs within the 2020/21 budget, a matter which Officers will address. It is expected that the relaunch of the Beacon's advertising profile in 2021 will accelerate the additional take-up of vacant units.

9.0 RECOMMENDATIONS that:

- (a) Members note the report and the achievements made to date; and**
- (b) a further progress report be presented to Committee in June 2021.**

Reason for Recommendations

To continue to inform Members on the delivery of the Beacon Business Plan

For further information please contact Becky Forrow on ext 5867

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Virtual Office New 2021



newark beacon

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VirtualOffice

a professional company image

An office address and reliable reception service adds credibility to your business. It helps your customers to feel reassured that you are a serious operation; good at what you do.

Bronze	Silver	Gold
✓ Postal Address*	✓ Postal Address*	✓ Postal Address*
✓ Post & Parcels Delivered for Collection	✓ Post & Parcels Delivered for Collection	✓ Post & Parcels Delivered for Collection
✓ Free Wi-Fi Whilst in the Building	✓ Free Wi-Fi Whilst in the Building	✓ Free Wi-Fi Whilst in the Building
✓ Free On-site Parking	✓ Free On-site Parking	✓ Free On-site Parking
✓ Newark Beacon On-site Cafe	✓ Newark Beacon On-site Cafe	✓ Newark Beacon On-site Cafe
	✓ Direct Dial and Phone Answering Service	✓ Direct Dial and Phone Answering Service
	✓ Messages Taken and Relayed Via Email	✓ Messages Taken and Relayed Via Email
	✓ Professional Business Support Services	✓ Professional Business Support Services
		✓ Discounted Meeting Facilities
		✓ 5 Days Hot Desking a Month or 10 Half Days
£35 per month	£70 per month	£110 per month

Please note that all prices are exclusive of VAT based on a monthly rolling contract with the option to give one months notice to terminate
 *not registered office address

Newark Beacon is managed by:

