

SUSTAINABLE ECONOMIC PROSPERITY PORTFOLIO 2020-2021

A) Introduction

As other exec. annual reports will be highlighting, the response to the pandemic has shown the council at its best. The team working and commitment to getting the succession of grant funding streams out to businesses, balancing timely processing of applications with necessary due diligence, has been truly impressive and really appreciated by the business community. Anne Marie Harrison and her colleagues, drawn in part from across other council functions, deserve very great credit for the sustained, intensive work to deliver grant schemes over much of the past 15 months. Determining criteria for awarding grants where there have been discretionary elements has been a non-trivial exercise for officers and they have involved relevant cabinet members in an effective, proportionate manner.

Given the imperative to prioritise grant distribution, this has necessarily impacted on other work in the economic development portfolio. The shape of the portfolio changed over the course of the year but the following is a fair reflection of the breadth of activity in the rest of the portfolio.

B) £1m Covid business support fund

This was approved at March 2020 full council – along with £1m to assist vulnerable people - and subject to a cabinet report in April 2020, which identified initial allocations across a number of recovery themes. Distributing funds from grant schemes – some £70m in total to local businesses to date - have subsequently taken priority and the allocations will be reviewed once the final (for the time being?) grant scheme monies have been disbursed.

Nevertheless, £199k has been spent to date: just under half on supporting rent payments during the first lockdown for those of the council's smaller business tenants which could demonstrate significant impact by Covid, and as allocated by cabinet; and the remainder on a number of, broadly speaking, business recovery activities.

C) Asset and property management

C.1 Commercial property management

An interim statement of property income for 20-21 shows that around 97% of budgeted gross commercial rental income (based on the revised budget) will be received. Occupancy levels remain very good also at around 97% and enquiries for office space – reportedly especially strong for CityLab – are good.

In the space available within the report it is not possible to review the status of all major commercial property income sources, with the exceptions reported below.

Gateway, White Lund. Purchased in 20/21 (before government effectively proscribed use of PWLB to fund commercial property investment primarily for yield), rental income is on target to meet its 20/21 budget contribution.

Hilmore Way – Interest is being sought from the market for the former Frankie&Benny's unit – which remained under lease to The Restaurant Group to the end of March - but if there is no advantageous transaction possible, demolition may be necessary.

Ludus Dance has vacated the upper floor of the Assembly Rooms on King St and the space is now being marketed.

C.2 Asset management and development

Canal Quarter – Concurrent with adoption of the Strategic Regeneration Framework cabinet approved £120k of reserves expenditure in January to effect masterplanning across the site.

Tenders are due back on 28th June with a view to making an offer to the winning professional services team by 9th July.

Heysham Gateway – Joint working was agreed with Lancashire CC and a preferred team to work

up the masterplan – using reserves funding approved in 2020 - should be appointed by mid-August.

Musicians' Co-op building on Lodge St. - Negotiations are not yet finalised to enable refurbishment works to begin.

Co-op building at Regent Rd., Morecambe Funding to renovate the roof of the building and other works to protect its long-term use was approved by cabinet in July 2020. The council's prospective partner in bringing the building back in to productive use – the existing Co-op convenience store aside - on a phased basis is currently seeking to raise the funding to effect internal refurbishment.

Eden Project North. The council is aware that Eden expects to submit a planning application in the summer and that discussions continue with relevant government departments over capital funding.

High Streets Heritage Action Zone (NB This cannot be used to fund improvement of council-managed assets.) The 4-year £2.875m heritage-led regeneration programme is based roughly around the route of the Millrace from Phoenix St. to Damside St., extending to Lower Church St. It was approved in the 2020 budget and is co-funded principally by Historic England. Roll-out has been slowed by Covid but essential repairs on the Grand theatre were supported last summer and more recently an improvement grant was awarded to the long-time empty 4, Stonewell on the corner of Moor Lane. Further funded projects are in development.

D) Digital Strategy

Following the cabinet's adoption of the Digital Strategy in October 2019 and engagement with businesses just before lockdown in March 2020, the district-wide Digital Strategy board has been meeting monthly since last September, chaired by a leader in the local digital services sector. It has three workstreams: faster broadband connectivity, digital exclusion, and innovation.

On the first, and working with private sector partners, a plan has been devised for a network of new fibre-optic cable connections to be installed in order to enable delivery of ultrafast broadband ('gigabit') connectivity to businesses and homes – with a particular focus for the council on social housing - across much of the district. The council's business case for a joint venture (subject to legal advice) is due to go to cabinet in July, with the likely upfront investment already provisionally allocated in the development pool of the capital budget.

E) Markets

The Charter market moved to Dalton Square at the end of June 2020, after 3 months' suspension during the first lockdown. This has met with strong public approval and many traders – but not all because of a reduction in footfall vis a vis the city centre pre-pandemic - have been appreciative of the new location for the additional circulation space and ease of servicing. Special thanks go to Lancashire county council for agreeing to give up the parking spaces around Dalton Square, and in particular to County Cllr Keith Iddon for his help in expediting the agreement.

Festival market in Morecambe has continued to operate with essential goods stalls only until the wider-re-opening in April.

Assembly Rooms traders resumed in April as non-essential shops were allowed to re-open.

F) Green skills and jobs

The green construction skills sub-group of the Housing Advisory Group contains a range of impressively able participants – not least of whom are the officers involved – including private sector business people and training organisations, and is now chaired by the leader of a third-sector energy efficiency company. The sub-group is focussed on how to expand the district's skills base to enable a retrofit programme at scale. Retrofit of a limited number of Council Housing properties and the Green Homes Grant Local Authority Delivery scheme should prove very useful learning resources in this regard.

G) 'Responsible and resilient' business development

The principal focus has been on the innovative 'hard tech' businesses in the district. A presentation to cabinet and management by four members of the Digital Strategy board last December

described how, over a period of three years, businesses based in Lancaster district were awarded around half of all the Innovate UK funding granted to Lancashire businesses as a whole. The presentation identified a number of clusters of highly innovative businesses – including ones focussed on enabling reduced carbon emissions. One of the clusters, the electronics or 'electech' sector, has already come together to win funding for, and deliver, training opportunities to fill job vacancies during the past year.

A magnificent collaborative effort involving the city council, private sector partners, Lancaster University and others, culminated at the end of March in a submission to UKAEA, responding to an invitation to express an interest in hosting a prototype fusion reactor – known as the STEP project. The bid demonstrated that 'Bay Fusion' has a really strong infrastructure, skills, research and business support offer and UKAEA announced on 11th June that Heysham had been 'longlisted' as one of 15 potential sites which will subject to further intensive scrutiny, before a decision is made late next year.

Tim Hamilton-Cox, June 2020.