City of Westminster

Cabinet Member Report

Decision Maker:	Cllr Geoff Barraclough, Cabinet Member for Planning and Economic Development Cllr David Boothroyd, Cabinet Member for Finance and Council Reform
Date:	21 September 2022
Classification:	General Release
Title:	NNDR Localism Relief to support meanwhile use activations as Phase 3 of the City Council's Meanwhile Activations Programme
Wards Affected:	All
Policy Context:	Fairer Economy Westminster Cultural Strategy (2021 – 2025)
Financial Summary:	The application of NNDR Localism Relief will remain cost neutral for the City Council as the cost will be offset by a project partnership fee contributed by the property owners as has been the case in phases 1 and 2 of the Meanwhile Activations Programme. Costs associated with the delivery of the activations such as delivery team staff, space operator fees and white boxing and fit-out costs will be funded from the existing budget available through the Stimulating the Economy Capital Programme and Thriving Economy budget
Report of:	Debbie Jackson, Executive Director – Growth, Planning & Housing

1. Executive Summary

1.1 This report seeks approval to apply NNDR Localism relief to ratepayers of eligible premises, who contribute currently void properties or those occupied by low quality occupiers, either rent free or nominal / entry level rent and who meet certain criteria as part of the City Council's Meanwhile Activations Programme for a minimum period six months and a maximum period of two years from the date of activation and to end for each premises when the property ceases to be part of the programme. The programme will initially focus on specific issues on Oxford Street but will provide the flexibility to mobilise throughout the borough.

2. Recommendation

2.1 That the Cabinet Member for Planning and Economic Development:

2.1.1 Approves the strategy and in principle approach for meanwhile activations of eligible premises as part of phase 3 of the programme. This will in turn support the meaningful reactivation of key high streets by providing visitors with curated experiences and services that cannot be obtained online or anywhere else. This will enable the City Council to tackle the rapid proliferation of low-quality occupiers and explore new approaches to support economic recovery whilst pioneering the creation of a healthy entrepreneurial ecosystem formed by local brands that will attract visitors to the area.

2.1.2 Delegates authority to the Executive Director of Growth Planning and Housing in consultation with the Cabinet Member for Planning and Economic Development to agree priority areas for activations.

2.2 That the Cabinet Member for Finance and Council Reform in consultation with the Cabinet Member for Planning and Economic Development:

2.2.1 Approves the application 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 eligible premises, who meet certain criteria for a maximum period of two years from the date of activation and to end for each premises when the property ceases to be part of the programme.

2.2.2 Approves the allocation of a maximum of £2.45m from the Stimulating the Economy budget and Thriving Economy budget to support delivery of phase 3. The capital budget is non-replenishing and so delivery and the number of activations must not exceed this allocation. Should the ambitions for the programme exceed the budget available, alternative funding and the associated necessary approvals will need to be secured.

3. Reasons for Decision

3.1 To date, the programme has activated 12 void units in the West End, supporting over 43 brands, emerging artists, social enterprises, and start-ups.

3.2 For phases 1 and 2, the project's focus centred around 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 three spaces being made available:

- 12 Piccadilly Arcade: this unit has become available for a period of one year and is currently activated by "12|12" (a working studio welcoming a new brand each month).
- 127 -131 Regent Street: this immersive space sold goods made of recycled materials to raise awareness of climate change and was operational for a period of nine months.
- 23-25 & 27 South Molton Street: these units have become available for a period of one year and has been turned into a sustainable department store, the first of its kind.

3.3 Taking the above into consideration, a future phase will require a change in direction from a short-term enlivening activity that looked at tenancies for a period of up to three months into a meanwhile use activation strategy that seeks to attract and support the transition of brands from pop-up occupiers into long-term, rent paying tenants; creating a pipeline of high-quality occupiers. A curation process will ensure that activations are driven by the most innovative up-and-coming, independent UK brands (businesses which otherwise could not afford the costs of operating in Westminster). The process will also prioritise local brands and those with a clear association with the borough whilst still meeting the calibre of activation required. This process will also ensure that well established businesses that could afford to pay full commercial rates are not awarded the NNDR Localism Relief.

3.4 We see this change of direction as an opportunity to tackle the rapid growth of low-quality occupiers along Oxford Street in particular, as well as other key high streets across the borough. This repetition and proliferation of such businesses are impacting upon the attractiveness of the borough and have, in many cases, been found to be evading the payment of business rates or undertaking illegal activity. Some property owners agree to leases with such businesses as part of a rates mitigation strategy, but the subsequent non-payment of business rates shifts the burden from the private sector to the public purse.

3.5 Business Improvement Districts (BIDs) have informed us that some property owners (with low-quality occupants currently) are open to working with us and have confirmed their willingness to allow us to activate their premises on a rent-free basis, however, they have raised concerns around rates liability and the costs that they will have to incur to activate their units, especially in the case of listed buildings, where rates are not payable if the property remains empty. Property owners would like to secure high quality occupiers and are open to terminating agreements with these low-quality occupiers, however, they cannot risk losing a tenant that covers their rates liability for a 3-month occupancy as the owner would become liable for full rates if the premises remains vacant after a short pop-up occupation. To continue conversations around units in key areas, it is essential to offer property owners certainty around business rates. One way to achieve this is through the application of NNDR Localism Relief for any new meanwhile use activations we take forward in phase 3 of the programme. The activations would need to meet certain criteria to receive the relief for a maximum period of two years from the date of activation and to end for each premises when the property ceases to be part of the programme, e.g., if the landlord finds a suitable long-term tenant. This will enable us to deliver meanwhile activations and create an activation delivery framework that will help property owners who agree to participate in our project to benefit from savings on their full business rates liability. More details on the activation delivery framework are to be provided in section 5 of this report.

3.6 For delivery of phase 3, we will explore a tiered financial model as well as the creation of incubation support for brands who have the potential to sustain tenancy beyond the activation period. The proposal contemplates a short, rent-free period at a designated pop-up space, after which brands will move into a meanwhile unit where a nominal rent contribution will be determined, with a financial transition which will then look to place successful brands on an incremental route toward paying full rent and thus permanent or longer-term occupancy.

3.7 The short-term approach we pursued during phase 1 led to three missed activation opportunities within prime units as property owners asked us to provide certainty around rates reduction for a period of one year, which was not possible at the time.

4. Context & Current Position

4.1 The Meanwhile Activations Programme (previously West End Voids Activation & Pop-Up Project) was originally envisaged as a pilot scheme to enliven vacant premises and address the negative impact that empty properties 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-based emerging artists and local organisations. The cultural activations performed as experimental platforms for a different demographic of businesses. These unique spaces, where art was produced and consumed, encouraged property owners and visitors to use vacant spaces in different ways, diversifying the existing offer and creating opportunities for in-person interactions. A total of 6 activations were delivered as part of this phase. To ensure that Phase 1 was financially viable, 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 1st July and 31st October 2021, with the 30% cost to the council of the localism relief being offset by a project partnership fee payment from the property owner.

4.3 Phase 2 focused on experiential retail supporting up-and-coming UK businesses. This phase delivered 6 activations and combined with Phase 1, supported a total of 43 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 comprised between 1st November 2021 and 31st March 2022. In addition, New West End Company (NWEC) and Heart of London Business Alliance (HOLBA) BIDs have waived the BID levy for participating brands during previous phases. Ahead of phase 3, NWEC have agreed they would move to offering 70% reduction in levy for activated units. HOLBA have indicated they would continue to waive the levy.

4.4 Phase 3 has been envisioned to deliver two clear objectives; the first one being to tackle the rapid proliferation of low-quality occupiers on key high streets, with a focus on Oxford Street as the most prominent example. At present, the City Council has a key focus on undertaking enforcement activity to address illegal activity taking place within these businesses and a co-ordinated approach will see property owners afforded the opportunity to participate and offer these units to the Meanwhile Activations Programme. The second objective will seek to incubate brands that have the potential to become long-term occupiers in the future. Providing certainty to property owners around business rates is essential to securing units and delivering the two key objectives mentioned.

5. Oxford Street Delivery Model

5.1 Although the programme will seek to deliver across key locations throughout the borough, a focus is required for Oxford Street, where, as mentioned, the proliferation of low-quality occupiers is particularly evident.

5.2 We have worked in close collaboration with NWEC to identify units in strategic locations along Oxford Street whose property owners may be open to being part of the programme.

5.3 We would look to help rebuild a fairer economy through our activations. Throughout phases 1 and 2, we prioritised applicants who had been able to demonstrate clear links to Westminster, had the potential to create a high-impact or make a meaningful contribution within the borough and align with core values such as local recruitment, diversity, inclusion, sustainability and ethical practice. Phase 3 would look to uphold these principles and prioritise applicants who have the potential to deliver on these.

5.4 There will now be an increase in the project partnership fee contributions. The reason for the increase is the fact that the previous rates holiday, which saw a 66% rate reduction, came to an end on 31st March 2022. From 1st 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). This will have a significant impact on certain property owners as the level of localism discount available has reduced, thus increasing the project partnership fee.

5.5 Nonetheless, property owners who agree to participate in our programme will still realise significant savings on their full business rates liability. Taking this into consideration, the next step would be for the programme team alongside NWEC's Head of Partnerships and Oxford Street Commercial Agents to collectively present the offer to property owners.

6. Westminster-wide delivery:

6.1 It is proposed that the scope of the project will also look to re-invigorate other key high streets across the borough whether void or occupied by low quality tenants. Where established, we will work with other BIDs or business associations to development localised strategies and anticipate a greater focus on arts and culture to achieve the highest impact.

6.2 The broadened scope for delivery would be dependent on the allocated budget and so would need to be assessed on a case-by-case basis. It is acknowledged that we will need to explore options to secure further funding. This may include securing funding for West End delivery, therefore freeing up the allocated budget for other locations.

6.3 It should be noted that if further funding were to be sought and the project expanded, a condition covering this would be included in any contract with the appointed space operator, and we would not look to go through a separate procurement process.

7. Resourcing:

7.1 The current delivery framework is divided into two key roles: Operations & Leasing, which has to date been delivered by an appointed space operator Appear Here and the programme management and curation led by WCC's Business & Enterprise Service.

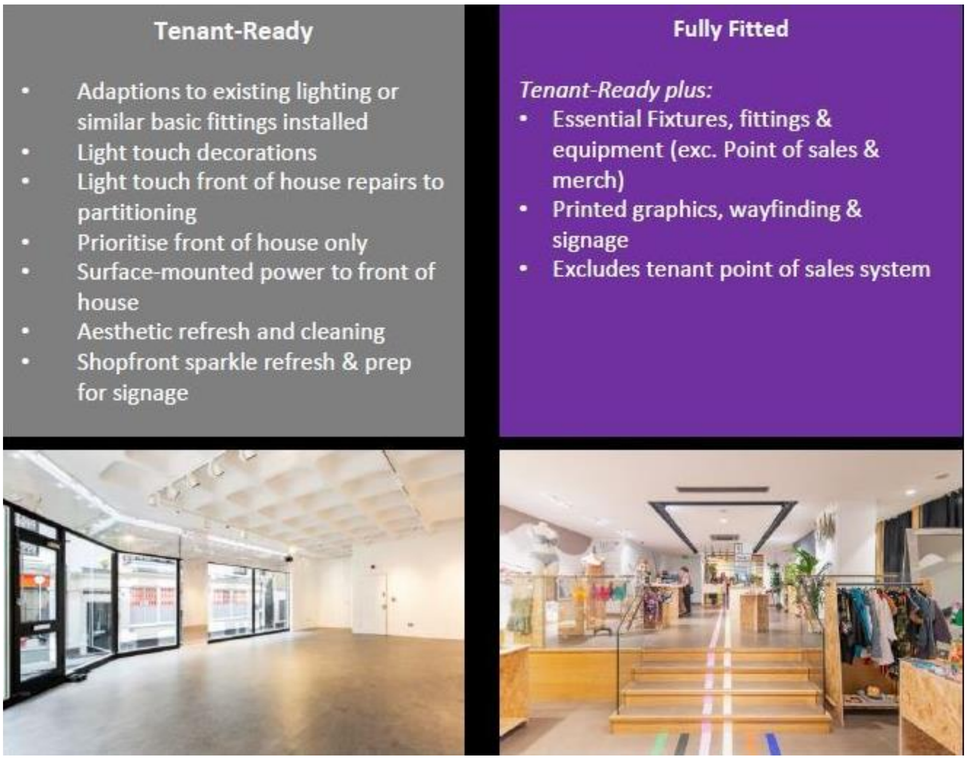
7.2 Due to varying factors including change in appetite for the programme since first going out to tender in Phase 1 and an evolution in the scope of work, we will re-procure the services of a space operator for Phase 3. Following an initial soft-market testing, we have determined that an open procedure will now be followed to allow for expression of interest and bids from the market. Procurement are ready to go out to market for interested parties to bid for the contract. We are aiming to conclude and appoint the space operator within the next few months with a view to launching Phase 3 in Q3-4 2022/23.

7.3 To ensure the City Council's programme team has the capacity to deliver up to 6 medium to large scale, multi-tenant occupier meanwhile units and 3 single tenancy meanwhile activations for periods of up to 2 years (meaning phase 3 will span a 2-3 year term as start dates of activations are likely to be staggered based on units being allocated to the programme by property owners), it will need to comprise a band 4 Activation Strategy & Curation Project Manager (0.5 FTE), a band 4 Delivery Manager (1 FTE) and 2 x band 3 Project Support Officers (2 FTE). The annual budget for the team would be £224,000 (including costs and based on target-premium pay scales).

8. Budget allocation

8.1 All capital and revenue costs for phases 1 and 2 of this programme have been covered by the ARG (Additional Restrictions Grant) allocation. Any capital costs for phase 3 would be funded through our Stimulating the Economy Capital Programme, already secured by the Economy Directorate, whilst any revenue costs funded through the Thriving Economy budget. Any budget allocations from the Thriving Economy Budget and Stimulating the Economy Capital Programme will be determined following due consideration given to the scale of ambition for phase 3.

8.2 In terms of the capital costs, a significant amount will be associated with white-boxing (preparation of a space before furniture and any other tenant-specific equipment is installed or upgrades finished) and any additional fit-out works. To manage the white-boxing and fit-out costs, we have defined two categories; tenant-ready and fully fitted.



For each scenario we have looked to set an indicative fixed limit for costs, considering differentials in the size of unit to be activated and the nature of the fit-out works required as follows:

Fit Out Costing Framework				
Activation Size (sq. ft)	**Tenant-ready (£/sq. ft)**	**Cost (up to)**	**Fully fitted (£/sq. ft)**	**Cost (up to)**
<500	15	£7,500	29	£14,500
500 - 1000	15	£15,000	29	£29,000
1000 - 2000	15	£30,000	29	£58,000

2000 - 4000	15	£60,000	29	£116,000
4000 - 6000	15	£90,000	29	£174,000
6000 - 10,000	15	£150,000	29	£290,000

We have also costed an optional third category, which would provide a higher specification of fixtures, fittings, equipment, and specialist lighting, for example, pricing this at a prospective £55 per square foot.

8.3 The experience and knowledge gained through phases 1 and 2 can help determine what spaces we can realistically move forward with as we will need to be selective with premises in terms of aesthetic and mechanical condition and subsequent affordability. Due to the rapidly changing nature of premises availability, the previous approach saw the team take on units which were less suitable and required difficult negotiation and creative working to create a viable, affordable yet high quality activation in a short space of time, something which can now be negated using the new model.

8.4 For phase 3, we will ensure that property owners have commercial ownership of compliant mechanical, electrical and fire systems ahead of validating and agreeing to activate a space. We will take a flexible approach if a reduction on the fit-out scope is required.

8.5 Going forward, no individual fit out grants for pop-up occupiers will be awarded, as these will be replaced with the above costing framework.

The tiered system will assess the existing condition of a space and requirements per activation before then calculating whether the space would be viable and to what standard of finish, meaning activations will be treated on a case-by-case basis.

Further assessment criteria will take into consideration the following factors:

- Size of the unit
- Length of activation
- Proposal (experiential retail activations contemplating immersive installations to prioritise engagement over sales often require additional support)
- Brand categorisation - we will look at determining how established participating brands are
- Social value and the impact that the proposal could have including the creation of learning, training, and community engagement opportunities
- The costing framework also assumes that no large-scale strip out, structural, façade or specialist works are required, with landlords taking ownership of fire detection, fire protection and fire stopping elements.

8.6 Phases 1 and 2 have seen the team activate numerous single unit activations (<500 sq. ft) one medium unit (3000 sq. ft) at 88 Regent Street and one large scale unit (20,000 sq. ft) at 500 Oxford Street. As an indication, and based on the allocated budget, phase 3 would look to activate around 3 further single tenancy activations, 4 medium multi-tenant activations and 2 large-scale marketplaces, totalling 9 activations. The below chart indicates the white-boxing and fit out cost of delivering a total of 9 activations.

Type of finish:	Tenant ready (white boxing)	Fully fitted	Fully fitted	Total
Finish price per sq. ft:	£15	£29	£29	/
Target no. activations:	3	4	2	/
Av. size activation (sq. ft):	up to 500	up to 2000	up to 4000	/

Av. target cost of activation:	£7,500	£58,000	£116,000	/
INDICATIVE BUDGET ALLOCATION	£22,500	£232,000	£232,000	£486,500

8.7 This costing considers white-boxing and fitout only and we anticipate, especially in the case of the medium and larger units, needing to employ a design agency to create an over-arching brand and implement design elements, as was the case with 500 Oxford Street.

8.8 Considering all above points, costing total for Phase 3, including WCC's team salaries as well as space operator fees budgeted for three years (these costs would be reduced if the project straddles less than three years) is predicted to be in the region of £2.45m. Out of which, £2.39m will be from the Stimulating the Economy capital programme and c£60k from the Thriving Economy revenue budget will cover insurance costs.

8.9 The scope for other key high streets in the borough will need to be assessed on a case-by-case basis. There will be a need to secure further funding to support extension of the programme to other priority locations beyond the West End.

9. Programme benefits:

The following provides a breakdown of further benefits of the programme:

9.1 Benefits from Phase 1:

- Improved attractiveness of the West End[1]
- Increased footfall and diversity of audience
- Support for local artists and entrepreneurs
- Improved relationships with key stakeholders
- Trialled new ways of working

9.2 All the above-mentioned benefits continued to be delivered during phase 2, with the following further benefits added:

- Exploration of alternative business models that enabled the creation of mixed-use facilities
- Created social value and employment opportunities for residents by working with social enterprises
- Harnessed culture into a driver of footfall and spend booster
- Expanded the project's reach with local and global marketing and promotion plans
- Supported the creation of experiential highstreets
- Added value to the shopping experience to give visitors a reason to come to the area
- Created a pipeline of local businesses (with at least 4 participating brands now looking for a longer-term home in the West End).

9.3 All the above-mentioned benefits will continue to be delivered during phase 3, with the following further benefits added:

- Replace a minimum of 3 and ideally up to 6 units currently occupied by low quality occupiers with experiential retail brands

[1] And other priority high streets and district centres in phase 3

- Incubate three innovative brands via the creation of an incubator.
- Implement a consumer-based activation strategy and comms plan to support the creation of experiential highstreets and attract new and returning visitors to Westminster
- Influence property owners of the project's worthiness to secure ongoing financial support for long-term gain
- Create a fair market that matches current retail conditions to help local businesses to grow through effective promotions, with the view to securing permanent retail space in Westminster
- Support residents by creating social value and employment opportunities
- Unlock new uses of commercial space to encourage visitors to have new retail experiences

The below list provides links to previous coverage of the activations delivered during phase 1 and 2. A separate attachment provides case studies capturing benefits realisation.

Press releases:

- Launch London's West End launches a pop-up programme to entice exciting brands to the nation's high street | Westminster City Council
- 88 Regent Street Fashion and wellness pop up store with focus on sustainability launches at 88 Regent Street | Westminster City Council
- 88 Regent Street extended The Regent Street Edit extended until 24 December | Westminster City Council
- 500 Oxford Street Pop-up to launch at former New Look flagship store on Oxford Street | Westminster City Council

Coverage:

- What Role Do Independent Retailers Play In Driving Footfall? (forbes.com)
- Start-ups get retail space in empty New Look Oxford Street shop | Evening Standard
- Fashion And Wellness Pop Up Store With Focus On Sustainability Launches At 88 Regent Street | Retail & Leisure International (rli.uk.com)
- Togetherband opens pop-up on Regent Street (fashionunited.uk)
- BBC Radio London Salma El-Wardany - 26/11/2021 - BBC Sounds 02:19:15 – 02:22:25 & 02:45:50 – 02:47:30
- Artists handed keys to empty shops to draw visitors back to deserted West End | Evening Standard

12|12 Coverage:

- The Chic Geek (13.2k followers)
- Retail & Leisure International (17.3k visitors/monthly)
- London Post (348,794 visitors/monthly)
- Fashion Network (5,000 visitors/monthly)
- Fashion United (227,500 visitors/monthly)
- London Fashion (12,100 visitors/monthly)
- Bestinau (56,000 visitors/monthly)
- J News (28,000 visitors/monthly)
- All in London (700,000 visitors/monthly)
- London on the Inside (313,177 visitors/monthly)
- English Times (56,000 visitors/monthly)
- Retail Sector (30,000 visitors/monthly)
- Almoon (10,000 visitors/monthly)
- Duchetridao (10,000 visitors/monthly)

- [The Industry Fashion]() (45,000 visitors/monthly)
- [Woozog]() (10,000 visitors/monthly)

15 pieces of coverage with an estimated reach of 1,882,071.

10. Financial Implications

10.1 Technically, applying the NNDR localism relief has financial implications as the City Council would be liable for paying 30p of each 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 City Council's costs of granting the proposed NNDR Localism Relief to vacant units designated to the programme will be met from a project partnership fee contributed by the property owners. The project partnership fee is and will remain equivalent to 30% of the net business rates liability for each unit.

10.2 The City Council has the power to take this decision unilaterally without the approval of either the GLA or central government though in line with good practice we will inform the GLA of our plans to apply NNDR Localism Relief for any new meanwhile use activations we take forward in phase 3 of the programme.

10.3 To date, the Meanwhile Activations Programme has been an entirely cost neutral initiative in terms of business rates as the cost of granting the NNDR Localism Relief to the selected occupiers of vacant units designated for pop-up uses has been offset by a project partnership fee contributed by the property owners. The City Council is up to date with raising the invoices associated to the project partnership fee required from the property owners for phases 1 and 2. Property owners have paid the due amounts on time, which proves that the current arrangement could be a workable long-term solution to address void units across the borough.

10.4 Whilst costs associated with the delivery of the activations such as delivery team staff, space operator fees and white boxing and fit-out costs have to date been funded through the ARG scheme, now this funding has been exhausted, these costs under phase 3 of the programme will be funded from the existing budget available through the Stimulating the Economy capital Programme and Thriving Economy revenue budget.

11. Legal Implications

11.1 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. Where the Council applies a locally funded relief under section 47, this must be applied after the Expanded Retail Discount. It is worth noting that viability of the programme will have to be assessed after March 2023, dependent on central government direction on the relief applicable to the project.

11.2 Eligible premises will receive the proposed NNDR Localism Relief for a maximum period of two years from the date of activation and to end for each premises when the property ceases to be part of the programme.

11.3 The City Council will continue to deliver the programme under the current operational framework whereby a space operator enters into a standardised lease agreement directly with the property owner and licenses each premises to one or various end occupiers.

11.4 A back-to-back agreement between the City 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 City Council 100%

of the project partnership fee. The fee will be equivalent to 30% of the net business rates liability specific to each unit after expanded retail relief, where applicable.

11.5 The applicability of the UK's international subsidy obligations must be considered on a case-by-case basis in terms of both Retail Relief and separately NNDR Localism Relief.

11.6 The Council should consult and follow the 'five step' process to ensuring compliance with the UK's international subsidy obligations; outlined below:

(1) Determine whether the proposed measure is a subsidy and what international obligations are relevant.
(2) Evaluate whether the measure is a prohibited subsidy.
(3) If the Council is in scope of the UK-EU Trade and Cooperation Agreement, assess the subsidy against the principles.
(4) Assess the likelihood of triggering a dispute under WTO ASCM rules and other FTAs.
(5) Record the award of the subsidy.

11.7 There are four key characteristics of a support measure that are likely to indicate that it would be considered a subsidy, which all need to be met:

(i) a subsidy must constitute a financial (or in kind) contribution such as a grant, loan, or guarantee
(ii) in addition, the financial contribution must be provided by a 'public authority', including, but not limited to, central, devolved, regional or local government
(iii) thirdly, the award of the subsidy must also confer a benefit on the recipient in the sense of an economic advantage that is not available on market terms
(iv) finally, the subsidy must cause a distortion in or harm to competition, trade, or investment

11.8 Based on the information in this report section 7.9 (i) - (iii) apply to the proposed NNDR relief. However, as stated above the Council will need to consider on a case-by-case basis, whether the goods and/or services, provided by the intended could have an effect on trade or investment between the UK and the EU (or any other state that is subject to the applicable trade agreement), as all of the tests set out in paragraph 7.9 above must be met for a measure to be a subsidy. However, this is a matter for economic analysis rather than legal analysis since it considers where and to whom the services/goods are provided by and to, as well as whether there are international competitors in the market for the service. Moreover, if the economic actor has a strong local community connection and the goods/services have localised objectives, it is unlikely that the award of the NNDR relief will affect international trade.

11.9 The Council must also consider whether the subsidy supports 'goods-based' or 'service-based' activity, to determine which international agreements are applicable.

11.10 If it is determined that the proposed NNDR relief is a Subsidy to any economic actor under the UK-EU TCA, the Council should seek confirmation from the economic actor as to whether they have received any de minimis Subsidies (i.e., 325,000 SDR – approx. up to £350,000) over a three-year consecutive fiscal period. Only if the proposed NNDR Relief causes them to exceed this threshold will the Subsidy Control provisions, and principles of the UK-EU TCA apply to the proposed NNDR Relief.

11.11 If the proposed NNDR relief to the economic actor takes their receipt of Subsidies above the de minimis threshold, the proposed NNDR relief must meet the following Principles:

- should pursue a specific public policy objective to remedy an identified market failure or to address an equity rationale such as social difficulties or distributional concerns (“the objective”)
- should be proportionate and limited to what is necessary to achieve the objective
- should be designed to bring about a change of economic behaviour of the beneficiary that is conducive to achieving the objective and that would not be achieved in the absence of subsidies being provided
- should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy
- should be an appropriate policy instrument to achieve a public policy objective and that objective cannot be achieved through other less distortive means
- their positive contributions to achieving the objective should outweigh any negative effects, in particular the negative effects on trade or investment between the Parties.

11.12 The Council should take a proportionate view when considering whether a subsidy could trigger action, including the value of the sum. Based on the information contained in this report, any NNDR relief granted which is deemed a subsidy under the WTO ASCOM, is unlikely to trigger a dispute under the same.

11.13 The Council should keep a record of the award of the grant in order to meet any transparency requirements to record information and if applicable, upload the relevant information to the BEIS transparency database.

12. Carbon Impact

12.1 In phases 1 and 2, we have supported brands that are aligned to our ethos and values around sustainability and ethical practice, whilst providing an exciting, experiential experience for visitors. Phase 3 of the programme will continue to support brands looking to minimise their carbon footprint and increase awareness of environmental issues.

12.2 We will ask the space operator and contractors to where possible use recycled and recyclable materials in the white-boxing and fit-out of the premises.

13. Equalities Implications

13.1 The Meanwhile Activations programme is designed to improve the high streets offer and attract a wider range of visitors by enlivening the vacant properties. A curation process will ensure that activations are driven by the most innovative up-and-coming, independent UK brands (businesses which otherwise could not afford the costs of operating in Westminster).

13.2 The programme will provide accessible and inclusive space to support Westminster entrepreneurs and businesses. In turn, supporting residents by creating social value and employment opportunities.

13.3 Phases 1 and 2 of the programme supported a diverse range of businesses and founders, including 66% being female-led businesses and 19% being Black, Asian or minority ethnic-led.

13.4 The activation at 500 Oxford Street saw a highly curated mix of brands who celebrated inclusion and inclusivity. This community of like-minded businesses took the opportunity to showcase gender neutral and empowering pieces, for example, as well as running workshops and hosting talks, opening the debate around fashion, sustainability and equality in the industry.

13.5 Phase 3 of the programme will continue to hold this inclusive ethos and support a diverse range of business owners and brands.

14. Ward Member Consultation

14.1 This report relates to all wards.

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

Haylea Asadi, Interim Director of Economy

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Martin Hinckley, Director of Revenues and Benefits mhinckley@westminster.gov.uk

For completion by the **Cabinet Member for Planning and Economic Development**

Declaration of Interest
I have no interest to declare in respect of this report

Signed: ______________________ Date: 21 September 2022

NAME: Cllr Geoff Barraclough

State nature of interest if any …………………………………………………………..……

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(*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 to support meanwhile use activations as Phase 3 of the City Council's Meanwhile Activations Programme

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

Signed ………………………………………………

Cabinet Member for Planning and Economic Development

Date …21 September 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: ………………………………….……………………………………
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If you do <u>not</u> 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.

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: 21 September 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 to support meanwhile use activations as Phase 3 of the City Council's Meanwhile Activations Programme

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

Signed ……………………………………………………

Cabinet Member for Finance and Council Reform

Date …21 September 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 <u>not</u> 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.

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