

 norwich
research
park



NORWICH RESEARCH PARK ANNUAL REPORT

FY 2016

Operational highlights and financial performance

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To Our Partners

STRATEGIC HIGHLIGHTS

Another year on the Park with significant progress being made and a number of exciting projects moving forwards.

The biorepository within the Bob Champion Building is now open for business. Construction of the new Quadram Institute (formerly Centre for Food and Health) is progressing well and is due to open the Summer of 2018. The Quadram Institute will be an international hub for food and health research working across four themes: the gut and the microbiome; healthy aging; food innovation; and food safety. The translational facility to produce high value proteins in plants for Leaf Systems Ltd is due to be completed in December. It is estimated that there are now 62 non-Partner organisations based at the Park employing over 300 people, the companies are involved in activities ranging from creating solutions to antibiotic resistance to producing vaccines in plants.

Enterprise Zone status was achieved in April for the 52 acres of development land. This award will bring business rate and other benefits to new companies wishing to locate on the Park. The entrance to Hethersett Lane has been widened to assist traffic flow and discussions are in progress with the local authorities, including South Norfolk Council and the New Anglia Local Economic Partnership, to deliver additional infrastructure to support further growth at the Park. We continue to work closely with Bullen Developments.

The Centrum which provides cross park accommodation, a café and meeting space was opened in July 2014. It has been highly successful in supporting innovation and knowledge share, with the café proving particularly popular as a meeting place for academics, entrepreneurs and business. There are now 11 occupiers in the building 4 virtual occupiers and discussions are taking place with another 5 which have the potential to take the building to 100% occupancy a year ahead of schedule. A new accelerator suite providing shared office and laboratory accommodation are also proving popular.

We continue to strengthen the innovation pipeline to help grow the park by providing business support and access to scientific facilities. As part of the Innovation New Anglia initiative, a grant of €1.6m was awarded by the European Regional Development Fund to provide innovation support to researchers and entrepreneurs. This is being complemented by a lunch time programme of masterclasses provided by Norwich Business School. Feedback has been excellent and additional sessions have been held to meet demand. The John Innes Foundation has also provided support for an Innovation Voucher scheme that provides funding to companies wishing to connect with the academic base.

The marketing proposition has been refined by clarifying the key strategic strengths of the Park and building support from the research community to attract inward investment both nationally and internationally. A technology marketing review was commissioned with Buck Consulting International and concluded that Norwich Research Park offers a unique proposition spanning from Agri-bio to Food and Health. The review has identified target companies from the US and EU to whom the skills and strengths on Norwich Research Park may be complementary. These companies are being approached to explore further collaboration opportunities. In parallel to this work, a number of regional advertising campaigns have been run throughout the year attracting new occupiers to the Park.

The formal review and critical appraisal of the operations, structure and governance arrangements of the Norwich Research Partners LLP was completed in September 2015 by Alacrita Limited. The report was highly positive and concluded that NRP LLP has established a strong operational management team reporting to a well-functioning Board and the correct strategic initiatives are in place to deliver success. Certain recommendations within the report to further improve the effectiveness of the NRP LLP have been implemented.

TO OUR PARTNERS

Financial Summary

The overall consolidated financial performance of Norwich Research Partners LLP (NRP LLP) and its wholly owned subsidiary Colney Innovations Limited (CIL) was a combined loss of £302k in 2015/16 versus a loss of £260k in 2014/15. This loss is as expected for this early stage of development of the Park and is lower than predicted in our five-year business plan.

The overall loss for 2015/16 also compared very favorably with our budgeted loss of £774k, an improvement of £472k (61%). Rental turnover for 2015/16 was £615k, up from £542k in 2014/15, reflecting the increasing occupancy of the Centrum. Service charge turnover for 2015/16 was £682k compared with £338k in 2014/15 as two year's estate service re-charges are included in 2015/16.

Direct costs of £1,059k in 2015/16 are increased from the £818k incurred in 2014/15, mainly due to the expiry of some business rates reliefs in late 2015 and a full year of maintenance contracts, as the majority of Centrum related contracts commenced in June 2014. Administrative expenses of £1,511 in 2015/16 are significantly reduced from the previous year's £2,135 due to several one-offs in 2014/15 in connection with the completion of the Centrum building and the P26 project and savings made in 2015/16.

Total grant income, excluding works on the Hethersett Lane junction and the Centrum revaluation adjustments, of £614k in 2015/6 is significantly reduced from £1,594 in 2014/15, as grants were made last year for one off expenses as the Centrum was completed.

OPERATING HIGHLIGHTS

The business plan 2015/6 and associated 5-year financial plan were completed in January. This work outlined the progress so far and the plan for new development bringing the Park to financial self-sustainability.

All of the buildings, other than the Centrum building, have shown an occupancy average across the portfolio of 84%. The Centrum building which provides accommodation, café and meeting space was opened in July 2014. There are now 11 occupiers in the building 4 virtual occupiers and discussions are taking place with another 5 which have the potential to take the building close to 100% occupancy a year ahead of schedule. A new accelerator suits providing shared office and laboratory accommodation are also proving popular.

There has been a small increase this year in café prices but this has not affected sales with performance being consistent across the year with a peak of £17k for the month of July. Catering has shown an uplift of 23% in café sales at the Centrum in 2016 compared to the same period in 2015. Meeting room usage has also increased by 25% with repeat users and new business. Very positive feedback has been received from customers who use both the café and the meeting space.

The business adopts a rigorous approach to controlling costs. Facilities management service contracts continue to be challenged by driving down costs and improving service delivery. Energy management initiatives across the buildings has resulted in reduced electricity and gas consumption with cost savings of between 5-10%.

A number of minor projects have been undertaken to accommodate new occupiers, including improvements to laboratory facilities, increased power and data provision, new internal offices and general building fabric maintenance. Additional small office accommodation within the Centrum building is being created to meet current demand. A new bus shelter has been erected on Colney Lane as part of a joint funded project with the NRP LLP and Norfolk County Council.

TO OUR PARTNERS

There continues to be collaboration across the operational teams across the Park with regular joint security reviews, emergency planning, travel group meetings and sharing of engineering expertise.

LOOKING AHEAD

The profile of the Park raised significantly as an attractive location for research companies resulting in increasing interest from commercial occupiers. The main areas of focus for the year ahead are summarised below:

- Maintain the focus on achieving the Enterprise Vision adopted by the Members in 2012.
- Continue to build on the ongoing strong relationships with Member organisations to assist them in realising the science vision.
- Complete construction of the Plant Systems Ltd translational facility for the production of proteins in plants.
- Promoting the Leaf Systems and Quadram Institute developments, capitalising on the opportunity for these important projects to enhance the profile, expertise and overall attraction of Norwich Research Park to inward investors.
- Grow the occupancy levels within the Centrum building and continue to deliver an excellent environment for knowledge share.
- Develop proposals for a new Catapult Centre that complement the activities of the new Quadram Institute.
- Work with the local authorities to deliver additional infrastructure to support further growth at the Park.
- Agree with Partner organisations key areas of strength and leverage these to attract inward investment by raising awareness both nationally and internationally.
- Continue to support strategic scientific alliances, the funding of studentships and follow on funds.

The formal review and critical appraisal of the operations, structure and governance arrangements of the Norwich Research Partners LLP was completed in September 2015 by Alacrita Limited. In response to the Alacrita report, the NRP LLP Board has widened with the appointment of an additional non-executive Director and representatives from all campus partner organisations. This enlarged Board will ensure the best possible links are created between the world class science at Norwich Research Park and NRP LLP, assisting the business greatly in achieving its objectives.

The main strength of Norwich Research Park is the concentration of world-leading researchers and outstanding facilities coupled with the capability to provide a supportive environment for innovation and business. We are now building on this by attracting new partners, innovative businesses and further investment and development to the Park.

Working together we can look forward to another exciting and successful year for Norwich Research Park delivering our vision as a world class location for academics, researchers, entrepreneurs and business.



Dr Sally Ann Forsyth,
Chief Executive Officer

Norwich Research Park
2nd December 2016

FINANCIAL SUMMARY

Financial Summary

Background

During 2012 Norwich Research Partners LLP (NRP LLP) was formed principally as a vehicle to receive the bulk of the £26m BBSRC investment on the Park and to encourage collaboration. Colney Innovations Limited (CIL) was an existing company managing the Innovation Centre on Zone 1 of the Park and has become a wholly owned subsidiary of NRP LLP.

NRP LLP

NRP LLP reported a loss of £272k for 2015/16, an improvement on the previous year's 2014/15 loss of £290k, and better than expected in the five-year plan.

Budget vs Actual

The loss of £272k was a significant improvement on the budgeted loss of £700k.

Rental income of £387k was ahead of budget with a strong performance from the Centrum building contributing to turnover increasing over last year. Rents were also buoyed due to the provision of short term emergency accommodation to the Earlham Institute at the start of the year.

Service charge income of £434k in 2015/16 was considerably ahead of budget and included £357k estate service charge re charges. No income from this was included in 2014/15.

Overheads are closely managed and savings against budget totaling £100k were made in staff costs, professional fees, marketing/PR and various other overheads.

Budgets were exceeded by £100k for some facilities management costs, utilities, business rates and car park repairs. Business rates reliefs granted for the Centrum building ran out in the latter part of 2015 and emergency car park investigation work was undertaken after a sink hole was discovered during the summer of 2015. The remaining overspends were due to uncertainties as new contracts were let post budget setting.

Grants

Grants received from BBSRC in previous years are released to the profit and loss account in respect of the building of the Centrum and related projects to improve the infrastructure of the Park. The grant income shown in the accounts of £2,079k includes a one-off grant release of £1,771k in respect of improvements to the Hethersett Lane junction with Watton Road as the work was completed during 2015/16. This expenditure could not be capitalised as NRP LLP does not own the land the road is on. Costs of a similar amount are included within Other Direct Costs so there is no effect on profitability or cashflow.

NRP LLP was awarded a grant of £2,776k by BBSRC towards the construction of the new Leaf Systems building within Zone 2 of the Park. A total of £94k of this grant was drawn down during 2015/16.

FINANCIAL SUMMARY

CIL

CIL made a small loss of £30k in 2015/16, a slightly worse position than 2014/15 when a profit of £30k was reported. This was due to a minor reduction in turnover and grants and a small increase in direct costs, offset by a reduction in overhead costs.

Budget vs Actual

The loss of £30k in 2015/16 was an improvement over the budgeted loss of £74k.

Rental and service charge income of £476k was very close to the budgeted income of £477k.

Savings of £23k against budget were made on direct costs, including facilities management and business rates. Overheads, including professional fees and depreciation were £8k under budget.

Paul Reed
Financial Controller
2nd December 2016

FINANCIAL STATEMENTS

Financial Statements

	Profit & Loss to 31st March 2016	
<i>In £000s</i>	Norwich Research Partners	Colney Innovations
Income		
- Rent and Service Charges	821	476
- Revenue Grant Income	-	40
- Capital Grant Income	2,079	266
- Other Income	190	68
	3,090	849
Less: Direct Costs		
- Facilities Management	179	111
- Business Rates	192	36
- Utility Costs	97	152
- Ground Rents	52	-
- Other Direct Costs	1,909	103
	2,428	402
Less: Other Costs		
- Management & Admin. Costs	62	156
- Staff Costs	600	-
- Marketing & PR	96	-
- Professional fees	32	8
- Depreciation	244	313
	1,034	477
Revaluation Reserve	100	-
NET LOSS	(272)	(30)

FINANCIAL STATEMENTS

Balance Sheet to 31st March 2016

In £000s

ASSETS & LIABILITIES

FIXED ASSETS

	Norwich Research Partners	Colney Innovations
Land & Buildings	6,597	-
Improvements to property	330	3,664
Other Tangible Assets	636	103
Investment Property	2,433	
	<u>9,997</u>	<u>3,767</u>

CURRENT ASSETS

Trade Debtors	270	62
Other Debtors	615	26
Bank Account	1,378	141
	<u>2,263</u>	<u>229</u>

CURRENT LIABILITIES

Trade Creditors	(210)	(40)
Other Creditors	(250)	(205)
Deferred Grants	(446)	(284)
	<u>(906)</u>	<u>(529)</u>

TOTAL ASSETS LESS CURRENT LIABILITIES	<u>11,355</u>	<u>3,467</u>
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LONG TERM LIABILITIES

Amounts Due > 1 Year	(118)	(1540)
Deferred Grants > 1 Year	(9,683)	(2,870)
	<u>(9802)</u>	<u>(4410)</u>

	<u>1,553</u>	<u>(943)</u>
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CAPITAL AND RESERVES

Called Up Capital / Capital Account	2,499	-
Profit and Loss Account	(1046)	(943)
Revaluation Reserve	100	-
	<u>1,553</u>	<u>(943)</u>

COMPANY INFORMATION

BOARD MEMBERS

The Board is constituted of 10 members:

David Richardson	Non-Executive Chair, Vice Chancellor University of East Anglia
Ian Charles	Director Institute of Food Research (Director designate for Quadram Institute)
Mark Davies	Representing Norfolk & Norwich University Hospitals NHS Foundation Trust
Sally Ann Forsyth	CEO Norwich Research Partners LLP
Neil Hall	Director Earlham Institute
David Harvey	John Innes Foundation
Stuart Henderson	Non-Executive Director
Dale Sanders	Director John Innes Centre
Steve Visscher	Deputy Chief Executive & Chief Operating Officer for the BBSRC
Cyril Zipfel	Head of the Sainsbury Laboratory

There have been several changes to the Board Membership as follows:

- Mr Anthony Habgood stepped down following three and a half years in the role of Chair of the Norwich Research Park Board and Board member on 30th September 2016 and was replaced by Prof David Richardson.
- Mr Stuart Henderson joined the Board in August 2016. Formerly Head of Life Sciences Europe for Deliotte. Stuart was a founding member of the Cambridge Network and is a member of the Boards of One Nucleus (Cambridge/London Life Sciences network), the Stratified Medicine Catapult and Oxford Biomedica.
- Prof Neil Hall, Prof Dale Sanders and Prof Cyril Zipfel joined the Board in October 2016.

BOARD COMMITTEES AND REVIEWS

- The Remuneration committee comprising: Anthony Habgood, Steve Visscher and David Richardson met on 1st April 2016. A further Remuneration committee comprising: David Richardson, Mark Davies, Stuart Henderson and Steve Visscher met on 12th October 2016 and are scheduled to meet again on 2nd December 2016.
- The Audit committee comprising: David Richardson and Stuart Henderson are scheduled to meet on 2nd December 2016.

NORWICH RESEARCH PARTNERS LLP BOARD MEETING ATTENDANCE SEPT 15 – OCT 16

<u>Board Member</u>	<u>Attendance</u>
David Richardson*	6 of 6
Anthony Habgood	6 of 6
Ian Charles*	5 of 6
Mark Davies*	4 of 6
Sally Ann Forsyth*	6 of 6
Neil Hall*	1 of 1
David Harvey*	5 of 6
Stuart Henderson*	1 of 1
Dale Sanders*	0 of 1
Steve Visscher*	5 of 6
Cyril Zipfel*	0 of 1

* current members

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