



# City of Westminster Cabinet Member Report

<b>Decision Maker:</b>	Cllr David Boothroyd, Cabinet Member for Finance and Council Reform
<b>Date:</b>	1 July 2022
<b>Classification:</b>	General release
<b>Title:</b>	NNDR Localism Relief Extension for Meanwhile Use Activations (Phase 2)
<b>Wards Affected:</b>	St James's, West End
<b>Financial Summary:</b>	This will remain a cost neutral initiative as the cost of extending the current NNDR Localism Relief to the occupiers of units activated in Phase 2 of WCC's Activations & Meanwhile Use Programme, will be offset by a project partnership fee contributed by the property owners. Therefore, there will be no financial implications for the City Council.
<b>Report of:</b>	Debbie Jackson, Executive Director – Growth, Planning & Housing

## 1. Executive Summary

- 1.1 This report seeks approval to extend the previous NNDR Localism relief scheme (which ended 31<sup>st</sup> March 2022) to meanwhile use projects launched during Westminster City Council's (WCC) Activations & Meanwhile Use Programme Phase 2, for varying periods of time but until 31<sup>st</sup> March 2023 at the latest.

## 2. Recommendation

- 2.1 To consider and approve the extension of the Business Rate NNDR "Localism" allowance of a 100% of the net business rate liability under section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011 to the ratepayers of the following meanwhile use activations:
- 127-131 Regent Street, from 1<sup>st</sup> April 2022 until 30<sup>th</sup> April 2022
  - 12A Piccadilly Arcade from 1<sup>st</sup> April 2022 until the 31<sup>st</sup> March 2023 at the latest (although if the unit is no longer activated by the programme before this date, the relief will no longer apply).
  - Units 23-25 & 27 South Molton Street from 1<sup>st</sup> April 2022 until the 31<sup>st</sup> March 2023 at the latest (although if the unit is no longer activated by the programme before this date, the relief will no longer apply).

## 3. Reasons for Decision

- 3.1 The previous NNDR Localism relief enabled the council to deliver 12 activations, however the fact the previous relief ended on the 31<sup>st</sup> March 2022 presents challenges for current activations that are operational and which have received authorisation from the council and property owners.
- 3.2 Throughout Phases 1 and 2, the projects focused on short term activations (maximum tenancy duration of three months). However, by the end of Phase 2 the direction changed as we were offered larger units and longer leases, with the following spaces being made available:
- 12 Piccadilly Arcade: GPE have kindly made this unit available for one year, set to end on 31<sup>st</sup> December 2022 (although flexibility is sought in this decision to apply the relief until 31<sup>st</sup> March 2023, only should the lease be extended).

With this in mind, we have created a brand identity for this space which will be promoted as "12 at 12". The activation concept aims to turn this unit into a revolving space that performs as a working studio welcoming a new brand each month. All the up-and-coming brands that will be showcased within this space are masters of their respective craft and are reinventing the wheel - merging innovation, science, fashion, technology, culture and people.

To date, 12 at 12 has successfully launched six brands: L-Saha, Lone Design Club, LEJ London, Angie Power, CQ Studio and Supernaturae. We have secured tenants for the majority of the year and are now shortlisting for the final remaining months.

We see this activation as an opportunity to test a model for meanwhile use, which will test different commodities and business models within an alternative framework that enables different brands to operate the same space in short intervals of time and presents a revolving and diverse offer for consumers.

- 127 -131 Regent Street: In partnership with The Crown Estate and Togetherband, we delivered an immersive space which sold goods made of recycled materials to raise awareness of climate change. The Crown Estate made the unit available for a period of seven months, ending on 31<sup>st</sup> April 2022.

This activation will be extended to the public realm with a flag installation across Oxford and Regent Street, becoming part of Clean Power's global sustainability campaign. The City Council is a named partner in this initiative and had therefore been asked to consider the possibility of extending the NNDR Localism relief for the duration of the tenancy at 127-131 Regent Street. The flags were initially meant to be installed during the last week of March 2022 until the 15<sup>th</sup> May 2022 and run alongside the physical store, but due to the outbreak of war, the flag campaign is now looking to run in isolation from mid-July through to September.

- Units 23-25 & 27 South Molton Street: Grosvenor have made these units available from 1<sup>st</sup> April 2022 until 31<sup>st</sup> December 2022 (although flexibility is sought in this decision to apply the relief until 31<sup>st</sup> March 2023, only should the lease be extended) and has been turned into a department store for sustainable brands – The Good Store. The store is operated by Groundwork, who are a charitable organisation. As such, they should receive 80% mandatory charitable relief on business rates and potential for an additional discretionary 20% to be applied by the council. The sought approval for NNDR relief would only apply following mandatory discounts, where applicable/necessary.

- 3.3 Property owners of the above-mentioned premises have confirmed their willingness to continue to work with us and have reiterated their commitment to continue to pay the project partnership fee. We have made property owners aware that from the 1<sup>st</sup> April 2022, the project partnership fee contributions will increase and have explained this is due to the Central Government's rates holiday period ending on 31<sup>st</sup> March 2022; meaning from 1<sup>st</sup> April 2022 properties will be eligible for a 50% retail discount, capped at £110,000 per business (there will be no discount at all if the business has already claimed £110,000 discount on other properties elsewhere in the borough or elsewhere in the country or if the business has exceeded the Subsidy Limitation, formerly State Aid). Property owners are aware that these factors will reduce the level of localism discount which is currently covered by the project partnership fee, thus increasing the project partnership fee.

#### **4. Context & Current Position**

- 4.1 The Activations & Meanwhile Use Programme was originally envisaged as a pilot scheme to enliven vacant premises and address the negative impact that these had on visitors' perception of the West End.

- 4.2 Phase 1 sought to enliven vacant premises and test innovative concepts through a curated programme of cultural activations delivered by UK emerging artists and local organisations. A total of 6 activations were delivered as part of this phase. To ensure that Phase 1 was financially viable, a NNDR Localism Relief of 100% of the net NNDR liability was awarded to pop-up ventures in the borough during a fixed period of four months, comprised between 1<sup>st</sup> July and 31<sup>st</sup> October 2021.
- 4.3 Phase 2 focused on experiential retail and supporting up and coming UK businesses. This phase delivered 6 activations and supported a total of 32 small brands who would not have had the capital to be able to operate from the West End. To ensure viability during this second phase, the previous NNDR Localism Relief of 100% of the net NNDR liability was extended for a period of 5 months between 1<sup>st</sup> November 2021 and 31<sup>st</sup> March 2022.
- 4.4 Extending the NNDR Localism relief for a limited period of time to the ratepayers of the above mentioned businesses, will enable us to test a meanwhile use delivery framework ahead of a Phase 3 to the programme (subject to a separate decision).

## **5. The Proposals**

- 5.1 It is proposed that the Council extends the current NNDR “Localism” Relief of 100% of the net NNDR liability (i.e. after any statutory national NNDR reliefs have been applied) under section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011, to the following meanwhile use activations:
- 127-131 Regent Street, from 1<sup>st</sup> April 2022 until 31<sup>st</sup> April 2022
  - 12A Piccadilly Arcade from 1<sup>st</sup> April 2022 until 31<sup>st</sup> March 2023 at the latest (although if the unit is no longer activated by the programme before this date, the relief will no longer apply).
  - Units 23-25 & 27 South Molton Street from 1<sup>st</sup> April 2022 until 31<sup>st</sup> March 2023 at the latest (although if the unit is no longer activated by the programme before this date, the relief will no longer apply).
- 5.2 The proposed extension of the NNDR scheme will support the reactivation of high streets and enable the council to explore new approaches to support economic recovery whilst pioneering the creation of a healthy entrepreneurial ecosystem that will attract visitors to the area.

## **6. Financial Implications**

- 6.1 Technically, applying this legislation has financial implications as the council will be liable for paying 30p in the pound of any relief granted. The GLA will pick up 37p and central government the remaining 33p. However, a cost neutral position will continue to be realised whereby the council’s costs of granting the proposed NNDR Localism Relief to vacant units designated for pop-up uses as part of WCC’s Pop-up Activation Project will be met from a project partnership fee contributed by the property owners. The project partnership fee will be equivalent to 30% of the net business rates liability for each unit.

## **7. Legal Implications**

- 7.1 The proposed relief will be granted under Section 47 of the Local Government Finance Act 1988, as amended by Section 69 of the Localism Act 2011.
- 7.2 The council will continue to deliver the scheme under the current operational framework whereby a space operator enters into a standardised lease agreement directly with the property owner and licenses each premise to one or various end occupiers. The space operator will act as the single/paramount occupier for each business rates liability period.
- 7.3 A back-to-back agreement between the council and the space operator will ensure the space operator confirms the commitment of the property owner to the partnership project fee and the property owner will directly pay the council 100% of the project partnership fee. The fee will be equivalent to 30% of the net business rates liability specific to each unit.

## **8. Ward Member Consultation**

- 8.1 This report relates to St. James's Ward and West End Ward. There is no requirement for separate Ward Member consultation.

## **9. Outstanding Issues**

- 9.1 There are no outstanding issues.

**If you have any queries about this report, please contact either:**

Haylea Asadi, Interim Director of Economy

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For completion by the **Cabinet Member for Finance and Council Reform**

**Declaration of Interest**

I have no interest to declare in respect of this report

Signed:  Date: 01 July 2022

NAME: **Councillor David Boothroyd**

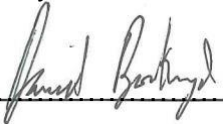
State nature of interest if any .....

.....  
*(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled

**NNDR Localism Relief Extension for Meanwhile Use Activations (Phase 2)**

and reject any alternative options which are referred to but not recommended.

Signed  .....

**Cabinet Member for Finance and Council Reform**

Date ...01 July 2022.....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment: .....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal & Democratic Services, Chief Operating Officer and, if there are resources implications, the Director of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.