The Mayor Stuart Drummond, Cabinet Member responsible for Regeneration, Economic Development and Skills Portfolio and Finance and Procurement Portfolio will consider the following items.

1. **KEY DECISIONS**
   No Items

2. **OTHER ITEMS REQUIRING DECISION**
   2.1 Hartlepool Enterprise Centre Rent Review – Assistant Director (Regeneration and Planning)

3. **ITEMS FOR INFORMATION**
   No Items

4. **REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**
   No items
Report of: Assistant Director (Regeneration & Planning)

Subject: HARTLEPOOL ENTERPRISE CENTRE RENT REVIEW

SUMMARY

1. PURPOSE OF REPORT

To seek Portfolio approval of new rent levels at Hartlepool Enterprise Centre.

2. SUMMARY OF CONTENTS

The report outlines the rental arrangements for the Enterprise Centre and seeks Portfolio approval for the implementation of new rent levels.

3. RELEVANCE TO PORTFOLIO MEMBER

The Enterprise Centre forms part of the Economic Regeneration service of the Council and therefore falls within the Regeneration, Economic Development and Skills Portfolio whilst rent levels fall within the remit of the Finance and Procurement Portfolio Holder.

4. TYPE OF DECISION

Non – key.
5. **DECISION MAKING ROUTE**

To be considered by the Regeneration, Economic Development and Skills & Finance and Procurement Portfolio Holder on the 20th April 2012.

6. **DECISION(S) REQUIRED**

The Portfolio Holders are recommended to approve the proposed rent levels.
Report of:  Assistant Director (Regeneration & Planning)

Subject:  HARTLEPOOL ENTERPRISE CENTRE RENT REVIEW

1. PURPOSE OF REPORT

1.1 To seek Portfolio approval of new rent levels at Hartlepool Enterprise Centre.

2. BACKGROUND

2.1 Hartlepool Enterprise Centre forms a key part of the Economic Regeneration service of the Council, offering services to both tenant businesses and new and developing businesses across the Town.

2.2 Following the enhancement works in 2006 and some subsequent internal alterations, the centre now offers 57 units.

2.3 The centre operates as an incubation unit for many of the businesses located there, and provides services over and above the property offer, including business support, central administration services and opportunities for joint marketing and networking.

3. RENTAL ARRANGEMENTS AT HARTLEPOOL ENTERPRISE CENTRE

3.1 The Centre’s primary targets are start up businesses or people running businesses from home moving into their first premises.

3.2 There is the capacity to allow businesses moving to the Town or indigenous businesses which are downsizing to take accommodation as part of their strategic planning.

3.3 The rents are based on a sliding scale over a 2 year period allowing the businesses time to grow or re-establish themselves as appropriate.

3.4 Rent incentives are available as a last resort to ensure maximum support to businesses. In essence these can allow an absolute maximum 6 months rent free period, although the reality tends to be a temporary reduction in rent to help overcome specific cashflow problems. Any arrangement is subject to the Centre Manager approving a proposal from the individual tenant explaining why
assistance is required and outlining their proposals to ensure that the business will return to successful trading after a period of time.

4. PROPOSED NEW RENT LEVELS

4.1 Current and proposed rent levels per square foot at the Centre are as follows:

<table>
<thead>
<tr>
<th></th>
<th>&lt; 6 months</th>
<th>6 &lt;12 months</th>
<th>12 &lt; 18 months</th>
<th>18&lt;24 months</th>
<th>24 months+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>£4.50</td>
<td>£5.25</td>
<td>£6</td>
<td>£7</td>
<td>£8.50</td>
</tr>
<tr>
<td>Proposed</td>
<td>£5</td>
<td>£6</td>
<td>£7</td>
<td>£8</td>
<td>£10</td>
</tr>
<tr>
<td></td>
<td>+11%</td>
<td>+14%</td>
<td>+17%</td>
<td>+14%</td>
<td>+17%</td>
</tr>
</tbody>
</table>

4.2 These proposed rents are based on comparisons with similar facilities across the sub region and whilst the percentage increases appear significant, it must be borne in mind that for the most part the units are small and the actual cash increases are relatively small.

4.3 The proposed rates will be effective for new tenants and the longer term tenants of the centre. Those tenants in their initial 2 year period will not be effected as they have had their rents fixed upon entry to the Centre.

4.4 Whilst ultimately the increased rents should see improved levels of income through the Centre, there will not be an immediate effect seen on budgets. However over the next 2 years an increase in the rent received of between 10 and 15 per cent should be achievable and the Council’s Accountancy section has confirmed they will continue to monitor the situation with a view to making budget amendments should this become appropriate.

5. RISK IMPLICATIONS & FINANCIAL CONSIDERATIONS

5.1 Occupancy at the Centre has been somewhat subdued over the last financial year, due in part to both the uncertainty of the economy causing individuals to consider the appropriateness of starting a business and the opening of the extension to the Innovation Centre at Queens Meadow which saw the relocation of a number of businesses from the Centre. At one point during 2011, occupancy was as low as 67%, but is currently back at approximately 90% again.

5.2 In order to improve this situation, the team at the Enterprise Centre has worked hard to introduce new tenants and bring occupation back up to a more acceptable level. However as noted above the rents are charged in a way which means that they are effectively discounted over the initial period, meaning a reduced level of initial income.
situation should improve as the centre's occupancy level increases and the new tenants become more established and move up the “rental ladder”.

5.3 The rents have been deliberately set at a rate competitive with other similar local facilities to ensure that the increase does not lead to a general decline in the level of occupancy. Consultation with prospective tenants suggests that the proposed levels would be acceptable.

6. RECOMMENDATIONS

6.1 The Portfolio Holders are recommended to approve the proposed rent levels.

7. CONTACT OFFICER

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