

Annual Report of the Portfolio Holder for Sustainable Economic Prosperity 2022-23

A) Introduction

As other exec. annual reports will be highlighting, the impact of the pandemic has been supplanted by 'unprecedented' energy and wage cost inflation and I must express my appreciation for the work that officers have done in responding to, and mitigating, its impact on the council's finances. Space and time has precluded a report on Lancaster markets but I will be happy to take questions.

B) Asset and property management

B1) Commercial property management

Occupancy levels remain very good at over 98.5% of tenanted property. But increasing energy costs have had an impact on the returns from directly managed commercial units as service charge recovery is subject to terms of leases.

Other headlines are:

Gateway, White Lund. A fire in one unit in January 2022 caused wider damage. Due to the fire reinstatement works being held up by the occupying tenant going into administration, there is a delay in the works to re-roof and re-clad the units (approved by full council in September 2022). It is not deemed practical to run two major (re-)construction projects at the same time given the impact on tenants. Officers are currently planning the implementation of the roof works to commence on conclusion of the fire reinstatement works later in 2023.

Hilmore Way. A drive-through proposal to re-use the former Frankie&Benny's unit was refused at planning committee but it is understood that the potential operator is still keen to find a way forward.

B2) Asset management and development

1 Lodge Street. The Musicians' Co-op, assisted by council officers, was successful in gaining £300k from the Community Ownership Fund and details are being worked through to effect a community asset transfer.

Co-op building at Regent Rd., Morecambe. Lack of access to significant grant funding is leading to work on a hybrid proposal for redevelopment of the building. This is about the possibility of community uses on ground floor and basement levels, and residential uses on the upper floors.

As part of the OBR process, the use of the municipal building estate was reviewed. As a result, Palatine Hall in Dalton Sq. has been vacated and is subject to a commercial rent offer. The upper floor of Morecambe town hall is being vacated with a view to commercialising use of that space. Other work is being undertaken to increase commercial use of council assets; or, as in the case of Canal Quarter, redeploy assets to deliver new homes.

Over £1m in investment, much of it externally funded, has been made into the council's assets to reduce energy costs. To take one example: investment in solar PV on the CityLab roof should mean that grid electricity usage on-site will decrease between 25%-30%.

C) Digital operations

C1) Local Full Fibre Network (LFFN) project

The business case and investment was approved by full council in November 2022. The team is on track to optimise and complete the detailed design and is in ongoing dialogue with public sector partners, including the County Council IT Service, regarding collaboration on connecting various sites and assets via the local fibre network. There remains strong expectation about the potential

benefits this project will bring to businesses, the public sector and the wider community.

C2) ICT operations

The ICT team has formed a strong 'one team' ethos 'to take the department from business necessity to business partner', with customer feedback calling ICT "the best it has ever been." Work includes increasing the scope for 'channel shift' – that is, for those who are IT-savvy, to use self-help systems when transacting with the council - in order to improve service quality and drive down transaction costs. ICT provides a great example of a team 'doing the boring [but essential] things well.'

D) Community Wealth Building

The Morecambe Bay Anchor Collaborative continues to be coordinated by the local NHS Clinical Commissioning Group, although the council's CWB officer has been seconded to help manage the UKSPF programme for much of the year. On the procurement side there is increasing evidence of contracting with local suppliers: Caton Rd-based TNP's role in designing and implementing the LFFN project is a case in point.

E) 'Green' skills development

Big thanks to Kathy Beaton for continuing to coordinate the 'developing green skills' group, working closely with Lancaster and Morecambe College, whose training capacity is really impressive. There appears to be some reticence amongst local businesses to take up the opportunities on offer because they continue to be very busy with 'business as usual'. I am anticipating that UKSPF funding will provide a catalyst to increase 'green' skills take-up.

I would like to see the council use the funding to take on apprentices to deliver retrofit works on council housing directly. But it will be for the next administration to determine an effective way forward to grow the pool of skilled people.

F) Sustainable business and innovation support

The council's business support team came away with the top prize in the 'Northwest Best Future-Ready' category at this year's FSB (Federation of Small Businesses) awards. It recognised the efforts taken to address areas such as skills gaps, helping high streets adapt to shifting consumer habits, helping local firms on their way to net zero and nurturing future entrepreneurs. (Cllr Heath's report further illustrates the breadth of the work of a great team.)

The strength of the district's innovating, high value-added businesses continues to be reflected in awards from Innovate UK and increased numbers of well-paid jobs. Round 1 of UKSPF allocations has included funding for the Electech cluster. And last month the council hosted a reception for senior civil servants to meet directly with Tech Lancaster and some of the companies and individuals that it is working with. TL is the locally-based electronics skills specialist which is acting as a provider of upskilled staff for Electech cluster businesses in the district – and now other electronics companies across the UK.

As a management board member of Lancaster BID (the council is a significant levy payer), I can testify to the energy and enterprise of the BID's members, as well as of the small team which runs BID. The quality of the offer and the events organised by the BID have done a lot to sustain city centre footfall at levels (relative to pre-pandemic) which compare well with UK and regional footfall data; and vacant units have dropped below 10% of the total within the BID area. (Look at comparative data to see how good that is!)

**Cllr Tim Hamilton-Cox,
Cabinet member for Sustainable Economic Prosperity**

April 2023.