

Cabinet

25 March 2025

Dorset Innovation Park Arms Length Management Company

For Decision

Cabinet Member and Portfolio:

Cllr R Biggs, Property & Assets and Economic Growth

Local Councillors:

Cllr M Baker, Cllr L Beddow

Executive Director:

Jan Britton, Executive Lead for Place

Report Author: Nick Webster

Job Title: Head of Growth and Regeneration

Tel: 01305 221896

Email: Nicholas.webster@dorsetcouncil.gov.uk

Report Status: Public (the exemption paragraph is N/A)

Brief Summary:

The Council currently owns and manages the operation of Dorset Innovation Park, a large industrial estate with Enterprise Zone status. A Cabinet decision taken in November 2024 reviewed potential management options and agreed the formation of an arm's length company as the preferred management arrangement for the Innovation Park. This report provides details of the proposed structure, governance, roles and responsibilities for the new company.

Recommendations:

Cabinet is recommended to approve:

- a) The formation of a wholly owned but independent Dorset Council trading company limited by shares and the entry into such ancillary legal

agreements and documentation as may be necessary in line with the proposed scope of this report.

- b) Delegation of authority to the Executive Director Place in consultation with the Director Legal and Democratic, Executive Director Corporate Development and the Cabinet Portfolio Holder for Assets, Property and Economic Growth to approve the detailed implementation plans for the Company including the Target Operating Model and Business Case, and to agree the Articles of Association, Shareholder Agreement, Service Contract and Support Contract between the Council and the Company including arrangements for operational delivery.
- c) That an Executive Committee be established, to be known as 'The Shareholder Committee for 'Dorset Innovation Park Limited' with delegated authority within the scope of its terms of reference, including strategic oversight and decision making of matters which are reserved to the Shareholder in accordance with the Shareholder Agreement.
- d) That 5 members of the Executive be appointed to the Shareholder Committee.
- e) Delegation of authority to the Executive Director Place in consultation with the Director Legal and Democratic, Executive Director Corporate Development and the Cabinet Portfolio Holder for Assets, Property and Economic Growth to approve the Terms of Reference for the Shareholder Committee.
- f) The granting of indemnities for personal liability incurred by any Council Officers or Councillors who may be appointed either temporarily or permanently to the role of directors of the company.
- g) To delegate authority to the Executive Director Place in consultation with the Executive Director Corporate Development and the Cabinet Portfolio Holder Assets, Property and Economic Growth and Cabinet Portfolio Holder for Finance and Capital Strategy to approve the allocation to the Company of retained Business Rates generated from within the Enterprise Zone and any additional budget requirement determined as part of the annual approval of the Company Business Plan.

Reason for Recommendation:

1. **Background**

- 1.1 Dorset Innovation Park (DIP) is a 56-hectare, Dorset Council owned site approximately one mile west of Wool, South Dorset. The site was awarded Enterprise Zone (EZ) status by the government in 2017, a designation which will last for 25 years until 2042. The key benefits of EZ status include the ability for the Council to retain 100% of business rate growth.
- 1.2 The Council currently provides light industrial and office accommodation for rent to businesses and plots of land available to purchase for businesses to develop their own facilities. A sizeable proportion of the site, approx. 10 hectares, is still undeveloped, and there is potential for additional development land to be acquired for ancillary facilities such as a hotel, creche, or food outlet.
- 1.3 The site is the location of the Defence BattleLab, a partnership between the Ministry of Defence, Dorset LEP and Dorset Council.
- 1.4 On 19th November 2024 Cabinet approved a decision ([Minutes Template](#)) to create an arm's length company for the management of the Dorset Innovation Park and an initial budget allocation of £270,000 from retained business rates.

Background and current delivery model

- 1.5 The Council currently oversees all site management and operations functions including land sales and marketing, tenant engagement, grounds and buildings repairs or maintenance, Park security, rent and service charge collection. Some of these functions are commissioned to external providers and some are undertaken by council staff. However, there is currently no officer with responsibility solely for the Innovation Park and officer capacity to deal with the Park is significantly under resourced.
- 1.6 The previous governance arrangements were through the Dorset Enterprise Zone Committee, a sub-committee of the Dorset Local Enterprise Partnership (LEP) accountable to the Dorset LEP Board. In practice these arrangements have not been fully implemented resulting in a lack of strategic direction and governance oversight.
- 1.7 There is a consistent level of dissatisfaction expressed by some tenants regarding the current operation and management of the Park. Concerns have been expressed regarding the consistency applied to security and

- access arrangements, issues with the billing and rent collection processes, and the implementation of a clear vision for the Park.
- 1.8 The Innovation Park has considerable ability to make a significant contribution to the South Dorset economy through the provision of highly skilled and paid jobs and private sector investment. The current arrangements are not maximising advantage of the offer either within the Park or at adjacent sites where there is the prospect of acquiring more land for employment uses and providing ancillary services such as a hotel, crèche, or food outlets.
 - 1.9 To address these issues the Council commissioned a report from the consultancy firm Activist to inform the Cabinet decision taken on 19 November 2024. Activist interviewed a number of partners, tenants and officers, and concluded that it was “*clear that the site is currently under-performing in a number of areas and that urgent action needs to be taken to ensure the significant potential of the Park can be unlocked.*”
 - 1.10 The Activist report reviewed a number of different delivery options for the Innovation Park and recommended “*the management of the Dorset Innovation Park be transferred to a newly created arms-length company wholly owned by the Council, subject to the development and approval of a business case.*”
 - 1.11 The November Cabinet exempt report highlighted the benefits of the Arm’s Length Company approach including a specialised focus on Park management, bringing additional capacity, greater expertise, and swifter decision making. This option was considered more likely to result in the Council achieving swifter land sales and generating greater private sector investment in commercial buildings than the current operational model.
 - 1.12 The plans laid out in this current report describe the mechanism by which the Council will deliver change and establish a new governance structure as a mechanism to address the key weaknesses that have hampered development of the Innovation Park to date.
 - 1.13 The principal recommendation of this report is to set up a new legal entity (the ‘Dorset Innovation Park Company’) which will be wholly focussed on the establishment and delivery of an agreed Vision and Business Plan for the Innovation Park.

Business Case

- 1.14 The detailed and draft five case Business Case for the Company is set out in Appendix 1. Some of the highlights from the Business Case include:
- 1.15 **Strategic Case.** The Dorset Innovation Park Enterprise Zone is a strategically important site that needs ongoing investment to meet its full potential. Whilst there is a comprehensive policy framework in place which supports the development of the Park at a strategic level, the Park requires an updated Vision and Business Plan to succeed. New effective governance and management arrangements including private sector/commercial experience are required to ensure this important strategic site maximises its potential.
- 1.16 **Economic Case.** The appraisal of the long-listed and short-listed options has confirmed the creation of an arms-length company as the preferred option for a new entity singularly focused on the Park to draw in the expertise of the Park's key partners, inspire confidence that there will be change, protect the Council's strategic objectives and ensure the Council achieves the return on its investment.
- 1.17 **Commercial Case.** The scope of service to be provided and approach to establishing governance arrangements and risk ownership for the new company have been fully considered and there is a strong commercial case for change given the sound governance arrangements which will protect the Council's interests and the clear scope of the services to be provided.
- 1.18 **Financial Case.** The strong financial case for change should deliver:
- Financial balance in operating budgets for the Park;
 - Increased receipts of Non-Domestic Rates for investment in the local economy;
 - Increased rental returns and capital receipts from the Council's land and property holdings on the Park;
 - A clear Target Operating Model that leads to financial sustainability in the medium term and reinvestment into the local economy in the longer term (once any Council investment is repaid).
- 1.19 **Management Case.** There are strong and effective programme and project management arrangements in place to ensure the effective delivery of the proposed arm's length company There is a strong management case for change which should deliver:

- A phased and managed programme of delivery;
- Dedicated project management arrangements;
- A clear operating model;
- A clear approach to risk management.

Business Rates Position

- 1.20 In 2020 Cushman and Wakefield completed a report into Business Rate modelling for the Innovation Park and presented several scenarios. The pessimistic scenario modelled a Business Rate return of £13.4m and the most optimistic scenario forecast a Business Rate return of £29.9m.
- 1.21 The current expected Business Rates income for 2024/25 is £272,000 which is following the trajectory of the pessimistic scenario model. Under current Park management arrangements the forward trajectory of the retained rates income is currently uncertain given the lack of capacity to progress sales and proactively respond to enquiries.
- 1.22 Investment in the Company, with its additional management capacity and commercial expertise will accelerate land sales and bring increased certainty around the Business Rates income model. The Business Rates retention mechanism has 17 years to run and the large amount of undeveloped land across the site demonstrates the potential capacity for additional capital receipts.

The Structure of the Company and relationship with the Council

- 1.23 As a consultancy with expertise in establishing arm's length companies Activist have been retained to advise the Council on the establishment of the Dorset Innovation Park Company (the Company) and its various elements of governance, structure and responsibility.
- 1.24 The proposal for the structure of the Company and its relationship with the Council have been informed by the freedoms, restrictions and regulations on provision of services as detailed in:
- Local Government Act 1999 (s.3 best value duty)
 - LOCAL GOVERNMENT ACT 2003 (s95 & 96 power to trade through a company)
 - S1 Localism Act 2011 (general power of competence)

- Procurement legislation
- 1.25 As a basis for the establishment of the Company it is proposed that it will focus on the success of the Park and its partners. It will be proactive in securing new occupiers on the site and will run the Park commercially. It will be capable of acting and responding quickly to demands. At the same time, it will be wholly owned by the Council and responsible for delivering value-for-money and the Council's economic and employment objectives.
- 1.26 The proposed Object of the Company is to oversee the successful management and development of the Dorset Innovation Park in order to drive business growth and support economic prosperity in the local economy. The Object of the Company will be clarified through the adoption of the Company Articles of Association.
- 1.27 The proposed Object would be achieved through the development and implementation / facilitation of, among other things:
- Helping businesses to start up, innovate and grow;
 - Agreeing a Vision for the Park to set the strategic direction and investment priorities;
 - Drafting plans and strategies that secure economic investment and job growth;
 - Making recommendations to Dorset Council and other landowners to promote the economic success of the Park;
 - Any other Objects that are ancillary to or in support of any of the above.

Company Structure

- 1.28 The Council will have a 100% shareholding in the Company and responsibility to appoint a Board of between 5 and 7 directors as Members of the Company.
- 1.29 The Board of Directors will be private sector representatives with experience and expertise relevant to the operation of an Innovation Park. The Board's Chair will be an independent, private sector, appointee with relevant experience.
- 1.30 It is proposed that the Company is structured with a company board of directors supported by an advisory board of external advisers (including the Ministry of Defence and major tenants) and a tenant's board for liaison over operational issues on the Park. The company structure can be seen

in the figure below and further details are included within the draft Target Operating Model at Appendix 2:

1.31 Figure 1 – Proposed Company Structure.

Outline of the relationship between boards and committees



- 1.32 The Company Board will be responsible for the governance of the Company including strategic direction setting, target setting and guidance, service and financial performance and management, delivery of the Shareholder's objectives.
- 1.33 The Strategic Advisory Board will be responsible for external advice and guidance to the company including advice on site and business cluster strategy, advice on business development, identification of business opportunities and priorities.
- 1.34 The Tenant's Liaison Board will be a link between the company and Park tenants, responsible for liaison on Company operations across the Park including feedback on operational performance and improvement programme, development of a Park events programme, and communication with Park tenants.
- 1.35 The Council will retain the right to appoint all Board Directors, including the Managing Director and the Board Chair. The Council will operate an open recruitment process for initial Board positions and will create role specifications for both the Company Director and Chair positions detailing the required skills, experience and knowledge.
- 1.36 Feedback from the interim Board has suggested that to attract applicants with a high level of skills, qualifications and aptitude there may be a

requirement to remunerate Directors for the time they spend on the Board. The details of any remuneration package will be included in the final Business Case and a subsequent Company remuneration policy for approval by the Shareholder Committee.

- 1.37 The Company will have the ability to set its own executive staffing structure. The Company will be able to employ its own staff directly and/or with Council agreement have Council employees seconded to the company to fill positions within the staffing structure.

Target Operating Model

1.38 The draft Target Operating Model (TOM) assumes the following:

- The Company will retain all income from tenant rates and service charges but will also be responsible for all costs associated with the operation of the Park.
- The Company will receive a Shareholder's loan from the Council in the form of retained Business Rates generated from within the Park.
- The legal ownership (leasehold) of the park, and any net sale proceeds from future land plot sales (leases) will be retained by Dorset Council.
- The company will be limited by shares.

Company Responsibilities

1.39 Although the Council will retain ownership of the land and property within the Park the Company will act as the Council's managing agents within the designated Innovation Park boundary (see Appendix 3 for a map of the Innovation Park), with responsibility for site marketing and sales generation, lease and land sale negotiations, tenant liaison, Park management and security arrangements, rent and service charge collection, repairs and maintenance, and creation of an innovation community.

1.40 The Council will set out these responsibilities within a Services Contract with the Company. It is envisaged that the following responsibilities will be included within the Services Contract but the exact details, content and terms and conditions of the Services Contract is recommended to be delegated to the Executive Director Place in consultation with the Cabinet Member for Property Assets and Economic Growth, the Executive Director

Corporate Development, and the Director Legal and Democratic (recommendation b) above).

- 1.41 **Strategy.** The Company will be responsible for creating a Vision and Business Plan for the Innovation Park. The Company Advisory Boards should be consulted in the drafting of these documents and the Council as Shareholder will be responsible for approving both the Vision and the annual Business Plan. These documents will set out the long- term direction and ambition for the Innovation Park and the detailed activity required on an annual basis to achieve the Vision.
- 1.42 **Park Operations.** The Company will have responsibility for all Park operational management. This will include, but is not limited to – Park security, grounds maintenance, repairs and maintenance of Council owned property within the Park, tenant rent and service charge collection.
- 1.43 The Company will have the ability to renegotiate or reprocure contracts that enable the delivery of the Business Plan. Existing contracts will novate to the Company and the Company will manage these contracts and any future procurement in accordance with UK contract law and public sector procurement legislation and guidance.
- 1.44 **Capital Projects.** The Company will highlight within the Business Plan capital investments that are required to deliver the Vision. Examples of these capital investments could be site utilities and infrastructure, construction of new buildings for rent, improvements to the security facilities and acquisition of further development land.
- 1.45 The Company will develop business cases for each capital investment and submit these to the Council for a formal decision, taken at an appropriate level, to approve the draw down of finance from the Innovation Park capital programme allocation (see finance section for further details).
- 1.46 **Land sales and lease negotiations and site marketing.** The Company will have all the responsibility for marketing the land and property assets within the Park, for developing and proactively managing a pipeline of business and investor interest and taking prospective sales from initial enquiry through to point of sale, at which point the Council will give formal approval to any disposal.
- 1.47 **Tenant liaison and community building.** The Company will be responsible for all tenant and other occupier liaison with the aim of building a community of businesses from across the Park and wider business

sectors. The Company will resolve tenant queries and concerns working through the Tenant Liaison Board and developing other communication routes.

Shareholder Committee Responsibilities

- 1.48 The Council will be the only shareholder of the Company. Shareholding is an Executive function of the Council and so it is recommended that Cabinet establish an executive committee (in accordance with Article 6.7 of the Constitution) of 5 elected Members of Cabinet, to perform its shareholder function; the committee to be known as 'The Shareholder Committee for Dorset Innovation Park Limited' (Committee).
- 1.49 The Committee will function in the same manner as the Cabinet, including following the Executive Procedure Rules. For example, the Forward Plan, meeting agendas and reports will be published in advance, with the usual provisions for both members of the public and Members to submit questions. The normal rules on overview and scrutiny will apply to the business of this Shareholder Committee and regular updates will be provided to those committees. It is proposed that the Shareholder Committee will meet on a quarterly basis.
- 1.50 The Committee should have delegated authority from the Cabinet within the scope of its terms of reference including strategic oversight and Reserved Matter decisions.
- 1.51 Each Member of the Committee should also have delegated authority to perform the role of a member of the Shareholder Committee to discuss with the Company, matters relating to the business or operations of the Company.
- 1.52 The draft terms of reference, to be finalised, including a draft list of Reserved Matters (to be agreed with the company) are attached at Appendix 4.
- 1.53 Reserved Matters are decisions which would otherwise be for the Company Board of Directors, but which the Shareholder Agreement has reserved to the Council for prior consent.
- 1.54 The Committee will be advised by the Council's Chief Executive Officer, Executive Director Place, Monitoring Officer and s151 Officer with additional officers invited to attend as required.

- 1.55 The Chair of the Board of Directors of the Company will report to the Committee at each meeting, unless specifically asked not to attend.
- 1.56 The Committee shall meet at least quarterly to consider and review the matters identified in the terms of reference and, where necessary, additional special meetings can be called.
- 1.57 To protect the Council's interests as Shareholder of the Company it will enter into a Shareholders Agreement with the Company. The approval of the Shareholders Agreement, and the Terms of Reference for the Shareholders Committee are recommended to be delegated to the Executive Director Place in consultation with the Executive Director Corporate Development and the Cabinet Portfolio Holder Assets, Property and Economic Growth and Cabinet Portfolio Holder for Finance (recommendations b) and c) above).
- 1.58 The Council and Company will agree performance measures for the Company through the Business Plan setting and monitoring process, to be included within the Shareholder Agreement.
- 1.59 The Shareholder Agreement will detail the Council's ongoing responsibilities, as Shareholder of the Company. It is envisaged that the Council will retain responsibility for decisions including but not limited to:
 - a. Adoption or amendment of the Park Vision, Company Business Plan and budget.
 - b. Appointment and removal of all Directors, including the Chair of the Company, and reappointment of Directors.
 - c. Monitoring of Company performance towards the specific performance measures agreed with the Company.
 - d. Receiving and/or requesting updates from the Company Directors.
- 1.60 The Council will enter into a Support Contract with the Company that will set out the services that the Council will provide to the Company.
- 1.61 As part of the support contract it is proposed that the Company will utilise the Council's legal services to draft leases and sale documentation for the sale or lease of Council owned land or assets with costs to be agreed.
- 1.62 The final detail of this arrangement, and finalisation of any other services provided by the Council to the Company via the Support Contract is recommended to be delegated to the Executive Director Place in

consultation with the Cabinet Member for Property Assets and Economic Growth, the Executive Director Corporate Development, and the Director Legal and Democratic (recommendation b) above).

1.63 Draft Company Financial Model

- 1.64 The Council will require the Company to convert the current operating loss on the Innovation Park budget to an annual surplus within a five- year period. The Company, through its Business Plan, will demonstrate how it will deliver this surplus. The Company will use its collective commercial experience to increase income, renegotiate contracts (where possible), and reduce cost inefficiencies across the Park, whilst at the same time meeting the Objects of the Company.
- 1.65 Activist, in conjunction with council officers, have constructed a draft Company financial model based on the Park's current operational income and expenditure and anticipated Company costs.
- 1.66 The financial model demonstrates the projected operating budget for the Company over a five-year period. This is an indicative illustration of the Company budget requirements in the absence of a Company Board or executive team tasked with drafting a Business Plan and accompanying budget.
- 1.67 The model contains all expenditure associated with the operation of the Company – salaries, board costs, accommodation costs, and operating costs – in addition to all the income and expenditure associated with the management of the Park – rental and service charge income, repairs and maintenance, security, rates, utilities etc.
- 1.68 The budget assumes that the Company receives all retained rates held in reserve and retains all business rates generated by the Innovation Park for the first five years of operation.
- 1.69 The budget illustrates that the Company, over the first five years will require a £227,000 financial allocation in addition to the retained rates income it receives. The requirement for an additional financial allocation is predicted to peak in financial year 2027/28 where the Company will require £247,000, however by the end of the five-year period the Park will be generating a £155,000 annual surplus.

1.70 Within this five-year period, the Council will identify funding sources to cover any difference between the retained rates and the Company budget approved through the annual Business Plan.

Timescales

1.71 Activist recommend three phases of the company's development, shown below. While permanent appointments are made and to ensure progress, change will be initiated by an interim team. The Council has already initiated advisory Boards to assist with the establishment of the Company and to address tenant's concerns.



2. Financial Implications

2.1 The detailed projected income and expenditure position for the company is illustrated in the Financial Model at Appendix 5.

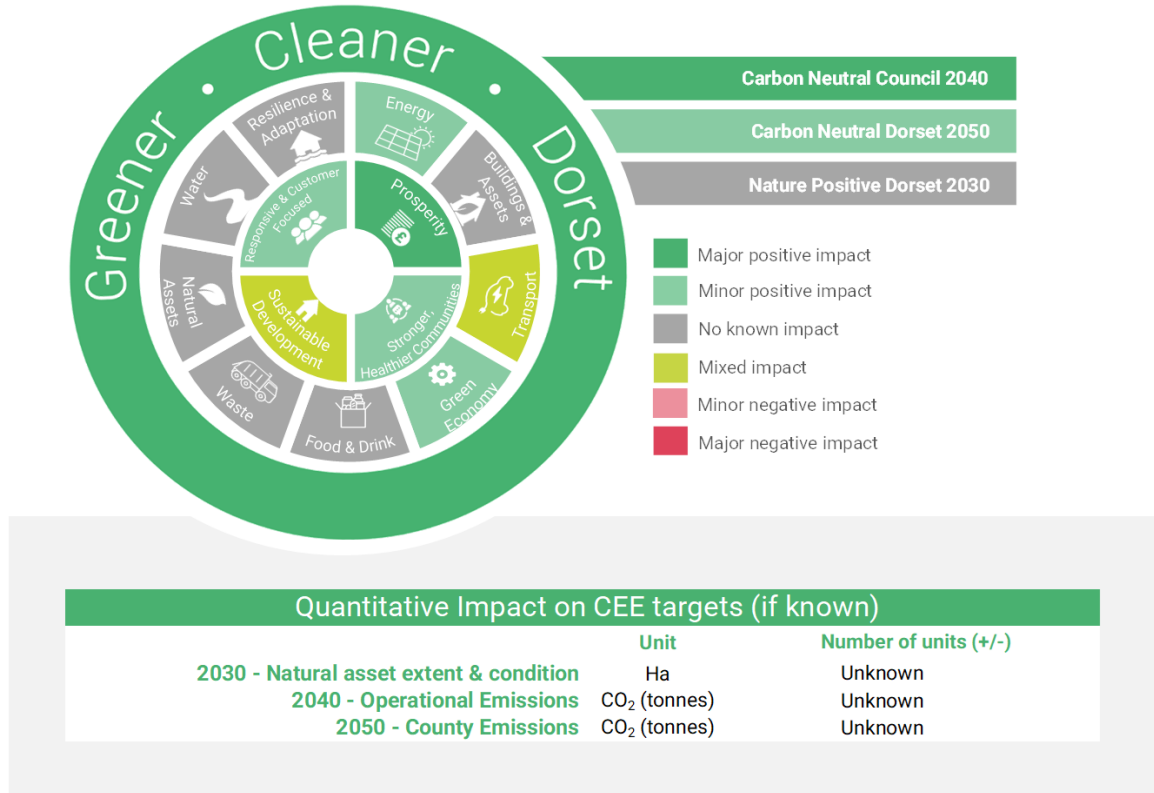
- 2.2 In summary this projection demonstrates that within the first five years the Company will require in total a £227,000 financial contribution in addition to any retained Business Rates generated by the Park.
- 2.3 A retained Business Rates profile has been established by officers based on the level of retained rates reserves and predicted rates income. The predicted income up to end 2026/27 has been based on known rates generators.
- 2.4 For 2027/28 and beyond it is difficult to estimate Business Rates income given the level of uncertainty, however it is reasonable to assume a consistent increase in ratable income due to the additional focus and capacity the Company will provide. As a result, the broad Cushman and Wakefield profiled income targets from their pessimistic scenario have been extrapolated to demonstrate forward income generation.
- 2.5 The previous Cabinet decision approved the current expected retained business rates total of £272,000 as a budget allocation for the arm's length company and that the budget thereafter to be determined as part of the annual approval of the company's Business Plan.
- 2.6 This report recommends the delegation of authority to the Executive Director Place in consultation with the Executive Director Corporate Development and the Cabinet Portfolio Holder Assets, Property and Economic Growth and Cabinet Portfolio Holder for Finance and Capital Strategy to approve the allocation to the Company of retained Business Rates generated from within the Enterprise Zone and any additional budget requirement determined as part of the annual approval of the Company Business Plan (recommendation g).
- 2.7 The financial projections for the Company demonstrate a likely requirement for the council to allocate revenue budget to the Company even if all retained rates are allocated to the Company to fund their Business Plan. The profile of this additional revenue allocation is:

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Total Expenditure | 1,588,219 | 1,718,376 | 1,720,876 | 1,723,376 | 1,725,876 |
| Surplus (Deficit) | -234,856 | -294,113 | -125,813 | -9,963 | 155,887 |
| Reserves and Surplus (Deficits) | | | | | |
| Reserves Brought Forward 1st April | 282,000 | 47,144 | -246,968 | -372,781 | -382,744 |
| Surplus (Deficit) | -234,856 | -294,113 | -125,813 | -9,963 | 155,887 |
| Reserves Carried Forward 31st March | 47,144 | -246,968 | -372,781 | -382,744 | -226,856 |

- 2.8 Within this five-year period, the Council will identify funding sources to cover any difference between the retained rates and the Company budget approved through the annual Business Plan.
- 2.9 It should be noted that the operation of the Park using existing management arrangements is expected to cost the council over £225,000 in 2025/26 and a further £190,000 in 2026/27. Without any significant change in management and operational arrangements the Park, at current level of loss, would require the council to provide over £1m of revenue funding over the next five years.
- 2.10 An alternative option to delivery via an Arm's Length Company is the continued in-house provision. Existing provision would need to be supplemented with additional resource to a level commensurate with that set out in the Company TOM. Consequently, the financial saving of an in-house arrangement would likely be minimal and restricted to the provision of professional services to the Company and any Board costs.
- 2.11 The existing capital allocation for the Innovation Park will be reviewed. This allocation will be used to fund any required infrastructure or plot specific work which relates to plot sales and the realisation of a capital receipt. It will also be used to fund essential works that benefit the marketability and operation of the park, for example the replacement of the security gatehouse.
- 2.12 The Company will be responsible for the production of business cases to secure Council capital contributions towards works on the Innovation Park. These business cases will be required to go through the appropriate governance approval process, Cabinet report or Cabinet Member decision, to secure funds from the existing capital allocation.

2.13 Although the Company will be responsible for generating leads and negotiating Capital sales, the actual receipt from any sale will be retained by the Council and will be allocated to the Council's Capital Reserve pot.

3. **Natural Environment, Climate & Ecology Implications**



4. **Well-being and Health Implications**

There are no direct well-being or health implications from a decision to set up an Arm's Length Company to manage the Innovation Park. However it is acknowledged that there are council staff currently delivering activity on the Innovation Park and that the formation of a new Company will cause some uncertainty regarding their future role and that this may have a detrimental impact on their health and well-being. This decision will help to bring some certainty to the operational situation and the further detailed development of the Company arrangements delegated to the Executive Director Place in consultation with others, will bring further increased certainty.

5. **Other Implications**

5.1 None at this stage

6. Risk Assessment

6.1 Activist have identified a number of risks, and potential mitigation, associated with the creation of the Company. Below is an extract from the TOM which sets out some of the key risks and mitigating actions:

| No | Risk (principal risk in bold) | Examples of mitigations |
|----|---|--|
| 1 | Sales process weaknesses: leading to poor performance. | <ul style="list-style-type: none">• Implement formal business development.• Keep target types under review.• Keep pricing under review. |
| 2 | Tenant dissatisfaction: tenants not satisfied with experience. | <ul style="list-style-type: none">• Start 'partner relationship management'.• Create new park facilities and security. |
| 3 | Changes in economy: lead to departures or poor sales. | <ul style="list-style-type: none">• Monitor trends in economy.• Track partners' financial performance.• Keep target sectors under review. |
| 4 | Governance weaknesses: undermine effectiveness. | <ul style="list-style-type: none">• New performance management.• Implement new operating procedures. |
| 5 | Council relationship weaknesses: weakening trust. | <ul style="list-style-type: none">• Keep delegations under review.• Review contract management. |
| 6 | Operational weaknesses: the company not functioning smoothly. | <ul style="list-style-type: none">• Adjust staff capacity and skills.• Adjust sourcing plan, contracts/SLAs. |
| 7 | Poor financial performance: insufficient resources or poor financial management. | <ul style="list-style-type: none">• New financial management framework.• Update the financial model.• Prioritise losses and high.• Clear financial case and ROI for capital.• Ensure financially literate staff. |

6.2 **HAVING CONSIDERED:** the risks associated with this decision; the level of risk has been identified as:

Current Risk: High - due to the ongoing financial pressure.

Residual Risk: Medium – as a result of bringing in external expertise into the Arm's Length Company to deliver their business plan.

Equalities Impact Assessment

At this stage the potential equalities impacts are assessed as positive due to the principals proposed, particularly that the management and operational changes will result in better financial and economic outcomes. However, the high-level principles of a change in operation from a

managerial and operations perspective preclude detailed and meaningful assessment.

Appendices

Appendix 1 – Draft Business Case for the Dorset Innovation Park Company

Appendix 2 – Draft Target Operating Model for the Dorset Innovation Park Company.

Appendix 3 – Map of the Dorset Innovation Park

Appendix 4 – Dorset Innovation Park Shareholder Committee draft terms of reference

Appendix 5 – Projected Financial Model for the Dorset Innovation Park Company

Background Papers

N/A

Report Sign Off

This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)