

BARNSELEY METROPOLITAN BOROUGH COUNCIL

REPORT OF: Executive Director Growth & Sustainability

TITLE: Supporting our Town Centres – Business Rate and Rent Relief and Business Support Provision

REPORT TO:	CABINET
Date of Meeting	02/04/2025
Cabinet Member Portfolio	Regeneration & Culture
Key Decision	Yes
Public or Private	Public

Purpose of report

The report is seeking approval to implement a set of interventions aimed at supporting our high streets and town centres, which include targeted business rate relief, rent reductions to qualifying businesses and a comprehensive business support package. The aim is to ensure our high streets and town centres across the borough remain vibrant places that people want to visit and spend time in.

Council Plan priority

Growing Barnsley – The interventions identified in the report will allow businesses to thrive and make Barnsley an attractive place to invest.

Recommendations

That Cabinet: -

1. Approves the package of interventions set out below, up to the value of £5.0M that will support the retail, hospitality and leisure sectors in FY 2025/26. To note this funding is one-off to allow businesses to prepare for the future cost implications.
2. Delegate authority to the Director of Finance and Executive Director of Growth and Sustainability to implement the packages of support outlined below

1. INTRODUCTION

- 1.1 Barnsley Town Centre and the Principal Towns have seen significant investment of the last decade, which has led to our borough being a vibrant place that attracts significant footfall and has a strong retail, hospitality and leisure sector. The Glassworks development has transformed Barnsley town centre and plans for the Health on the High Street Health & Wellbeing Hub together with the Seam digital campus will further strengthen the offer. These developments have been led by the Council because of its ambition to make

Barnsley the Place of Possibilities and has resulted in a significant increase in footfall and the attraction of national brand names on the high street.

- 1.2 However, like all town and city centres across the country we are impacted by macro-economic factors that are outside the Council's control. Businesses in the retail, hospitality and leisure sectors will be impacted by a number of policy changes that take effect in the new financial year; 1) changes to employers National Insurance contributions, 2) changes to the minimum wage, 3) changes to business rate relief in those sectors, 4) changes to employment law regulations that add costs to businesses. In addition, global market prices for some consumer goods are having significant impacts of the supply chains, as well as high energy costs and inflationary pressures are leading to a very challenging trading conditions and pose a risk to the vibrancy of our high streets and town centres.

2 PROPOSAL

- 2.1 It is proposed that the following package of one-off support for the financial year 25/26 is implemented:
- 2.2 Additional business rate relief of up to 60%, capped at £110,000, for businesses in the retail, hospitality and leisure (RLH) sectors for the FY 25/26. This additional relief will reduce the business rates liability for upwards of 630 businesses in the sector. As the scheme is capped it will exclude around 500 properties that are operated by national chains from the scheme.
- 2.3 Across the borough, there are approximately 2750 properties that operate within the retail, hospitality and leisure sectors. 1600 don't pay business rates as they receive 100% small business rates relief. In 24/25 the remaining businesses received a 75% reduction in business rates funded by national government. The government announced in its Autumn Budget that this would be reduced to a 40% reduction in 25/26, whilst also announcing a number of other policy decisions that would affect this sector as highlighted in paragraph 1.2 above.
- 2.4 It is therefore proposed to implement a discretionary business rate relief scheme which will award an additional 60% relief to all businesses currently eligible and receiving the Government's RLH relief scheme. This means eligible businesses will receive 100% relief for 25/26 up to a maximum of £110,000. This will apply to businesses that are receiving the governments retail hospitality and leisure relief at the point of the scheme's implementation and any new qualifying businesses that relocate to Barnsley after this date.
- 2.5 A rent reduction of 25% to the 19 Glassworks and Alhambra tenants, currently in receipt of of retail, hospitality and leisure relief or small business rates relief.
- 2.6 A rent reduction of 25% for 77 indoor market traders and all outdoor markets across the borough and a 25% reduction on eligible Street Trading consents for the FY 25/26. To be eligible for the discount outdoor market traders would need to be licenced for their pitch (not a casual trader) and street traders would need a 12-month static consent for their pitch (not occasional consent)

or hold a 12-month mobile consent.

- 2.7 £500,000 to provide enhanced business support provision to those businesses in receipt of the above interventions. A condition of receiving either the business rate relief or rent reduction is to have at least one meeting with one of the Council's business support advisors in addition to enrolling for an online business rates account (where appropriate).
- 2.8 This will consist of tailored support through a dedicated key account managers, as well as one to many workshops focusing on common topics affecting the sector. Each business set to receive the financial assistance highlighted above will also receive a letter highlighting that by accepting this assistance they agree by default, that, they will be required to engage with BMBC provided business support through Enterprising Barnsley. Specific criteria have been determined to identify those businesses whom the Council wants to target, but the business support will be available to all eligible businesses. This support starts with an initial diagnostic meeting in which the Key Account Managers review key points of the business, how it operates and to understand the specific needs of that individual business, followed by a programme of specific advice and support tailored to the businesses identified needs. This will be delivered through the recruitment of new Key Account Managers into the Enterprising Barnsley team, that have retail, hospitality and leisure backgrounds. Additional inward investment support will also be added, to help with the attraction of new businesses into the borough. See Appendix C for further details.
- 2.9 A £500,000 fund for targeted support for businesses not in receipt of the above interventions.
- 2.10 This can be used in exceptional circumstances to provide support to those businesses not in receipt of the above interventions where it is deemed necessary and/or where the council wishes to attract investment into the borough.
- 2.11 Guidance and eligibility criteria will be developed. These details will be available on the council's website once the scheme is launched.
- 2.12 In providing this package of support the Council is providing a local response to national challenges i.e. National Insurance increases, reductions in business rate relief, impacts on employment law changes, reducing consumer spend, inflationary pressures and supply chain cost increased in the retail, hospitality and leisure sectors.
- 2.13 An outputs framework is in development that will be used to demonstrate the impacts. The proposed outcomes are as follows:
- Businesses in Barnsley more resilient to ongoing increases in the cost of trading at the end of 2025/26 financial year;
 - Businesses in retail, hospitality and leisure in Barnsley able to sustain current levels of employment and economic activity beyond end of 2025/26 financial year;

- Vibrancy of Barnsley town centre, principal towns and local centres maintained at least at the current levels of businesses, jobs and customers throughout and beyond 2025/26 financial year; and
- Barnsley's business community more aware of and more engaged with business support programmes.

The delivery of the outcomes will be monitored using a range of outputs and success measures including: £ value of rates and rent relief provided; number of businesses receiving financial support; safeguarded jobs and businesses; vacancy rates and footfall.

- 2.14 Appendix B sets out the business support measures that will be delivered to businesses, alongside the financial relief and an outcomes framework that sets out how we will measure the impact of the interventions. It is anticipated that over 500 businesses will receive support as part of this scheme, from the Enterprising Barnsley team in 25/26 and 26/27.
- 2.14 Businesses that are eligible will be identified from the council's Business Rates records and the reduction will be automatically added to the bill for 2025/26. In addition, businesses will be provided with a summary of the schemes, the conditions linked to the support and the option to opt out should they wish. Business rate relief and rent reductions awarded will be back dated to the 1st April 2025 for the financial year 2025/26, if this scheme is approved by Cabinet on the 2nd April 2025.
- 2.16 The interventions set out above align with the Barnsley Inclusive Economic Growth Strategy mission 3, to empower all our communities to thrive and the strategy's strategic objectives; SO7 – Attracting new business and inward investment to diversify, grow and green the economy, and SO8 – increase the resilience and vitality of Barnsley and our Principal Towns.

3 IMPLICATIONS OF THE DECISION

3.1 Financial and Risk

- 3.1.1 Consultation has taken place with representatives of the Director of Finance (S151 officer).
- 3.1.2 A one-off amount totalling £5.0M has been set aside to fund the package of support explained in paragraphs 2.2 -2.9 above. These resources have been identified from a surplus on business rate income both from a national level and local level through improved collections over the past number of years together with rental income received from Glassworks / Alhambra tenants. These surpluses have been held in reserve. Given the better than anticipated financial settlement received for 25/26, the Director of Finance is comfortable that these surpluses can be released for this programme of support.
- 3.1.3 It is estimated that the package of business rate relief will cost in the region of £3.5M, with £0.5M being set aside for the package of rent relief for eligible businesses in the Glassworks and Alhambra. A further £0.5M is set aside for targeted business support, with the remaining £0.5M being held as an

emergency support fund who do not meet the eligibility criteria for the other support highlighted.

3.1.4 The financial implications are shown in appendix A.

3.2 Legal

3.2.1 The Subsidy Control Act 2022 is applicable from 4 January 2023.

3.2.2 All public authorities must have regard to the Act and Business Rate and Rent Relief like other subsidy or support measures may be subject to these conditions.

3.2.3 The Minimum Financial Assistance (MFA) threshold allows public authorities to award low value subsidies without needing to comply with the majority of the subsidy control requirements. MFA has a financial threshold which allows recipients to receive up to £315,000 over three financial years (the current financial year and the two financial years immediately preceding the current financial year).

3.2.4 Public authorities awarding subsidies as MFA must comply with certain procedural requirements.

3.2.5 If the enterprise confirms it will exceed the threshold, it can still receive part of the subsidy up to the MFA threshold. Any remaining balance will be subject to the full subsidy control requirements associated with providing a subsidy.

3.2.6 When awarding an MFA subsidy, the public authority must give the intended beneficiary an 'MFA confirmation' which is a written statement that confirms:

- that the subsidy is given as MFA,
- the date on which it is given, and
- the gross value amount of the assistance.

3.2.7 Statutory Guidance for the United Kingdom Subsidy Control Regime is issued by the Secretary of State under section 79 of the Subsidy Control Act 2022 (the Act). Under section 79(6) public authorities must have regard to this guidance (so far as applicable to the authority and the circumstances of the case) when giving a subsidy or making a subsidy scheme. The guidance explains the legal obligations on public authorities under the domestic subsidy control regime and provides a framework for designing and awarding subsidies in a manner consistent with the Subsidy Control Act 2022. Part 4 of this guidance contains a sample ratepayer declaration, which local authorities may wish to use to discharge this responsibility.

3.2.8 Any enterprise that receives a subsidy that does not provide goods or services on the market (e.g. nhs) may not be satisfy the 4 limbs of the Subsidy Act test.

- 3.2.9 At the Autumn Budget on 30 October 2024 the Chancellor announced the extension of the business rates relief scheme for retail, hospitality, and leisure (RHL) properties, worth over £1.5 billion in 2025/26. This will provide businesses with the necessary interim support until the introduction of the permanently lower tax rates for RHL properties, including those on the high street, from 2026-27.
- 3.2.10 The 2025/26 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible occupied RHL properties with a 40% relief, up to a cash cap limit of £110,000 per business.
- 3.2.11 As this is a temporary measure for 2025/26, the government is not changing the legislation relating to the reliefs available to properties. Instead, the government will, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when to grant relief under section 47.
- 3.2.12 The government expects billing authorities to apply and grant relief to qualifying ratepayers from the start of the 2025/26 FY.
- 3.2.13 Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.
- 3.2.14 The Retail Hospitality and Leisure Scheme is likely to amount to subsidy. Any relief provided under this scheme will need to comply with the UK's domestic and international subsidy control obligations.
- 3.2.15 In those cases where it is clear to the local authority that the ratepayer is likely to breach the cash cap or the MFA limit then the authority should automatically withhold the relief. Otherwise, local authorities may include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the cash caps or MFA limit.
- 3.2.16 MFA subsidies above £100,000 are subject to transparency requirements. This is not cumulated per beneficiary but applies per subsidy award. This means that for every individual subsidy provided of more than £100,000, the local authority needs to include details of the subsidy on the Subsidy Control Database Local authorities will need to create an account to use the Manage UK Subsidies Portal. This will enable users to upload subsidy schemes and awards.

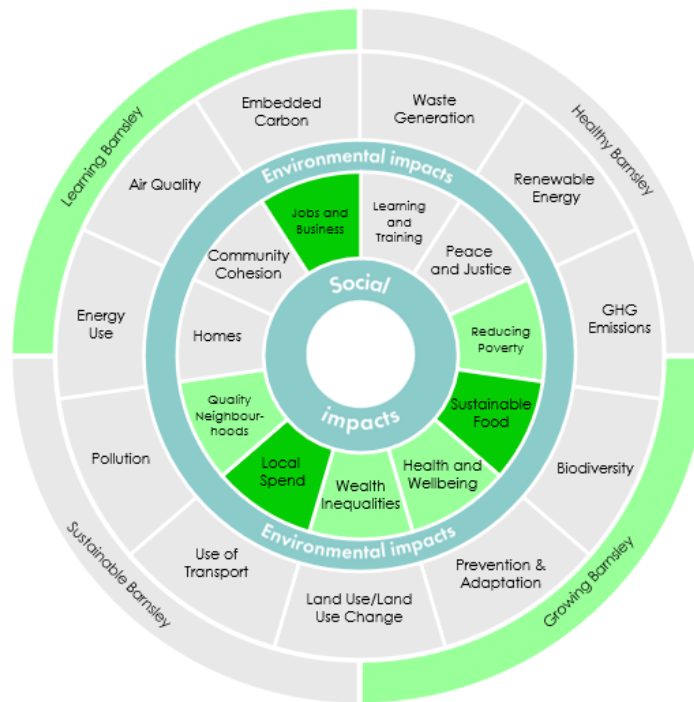
3.3 Governance

Part 3(c) Part ii Terms of Reference for Cabinet at para 1.1(e) - To approve, or approve variations to, strategies and policies, operational plans, programmes, and procedures, which are consistent with the budget and policy framework determined by the full Council.

3.4 Equality

A Full Equality Impact Assessment has been completed and is attached in the appendices

3.5 Sustainability



3.6 Employee

There will be a need to increase staffing by 3 FTE. This includes two new Key Account Managers, and a project officer dedicated to the programme, for a period of two years until 31st March 2027. The programme will also fund the activity of other staff around additional inward investment support and programme management. See Appendix B for full breakdown.

3.7 Communications

The Communications and Marketing team will develop a plan to promote this initiative, amplifying the achievements and capturing positive outcomes.

4. CONSULTATION

Over the last six months, consultation and engagement has taken place with businesses across the borough by the Enterprising Barnsley team and with our tenants of the Glassworks and Alhambra centres. In addition, consultation has taken place with the Leader of the Council.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Not to implement the proposed interventions. This is not recommended due to the reasons set out in this report explaining why the interventions are

important to the vitality of Barnsley and our Principal Towns.

6. REASONS FOR RECOMMENDATIONS

- 6.1 To ensure that the interventions proposed can be implemented quickly and efficiency and businesses in the retail, hospitality and leisure sectors get the support they need.

7. GLOSSARY

N/A

8. LIST OF APPENDICES

Appendix A: Financial Implications
Appendix B – Business Support model
Appendix C - EIA

9. BACKGROUND PAPERS

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

10. REPORT SIGN OFF

Financial consultation & sign off	Senior Financial Services officer consulted and date <i>Appendix A</i>
Legal consultation & sign off	Legal Services officer consulted and date Rebecca Asquith Head of Legal Services 3 March 2025

Report Author: Dan Harper
Post: Head of Economic Development
Date:02/04/25