

ECONOMIC DEVELOPMENT COMMITTEE

9 SEPTEMBER 2020

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, the 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

Business Plan

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

Staffing Changes

- 3.2 Both Centre Manager (CM) and Assistant Centre Manager (ACM) have returned from maternity leave part time as of April and June 2020. The CM has returned on 27.5 hours working Monday, Tuesday, Wednesday and Thursday morning. The ACM has returned on 22.5 hours working Wednesday, Thursday and Friday. This has created a need for a second ACM's position of 30 hours a week. The position has been advertised externally and candidates have been interviewed, with a decision being made the week of publication of this agenda. A verbal update will therefore be provided. The temporary CM left in February 2020 and the temporary ACM's contract finished 31 August 2020. The Centre Support Assistant's maternity leave commenced just after lockdown on 17 April and the two zero hour contract staff, employed last year to cover reception during holidays and sickness, started their joint temporary maternity cover on 4 May 2020. They were both furloughed until 1 August.

A zero hour café relief operator has been employed in January 2020 to provide cover for holidays which will reduce the use of agency staff. The Café team have also been furloughed while the café has been shut. This new employee will be utilised as soon as the café reopens as Covid secure, as one of the team is currently on long term sick.

Essential Works

- 3.3 Managing the Beacon over the last 19 months has enabled us to identify a range of essential works required to update and maintain the facility to the high standard of service offering we are striving for. We recognise the importance of providing this level of service in an attractive environment to retain existing businesses. Equally we are focussing on providing facilities that appeal to new organisations which may be attracted by new and innovative facilities. The following progress in respect of improvements to the Centre have been made:

Scheme	Status	Cost (approx.)
New website completed & operational	Complete – Nov 18	Nil
Fire Risk Assessment compliance	Complete – Oct 18	£2,000
Fire Alarm upgrade	Complete – Oct 19	£4,000
Telephone system upgrade	Complete – March 19	£4,000
Door Access System replacement	Complete – April 19	£4,000
Kitchen Equipment (Café)	Complete – July 19	£2,000
Kitchen Reorganisation/redecoration (improved storage)	Complete – July 19	£4,000
Redecoration (reception)	Complete – Jan 19	£1,200
Centre Signage replacement	Complete – Oct 18	£4,000
Shared Office/New Meeting Room (inc new Furniture & AV equipment)	Complete – April 19	£20,000
Conference facility upgrade inc. new AV equipment (NB this has replaced the option of the sliding wall and new AV previously reported at circa £20,000)	Complete – Sept 19	£4,000
Reception Upgrade	Complete – March 19	£2,000
Car Park Remarking	Complete – June 19	£1,000
Intruder Alarm upgrade	Complete – May 19	£1000
Communications Room upgrade	Complete – Dec 18	£2,000
Principal Toilet upgrade including Legionella compliance	Complete – Nov 19	£20,000
Carpet Replacement	Completed – Nov 19	£4200
Kitchenette refurbishment (2)	To programme	Approx. £2,000
Telephone switches	To inspect and update	TBA
End Stairwell Repaint	To programme	£2048
Office 29	August 2020	£4000

Covid 19

3.4 The current pandemic has obviously had a negative impact on the centre's income performance. All on site businesses that qualified were offered and received the 10K business rates grant in a timely manner. As an added extra measure of support, all onsite customers were given 25% discount on their rental amount for April, May and June. All virtual customers received a 50% discount for the same months.

There have only been two customers that have given notice during the pandemic, both continue to trade but as leisure industry businesses they could no longer afford the expense of the office. One hopes to return to the centre in 2021.

Café - The centre café closed on 20 March and will remain closed until Covid secure status has been achieved, with reopening expected the week commencing 14 September. There will be an initial outlay for restocking the café, especially as there has been a lot of waste from out of date food stocks. All conferencing has ceased and will not resume until the Government allows it – expected 1 October.

A Covid risk assessment and Safe System of Work has been completed. As of 15 June there has been a steady increase in tenants returning to work from the centre. The largest company, UMC Architects, has gone the extra mile to accommodate all their staff to social distancing requirements by leasing two extra offices. They are currently looking at a third temporary office to house new employees.

Office 29 is being 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.

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. Potential ideas being explored include; Breaking down larger offices to more small offices; Offering a fully furnished office ready for someone to move in; Flexible terms with shorter lease lengths; Corporate gym membership discount; A relax/breakout room just for the onsite tenants to encourage networking and socialising outside of their own offices.

Services already included in the tenant's lease are:

- Professional business support, provided on site by NSDC
- Reception meet and greet service including telephone answering in company name (Monday to Friday, 8.30am to 5.00pm, excluding bank holidays)
- 24 hour, 7 day a week 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 (Call charges extra)
- 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 & Fire Alarm
- Onsite Networking Events
- Discount on meeting room hire

4.0 Performance to Date

4.1 Rental Surplus

The 2019/20 Outturn shows the following:

Rental Income (rent and virtual income) was budgeted as £373,000. Actual achieved was £328,885.12, an unfavourable variance of £44,114.88. During the second half of 2019/20 the Virtual Office package was repriced which resulted in the loss of 50% of virtual businesses. The two virtual packages were joined together and the price was doubled but the new higher price has not quite covered the loss in revenue from the business that left. With people now working from home more often but looking to portray a professional

image, we expect virtual office business to increase this financial year. Therefore the virtual office package will again be reviewed both in terms of pricing and offer. A more flexible option is being considered with a 'shopping list' of products and services available for customers to pick and choose the level of service they require.

There was also a significant turnover of businesses moving out of the Beacon due to office relocations or purchasing their own premises.

4.2 **Auxiliary Surplus**

Auxiliary Income which includes catering, hot desking and hire charges was budgeted as £101,990. Actual achieved was £102,025.17 a favourable variance £180.17. The upgrade to the conferencing spaces and toilets has resulted in positive feedback from external customers.

4.3 **Occupancy**

Occupancy in the nineteen months since the Beacon management returned in-house has fluctuated with natural progressions and the current Covid climate. As mentioned above 5 of the 10 vacated businesses occupied medium sized offices (7 workstations) which was reflected in the deficit as less occupiers equals less services charged for. Occupancy in Nov 19 was at 88% (38 occupied offices out of 42 available) this has decreased to 30 offices occupied (71%) in August 2020. The lowest was 64% in July 2020. We monitor tenant management on a daily basis to ensure that we meet tenant expectations and retain the high degree of satisfaction that assists in retaining tenants.

4.4 **Business Support**

Business Support has increased from 2 businesses supported since October 2018 to 7 businesses to 31 March 2019 and from 1 April to 22 October, 9 businesses.

4.5 **Digital Communications**

Further work is required to increase the Beacon's digital footprint. The marketing plan will be reviewed with the Communications Business Unit to identify areas for improvement and the support that is required for the Centre. Social media is a big part of this, including Facebook, LinkedIn and Instagram.

4.6 **Customer Satisfaction**

Customer Satisfaction at the Beacon is measured using a formalised, questionnaire based process. We had a 54% return rate which we are hoping to improve on with future surveys.

Feedback was overwhelmingly good with 50% of respondents rating the Beacon as Excellent, 28.5% as very good and 21.5% as good. No responses were rated below a good.

Tenants were particularly happy with the staff, café and upgraded toilets. Points mentioned for future improvements focused mainly on the 1st floor toilets, centre temperature in particular aircon, and parking.

5.0 **Equalities Implications**

5.1 Equalities impact assessments have been completed as appropriate for the activities and actions implemented within this report. Further improvements to the facilities and services offered will continue to be cognisant of equalities and access requirements.

6.0 Financial Implications FIN19-20/6445

6.1 Budgetary provision for the staffing of the Beacon, in the current financial year, will also need to be revisited by Officers in light of maternity cover requirements and changes to staff working hours. The Beacon was £26,604 over budget for agency staff in financial year 19/20 and though future years are unlikely to come close to this expenditure considerations should be made to ensure that unforeseen absence can be covered without having a negative impact on the yearly Outturn.

Another consideration that must be made for future financial years is covering the costs of business rates. The Beacon was £38,140 over budget for business rates in financial year 19/20. This amount is unlikely to ever reduce in future years as business rates are covered by the Beacon for all single occupancy businesses and empty units.

7.0 Community Plan – Alignment to Objectives

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

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, notwithstanding the highlighted challenges in recent months given the pandemic. The centre provides important accommodation to a number of businesses and with future offers and management, we expect occupancy and new business start-ups to increase.

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 March 2021.**

Reason for Recommendations

Ongoing reporting on the Business Plan

Background Papers

Nil

For further information please contact Becky Farrow on ext 5867

Matt Lamb

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