EXECUTIVE SUMMARY

A commercial landlord has requested financial support to enable new small retailers to reoccupy empty retail units in town centres, as part of an introductory scheme.

A financial contribution equivalent to NDR is requested, - up to a potential £5,000 per unit.

Outcome for Council

Positive – to be seen to be helping to maintain confidence in retail centres through encouraging and sustaining occupation, by new and growing businesses.

Negative - potential criticism of what is a selective subsidy of specific businesses.
BACKGROUND
A proposal has been received from the centre manager of George Yard and the Newlands Shopping Centre. The aim is to encourage small, new businesses to occupy empty shop units. By encouraging the ambitions of existing small businesses to fill town centre retail premises, the aim is to maintain the attractiveness and viability of established shopping centres. The scheme would offer more flexible and favourable terms than usual, with costs which would escalate to normal levels at an agreed rate, subsidised by the landlord over several quarters.

An aspect of the proposal is the request that the Council might contribute financial support. The initial proposal was framed in the context of NDR (business rates), in the mistaken belief that the Council has discretion to defer or reduce NDR rates. This has since been explained. The businesses would be coached in setting up at minimum cost and the arrangement would be conditional upon the businesses undertaking structured training and business guidance, through Business Development Services (BDS) NW Essex Ltd. (already agreed)

Issues and Risks
1) It could offer a ‘pump priming’ opportunity to make a contribution to the vitality of the shopping centres by helping to focus attention on new business opportunities: through practical help and associated publicity. A great deal depends upon whether the pilot retailers are successful: to both the cost of the scheme and people’s attitudes towards it.

2) The core idea is a progressive response to market conditions, however it prompts the question of whether the Council would or should consider other locations where it would want to encourage regeneration and focus on them for relief. Existing businesses which are struggling may see this as unfair competition from newcomers who would not otherwise be able to compete.

3) An unintended consequence could be unfair competition, therefore the scheme would have to be ring-fenced to retailers which would not pose this threat.

4) Other landlords and retail businesses may be attracted to the idea and propose their own schemes but the difficulty of funding such additional proposals could raise significant concerns about inequality of treatment, and would be very difficult to defend.

5) New jobs created are likely to be few and the Council may prefer to devote any available resource to helping people and businesses affected by significant recent closures.

The partnership board’s views are requested.