
HIGH STREET INNOVATION FUND

**Responsible Cabinet Member – Councillor Chris McEwan,
Economy and Regeneration Portfolio**

Responsible Director – Richard Alty, Director of Place

SUMMARY REPORT

Purpose of the Report

1. To provide Cabinet with an update in respect of the allocation of £100,000 through the High Street Innovation Fund, and to seek approval for the release of these monies to commence delivery of a number of projects to be funded through this scheme.

Summary

2. A £10 million funding package was announced by the Rt Hon Grant Shapps MP on 30 March 2012. The fund has two purposes - to support empty properties on our high streets, and those areas affected by the riots. The Government identified eligible local authorities and then wrote to each Council advising of their allocation. Darlington Borough Council was notified of an award of £100,000 from the fund. The monies have subsequently been received by the Council and are currently held awaiting approval of their use by Cabinet.
3. The Portas Review of the High Street has helped to identify what government, local authorities, businesses and communities can do together to promote the development of new models of prosperous and diverse high streets.
4. Empty properties can visibly bring down the attractiveness and prosperity of a high street, but may temporarily reflect its changing nature. The sight of boarded-up shops and businesses is depressing and can damage people's confidence in their local high street, perhaps prompting them to shop and access other services elsewhere. In this context market stalls within the indoor market are also considered to fall within the remit of this report.
5. The Government wants to encourage local authorities to take the lead in driving their local economy, and to use new tools open to them, such as powers to offer business rate discounts which became available to them through the Localism Act from 1 April 2012. Government is also actively encouraging partnership working, particularly between local authorities and local landlords, to address local challenges.
6. The scheme envisages that funding will be used to support business rate discounts for new start-up businesses taking on empty properties. It is suggested that local authorities will work collaboratively with landlords encouraging them to also contribute to a business rate

discount for new occupiers - this could involve match funding or providing other resources, and is in the landlord's interest if it means their empty property becomes occupied.

7. Government wants local authorities to focus on measures that are sustainable which address the underlying causes of empty properties and which incentivise and enable properties to provide an offer which fits demand.
8. In launching the fund, there is a degree of flexibility in how the monies can be spent, with the principal suggestions focussing on:
 - (a) **Business rate discounts** for new start ups taking empty properties (working with landlords to increase the discount);
 - (b) Supporting **community use** of empty properties;
 - (c) **'Meanwhile uses'** - re-animate vacant spaces by allowing local people and community groups to experiment with new projects and enterprises, and
 - (d) Supporting local skills improvements/social enterprises by developing an **apprenticeship scheme to train young people in shop-fitting and refurbishment.**
9. This report examines how some of the money awarded to Darlington might be spent and seeks approval for use of the funds from Cabinet. Whilst the money is not ring-fenced, it is suggested that it can helpfully be targeted at the purposes for which it was intended.

Recommendations

10. It is recommended that Cabinet notes the receipt of £100,000 from the High Street Innovation Fund and agrees to it being spent on the projects as set out in Appendix 1.

Reasons

11. The recommendations are supported by the following reasons:-
 - (a) The Council is in receipt of £100,000 that has been awarded by Government for the purpose of implementing measures to address the issue of vacant units in the town centre.
 - (b) The proposed use of the funding will meet the One Darlington; Perfectly Placed outcomes by improving the attractiveness of the Town Centre, assist new business from and survive and create new opportunities for apprenticeships.

Richard Alty
Director of Place

Background Papers

No background papers were used in the preparation of this report.

Nik Grewer Tel. No. 01325 388687

S17 Crime and Disorder	There are no specific implications for Crime and Disorder.
Health and Well Being	There are no specific implications for Health and Well Being.
Carbon Impact	There are no specific implications for Carbon Impact.
Diversity	There are no specific implications for Diversity.
Wards Affected	The town centre is within Central ward.
Groups Affected	All Groups are affected equally.
Budget and Policy Framework	This does not represent a change to the Budget and Policy Framework.
Key Decision	This is not a key Decision.
Urgent Decision	This is not an Urgent Decision.
One Darlington: Perfectly Placed	The recommendations will contribute to the One Darlington: Perfectly Placed agenda by improving the appearance of the town centre, assisting business and creating opportunities for new apprenticeships.
Efficiency	There are no specific implications for Efficiency.

MAIN REPORT

12. A £10 million funding package was announced by the Rt Hon Grant Shapps MP on 30 March 2012. The fund has two purposes - to support empty properties on our high streets, and those areas affected by the riots. The Government identified eligible local authorities and then wrote to each Council advising of their allocation. Darlington Borough Council was notified of an award of £100,000 from the fund. The monies have subsequently been received by the Council and are currently held awaiting approval of their use by Cabinet.
13. It should be noted that the funding is not ring fenced and is available for spending as the Council considers appropriate. The release of the funding has received wide publicity under the banner of the Mary Portas Review. This report has been developed on the basis of using the funding for the purpose for which it has been allocated by the government as the successful application of the money will contribute to the vitality of the Town Centre and can be used as evidence for other town centre interventions.
14. The Portas Review of the High Street has helped to identify what government, local authorities, businesses and communities can do together to promote the development of new models of prosperous and diverse high streets.
15. Empty properties can visibly bring down the attractiveness and prosperity of a high street, but may temporarily reflect its changing nature. The sight of boarded-up shops and businesses is depressing and can damage people's confidence in their local high street, perhaps prompting them to shop and access other services elsewhere.
16. The Government wants to encourage local authorities to take the lead in driving their local economy, and to use new tools open to them, such as powers to offer business rate discounts which became available to them through the Localism Act from 1 April 2012. Government is also actively encouraging partnership working, particularly between local authorities and local landlords, to address local challenges.
17. The scheme envisages that funding will be used to support business rate discounts for new start-up businesses taking on empty properties. It is suggested that local authorities will work collaboratively with landlords encouraging them to also contribute to a business rate discount for new occupiers - this could involve match funding or providing other resources, and is in the landlord's interest if it means their empty property becomes occupied.
18. Government wants local authorities to focus on measures that are sustainable which address the underlying causes of empty properties and which incentivise and enable properties to provide an offer which fits demand.
19. In launching the fund, there is a degree of flexibility in how the monies can be spent, with the principal suggestions focussing on:-
 - (a) **Business rate discounts** for new start ups taking empty properties (working with landlords to increase the discount);
 - (b) Supporting **community use** of empty properties;
 - (c) **'Meanwhile uses'** - re-animate vacant spaces by allowing local people and community groups to experiment with new projects and enterprises, and
 - (d) Supporting local skills improvements/social enterprises by developing an **apprenticeship scheme to train young people in shop-fitting and refurbishment.**

Vacant Units in Darlington Town Centre as at July 2012

20. A detailed exercise of assessing the current number of vacant premises in Darlington town centre has recently been conducted. This includes some initial assessment of the external condition of the unit, details of the agent / landlord (where known); the size of the unit and financial aspects of occupation (rateable value / rent and rates payable / BID Levy / eligibility for Small Business Rate Relief etc.). There are approximately 60 individual units (ground floor retail) currently unoccupied within the town centre. This constitutes approximately 10% of the retail units within the town centre and compares favourably with the average national vacancy rate of 12% and regional rate 16%.
21. In terms of impact on the town centre, it is considered that the priority is to focus on ground floor premises (and hence predominantly retail use), rather than first and second floor vacant offices. It is the empty shop-fronts that have a tendency to be the most noticeable and create the perception of blight. Adopting this approach would see the number of units reduce from approximately 71 to 61 units.

Consultation in Respect of Potential Options

22. Given that there is a limited amount of money, a menu of options was drawn up, which was considered by the Town Centre Board on 11 July.
 - (a) **Option 1** - Divided equally between **all** units, with a list of 'agreed purposes' being drawn up as to what new occupiers could utilise these monies for (e.g. rent and rate subsidies; general shopfitting; decoration etc.);
 - (b) **Option 2** - Money divided between approximately 12 'priority' units, in prominent locations across the town centre;
 - (c) **Option 3** - Clean frontage, clear graffiti and tidy main shop area to make a specific unit more presentable / attractive to potential tenant and to enable the unit to be used as a 'pop up' shop to enable pre-start and new-start businesses to try out retailing from a high street location;
 - (d) **Option 4** - Arrange and pay for painting of frontages in need, in key areas – e.g. High Row, Northgate, Skinnergate and Bondgate. This would cover approximately 16 units;
 - (e) **Option 5** - Contribute to the **first year rents** for properties that would receive 100% Small Business Rate Relief (i.e. they would have no business rates to pay). This applies to approximately 8 units;
 - (f) **Option 6** - Contribute to the **first year business rates** for properties that are eligible for Small Business Rate Relief (properties with Rateable Values between £6 -£12,000). This would apply to approximately suitable 8 units;
 - (g) **Option 7** - Contribute to the first year **business rates** for properties that are **not eligible** for Small Business Rate Relief (properties with Rateable Values over £12,000). This applies to approximately 43 units;

- (h) **Option 8** - Contribute to the development/enhanced functionality of an **improved 'Vacant Sites and Premises' online directory**;
- (i) **Option 9** - Arrange for **window graphics/vinyl displays** in the windows of priority units;
- (j) **Option 10** - Arrange for **shutter graphics/displays** in the windows of priority units, and
- (k) **Option 11** - Arrange for **digital shop windows** to be fitted in the windows of prominent units.

23. Having considered all of the above, a suggested breakdown of how the £100,000 could initially be spent was provided to the Town Centre Board for consideration, which focussed on spending monies in 6 of the 11 potential options.

High Street Innovation Fund – Suggested Outline of Spend

	Breakdown	Total
Contribute to the first year rents for properties that would receive 100% Small Business Rate Relief (all properties would also be exempt from BID levy)	8 x £2,500 (50% of estimate of average rents payable)	£20,000
Contribute to the first year business rates for properties that are eligible for Small Business Rate Relief + Pay 1st year BID levy for these properties (total £1,325)	8 units, potential 50% contribution to Business Rates (£10,500) + Pay full BID Levy for each unit (£1,325)	£11,825
Contribute to the development/enhanced functionality of an improved 'Vacant sites and premises' online directory		£7,840
Arrange for window graphics/vinyl displays in the windows of priority units	12 potential priority units x £1,500 each (approx)	£18,000
Arrange for shutter graphics/displays in the windows of priority unit	3 potential priority high street units x £2,500 each (approx)	£7,500
Cleaning/tidying units to improve and enable 'pop up' shops facility	25 units x c. £200(?) (estimate for costs for cleaning/materials per unit)	£5,000

TOTAL £70,165

24. A total of c. £70,000 of potential spend has been identified. This approach has the benefit of holding back a proportion of the £100,000 – either as contingency, in case elements of spend turn out to be greater than initially envisaged, or as a means of gauging the potential impacts of specific activities, with a view to investing more monies in areas that prove to be particularly successful.
25. For avoidance of doubt, vacant market stalls in the Covered Market can also be included within the scope of this project.

Consultation

26. Consultation with the Town Centre Board suggested that:
- (a) Landlords should take their share of responsibility for the vacant units and be prepared to 'match fund' (financially or in-kind) the money from the High Street Innovation Fund;
 - (b) A letter should be sent to landlords and agents to stress the importance of the project's aims;
 - (c) Work on this project should link in with the Business Improvement District (BID) to maximise effectiveness, and
 - (d) The money should be used strategically, where possible, to maximise longer term benefits
27. There is further work to be done, especially in respect of obtaining detailed quotations for a number of the projects outlined. Contact is presently being made with appropriate organisations to obtain this information. In addition, landlords and agents responsible for vacant units within the town centre are being contacted to ascertain their appetite to engage in the project and whether they are willing to make any form of contribution (in-kind or financial) to the scheme.
28. Discussions are also taking place with the new BID company, Distinct Darlington, to ascertain whether they may also be willing to offer any form of financial contribution.
29. The Town Centre Board requested that a report be presented to September's Cabinet meeting, recommending the release of the £100,000 budget for the project.

OUTLINE OF POTENTIAL HIGH STREET INNOVATION SCHEME FUND

Officers be authorised to agree applications for assistance to address vacant shop issues through the following suite of interventions.

Interventions shall be agreed on conditions that include:-

1. The landlord/owner of the property shall match fund intervention of an appropriate level, unless they are able to show demonstrable cases of hardship.
2. The landlord/owner is agreeable for information and promotional material to be produced that indicates the availability of the scheme, acknowledges the assistance of the Borough Council and promotes the wider marketing messages of the Town Centre regeneration and BID plans.
3. Any other conditions deemed to be appropriate in respect of the individual circumstances relating to the vacant unit and/or business proposition (e.g. a minimum of three quotations for any proposed works to be undertaken; potential clawback of grant monies, if premises vacated within a given timescale etc.).

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