



Subject:	Innovation Factory – Contractual Amendment & Delegated Authority
Date:	24 November 2017
Reporting Officer:	Donal Durkan, Director of Development
Contact Officer:	Colin McCabrey, Economic Development Manager

Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report
1.1	Oxford Innovation is the appointed Service Provider in respect of the management and operation of Innovation Factory (IF) in accordance with the contract agreed between Oxford Innovation (OI) and Belfast City Council dated 27 April 2017.
1.2	In light of the first contractual Annual Performance Review this Committee Report recommends a proposed legal amendment to the contract. The proposed amendment has been agreed in principle between both contract representatives and the Project Board.
1.3	The report also seeks Delegated Authority to be granted to the Director of Development who is Senior Responsible Officer for the project. Delegated Authority is for the approval of

	incentives at the centre which can help to attract more investment to the Innovation Factory and contribute towards the Council's job creation and skills development objectives.
2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> – Approve the contract amendment to the OI and BCC contract for the Annual Performance Review Methodology for the Innovation Factory; – Agree to assign Delegated Authority to the Director of Development for the approval of incentives to tenants for locating at the centre. Performance of incentives will be reported back to Committee via the Annual Service Plan and Performance Review.
3.0	Main report
3.1	<i>Contract Amendment:</i>
3.2	The Innovation Factory (IF) is located at Forthriver Business Park and offers Grade A-standard workspace for small businesses. The building is 55,000 sq. ft. and is the first development on the wider 14-acre business park site which was previously the site of James Mackie and Sons Engineering Works. The project is part funded by Belfast City Council, Invest Northern Ireland and the European Regional Development Fund under the European Sustainable Competitiveness Programme for Northern Ireland.
3.3	The Centre will accommodate 382 workstations across 111 business units when at full capacity. It will support at least 145 jobs by December 2018 and 187 by December 2020. It will provide support annually to over 100 businesses and create 5 collaborative networks. It will promote and encourage social and economic regeneration, encourage local and foreign direct investment and act as a catalyst for further development of Forthriver Business Park.
3.4	The Innovation Factory has been performing well to date. Current occupancy stands at 22% and is expected to increase to 24% over the next month. IF currently supports 85 jobs with 5 support staff. The centre has facilitated 26 work placements to date, engaged with 4 local schools and engaged 18 students in research projects. 11 IF clients have been referred to Invest NI (INI) and are now full INI clients.
3.5	The Annual Performance Review 16/17 was carried out in close dialogue with both the service provider as well as a wider Council multi-disciplinary team and professional advisors KPMG. During this dialogue the service provider requested reconsideration of clause 5.2.2 of Schedule 6 Part 2 of the contract which relates to the annual performance and payment mechanism. The clause stipulates how the Council will award a final score for each of the four categories of Key Performance Indicators (KPI's) (namely 1. Outputs, 2. Outcomes, 3. Service Performance and 4. Financial Performance). If the service provider falls short in any of the individual elements within the KPI category, it is reflected in the overall KPI score.

3.6	<p>A revised clause has been developed and agreed by Council and Oxford Innovation. Both parties feel that the revised clause ultimately provides a fairer performance review process. It includes the following aspects:</p> <ul style="list-style-type: none">- The score awarded shall be based on a balanced, holistic view of the performance of the Service Provider;- The score awarded shall take account of the severity of any low scores; and- Scores awarded shall take account of the Service Provider's performance in respect of each Key Performance Indicator in the prior Contract Year and the Council's requirement, as set out in the Contract, for the Service Provider to deliver continuous improvement.
3.7	<p>This amendment also provides Council with a mechanism to prioritise certain elements of the contract i.e. those linked to ERDF funding targets and areas that would pose a higher risk to the Council i.e. Health & Safety considerations. The change means that scores can be assessed more broadly rather than being dictated by the lowest scoring factor. It also means that scoring can reflect repeated instances of under-performance from one year to the next.</p>
3.8	<p><u><i>Delegated Authority to Senior Responsible Officer:</i></u></p>
3.9	<p>In partnership with Invest Northern Ireland, the contract representatives have developed a soft landing, ('plug and play') workspace option at IF. The benefit of being able to offer the 'plug and play' option is that it can be used as an incentive to attract new tenants. It creates a competitive offer to attract investment clients to Belfast over other locations. Potential users would be offered competitive, no cost, or discount options for a pre-agreed period. The incentive will be based on individual investor circumstances and the economic and social opportunities that the investment proposal may generate. Tenants will remain liable for their own rates. IF has furnished a 1852sq ft area to be used for the 'Plug and Play' suite. The scale of space needed for this service will be kept under review.</p>
3.10	<p>This approach is required due to the nature of investors' decision making. Investors do not always initially commit to a permanent investment location at an early stage. This option enables Council, in conjunction with Invest NI, to offer the investor an opportunity to assess Belfast as a suitable investment location. The incentive provides an added value proposition alongside the Council's proposed Business Concierge Service. This service will provide further wrap-around support to secure investment on a more permanent basis. Any incentive offer will be agreed in collaboration with Invest Northern Ireland. It is recommended that any incentive offers such as the Plug and Play option detailed above will be presented to the Director of Development for delegated approval against a set of pre-agreed criteria.</p>

3.11	<p><u>Financial and Resource Implications</u></p> <p>There are no resource implications arising from the amendment to the contract. Any incentives agreed by the Senior Responsible Officer relating to Innovation Factory will be factored into the Financial Model for the centre agreed as part of the Annual Service Plan for the next three year period.</p>
3.12	<p><u>Equality and Good Relations Implications</u></p> <p>The Innovation Factory Project has been successfully equality screened and the Social Regeneration Activities detailed within the Year 2 Annual Service plan will further develop equality and good relations impacts of the centre.</p>
4.0	Appendices – Documents Attached
	None