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| Subject: | Innovation Factory Performance Update |
| Date: | 11 April 2018 |
| Reporting Officer: | John Greer, Director of Economic Development |
| Contact Officer: | Colin McCabrey, Economic Development Manager |

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| 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"/> |

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

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| 1.0 | Purpose of Report or Summary of main Issues |
| 1.1 | The Innovation Factory (IF) is located at Forthriver Business Park and offers high standard business accommodation in the form of a 55,000 sq. ft. building comprising 32,240 sq. ft. lettable space and 5,133 sq. ft. innovation space. The purpose of this report is to provide Members with an overview of performance to date and strategic priorities and plans for the centre as it develops. The report will be accompanied by a presentation to Committee from Oxford Innovation's Commercial Director, Duncan Quig and the Centre Manager at IF, Anna McDonnell. |
| 2.0 | Recommendations |
| 2.1 | The Committee is asked to: <ul style="list-style-type: none">- Note the performance of the Innovation Factory to date, since its opening in September 2016- Note and agree the direction of travel for the 2018/19 business plan presented by |

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| | Oxford Innovation. |
| 3.0 | Main report |
| 3.1 | <p>Innovation Factory (IF) is the first development on the wider 14 acre business park which was previously the site of James Mackie and Sons Engineering Works. The project was match-funded by Invest NI and the European Regional Development Fund (ERDF) for NI. At full occupancy, the centre will accommodate 382 workstations across 111 business units. The ERDF funding has a number of targets including:</p> <ul style="list-style-type: none"> - Creation of at least 145 jobs in the operation of the centre by December 2018 and 187 by December 2020. - Centre to provide support annually to over 100 businesses and create 5 collaborative networks. - Centre to 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. |
| 3.2 | <p>Oxford Innovation (OI) is the appointed Service Provider for the management and operation of the Innovation Factory (IF). Performance under the contract is measured via an Annual Performance Review. The first review was completed Summer 2017 and the second annual review is currently pending.</p> |
| 3.3 | <p>The capital build of the centre was completed in April 2016. Following a period of mobilisation by OI, the centre opened for business at the end of September 2016. The year 2 Business Plan/Annual Service Plan concluded at the end of March 2018. Officers are currently engaging with the Innovation Factory and Oxford Innovation to develop a business plan for the forthcoming financial year. The original contract term is 5 years with options for up to three renewals of three years each (5+3+3+3), subject to satisfactory performance and compliance with contractual obligations.</p> |
| 3.4 | <p>At the early development stage in this project, a number of risks were identified. These included the lack of precedent for a development of this type on the site (meaning that it was difficult to project the occupancy and rental levels); access issues on the contested site; lower levels of passing footfall and disruption during summer months. The centre is also operating within a range of parameters outside of the Council and the Operator's control relating to issues such as entry and graduation criteria for tenant companies; planning restrictions on the type of uses in the units and a requirement under the Business Tenancies Order for tenants to relocate within the centre at the end of each eighteen month licence period.</p> |

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| 3.5 | <p>Through the contract, Oxford Innovation is incentivised to run the centre as cost effectively as possible whilst maximising occupancy and income. The fee payable to Oxford Innovation is also dependent on a range of wider factors such as positive feedback from customers and tenants; satisfaction with centre services; compliance with statutory and regulatory obligations; numbers of complaints received etc.</p> |
| 3.6 | <p>Given the location of the centre, the Council made a commitment to ensuring that the development was not just about providing workspace but that it should also support social regeneration in the area. As part of the tender assessment process for the operator contract, all bidders were required to provide details of how they would support social regeneration through the work of the centre. In practical terms, this has included skills development support for local residents; opportunities for local businesses to avail of supply chain supplies and services and support to encourage additional social enterprise development in the area.</p> |
| 3.7 | <p>Appendix 1 details current performance of the centre from opening to the end of February 2018. Some of the high level performance outcomes are noted below for Members' information:</p> <ul style="list-style-type: none"> - Forecast occupancy by 31st March 2018 projected to be 34% against target of 32%; - 138 jobs created to date against an initial target of 100; - 140 businesses receiving innovation support annually against a target of 100; - 81% of procured expenditure from Belfast businesses (including 18% in West Belfast); - 16 IF customers offering work placements to unemployed individuals and more than 20 hours mentoring support provided in current financial year. |
| 3.8 | <p><u>2018/19 Annual Service Plan</u></p> <p>Appendix 1 summarises the high-level performance outcomes projected for 2018/19. These include:</p> <ul style="list-style-type: none"> - To achieve 55% occupancy by 31 Dec 2018; - To create 145 jobs by Dec 2018; - Deliver Innovation Support to 105 businesses and establish 5 collaborative networks; - 15 IF Tenants to deliver corporate social responsibility initiatives locally; - Engage positively with 5 schools. <p>For the 2018/19 period, there will be a focused programme of Social Regeneration activities.</p> |
| 3.9 | <p>These will include:</p> |

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| | <ol style="list-style-type: none"> 1. Investing in the Future: Facilitate skills development work placements, internships and permanent employment opportunities for the long-term unemployed, economically inactive, students and graduates living within the local community 2. Inspiring the next generation: providing pupils/students from the surrounding locality with first-hand exposure to innovation and entrepreneurship 3. Assist and support local businesses to tap into supply-chain “spin-off” opportunities arising from the operation of IF 4. Encourage positive local engagement between community/ voluntary, private and public organisations towards social regeneration, equality and good relations. <p><u>Financial and Resource Implications</u></p> <p>3.10 Financial provision to meet the 2018/19 financial commitment for the operation of the centre is included in the 2018/19 Development Budgets.</p> <p><u>Equality or Good Relations Implications</u></p> <p>3.11 The Innovation Factory Project has been equality screened and the Social Regeneration Activities detailed within future service plans will ensure that the centre makes a positive contribution to equality and good relations.</p> |
| 4.0 | Appendices – Documents Attached |
| | Appendix 1 - Performance Assessment and projected targets / KPIs for 2018/19 Annual Service Plan |