

CABINET

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FINANCE PORTFOLIO HOLDER**

6 June 2023

REPORT NO. FIN2309

KEY DECISION: YES/NO

SUPPORTING LOCAL BUSINESSES IN NORTH CAMP

**BUSINESS INTERRUPTION RELIEF -
LYNCHFORD ROAD**

SUMMARY:

Businesses in North Camp have been severally impacted by the closure of the carriageway on Lynchford Road and disruptions to traffic flows caused by Hampshire County Council's North Camp Accessibility Scheme. The loss of passing trade and parking spaces has reduced footfall, hit turnover, and caused considerable distress to the local business community. One business has closed because of the scheme. Another business has moved.

The impacts on local businesses have been exacerbated by the extension of the works and that the work is being undertaken along the whole stretch of the road at once, rather than in phases. Further business failures are likely unless the impacts of the scheme are mitigated.

Whilst Hampshire County Council as the Highways Authority is responsible for the works, the council has been proactively engaging with local businesses and seeking ways in which it can support local retailers, maintain the economic vibrancy of a once successful area, and help the community manage the disruptions caused by the works.

To help businesses survive, the report recommends that Members:

- Adopt a local policy to enable the council to award business rates relief of up to 100% for the period 1 October 2022 to 31 March 2024, to those retail and hospitality businesses on Lynchford Road, Farnborough who are most impacted by the works.
- Amend parking charges at Peabody Road Car Park and Napier Gardens Car Park to encourage visitors into the area, increase footfall and boost local trade.
- Endorse a marketing campaign to help attract visitors into the area.

The new business rates relief is to be called Business Interruption Relief - Lynchford Road and will remain in force for the duration of the North Camp Accessibility Scheme. Amendments in parking charges will also last for the duration of the works.

RECOMMENDATIONS:

Cabinet is recommended to:

- 1) Establish a local Business Interruption Relief - Lynchford Road policy to reduce business rates payable for those businesses on Lynchford Road who are most affected by Hampshire County Council's North Camp Accessibility Scheme; and
- 2) Approve amendments in car parking charges at Peabody Road Car Park and Napier Gardens Car Park to increase footfall in North Camp and boost local trade, and
- 3) Endorse a marketing campaign to promote the area's diverse small and independent businesses, encourage visitors into the area and highlight ways in which the disruption and inconvenience imposed by the works can be managed.

1. INTRODUCTION

- 1.1 Lynchford Road is in North Camp, Farnborough and stretches from the A331 roundabout up to the Holiday Inn situated at the roundabout which adjoins to the A325, (Farnborough Road). See image below.



- 1.2 In late Autumn 2022, as part of the Farnborough Transport Improvements Package, works started on A3011 Lynchford Road. The scheme aims to make daily travel easier, support business growth, reduce journey times, improve air quality, and create an enhanced streetscape with new segregated paths for cyclists and pedestrians and parking for cars and motorcycles.
- 1.3 The scheme is being funded by both the Enterprise M3 Local Enterprise Partnership and Hampshire County Council.

- 1.4 The details of the North Camp Accessibility Scheme can be found at [Farnborough Transport Improvements | Transport and roads | Hampshire County Council \(hants.gov.uk\)](https://www.hants.gov.uk/transport-improvements).
- 1.5 The Lynchford Road phase of the scheme has meant the westbound closure of Lynchford Road. This has had significant impact on local businesses. The closure of one lane, diversionary routes which avoid the area and the removal of parking bays have seen businesses suffer from a reduction in footfall and passing trade.
- 1.6 The reduction in customers and lost revenue has already seen one business close. Another business has moved from Lynchford Road. Without further intervention it is likely that other businesses will cease trading.
- 1.7 North Camp has a number of bespoke small, independent traders who rely on regular customers. Its offer is quite unique. The businesses particularly impacted on Lynchford Road serve the convenience market, relying on the ability of customers to 'pull up' and meet an identified need quickly.
- 1.8 Steps have been taken to help ease the impacts of the works on businesses, such as improved signage (see para 4.2), however given the scale of the impacts more direct support is needed.
- 1.9 This report sets out the Councils' intentions to introduce a local business rates relief policy to support businesses on Lynchford Road, Farnborough who are being directly impacted by the North Camp Accessibility Scheme.
- 1.10 Reductions in car parking charges at Peabody Road Car Park and Napier Gardens Car Park are recommended to increase footfall in area.
- 1.11 The council has engaged with all businesses along Lynchford Road, as well as businesses along Camp Road and the wider area. This engagement has helped to inform both the council's own response to the impacts of the scheme and how the council has engaged with County Council officers to lobby for mitigation.

2. BACKGROUND

- 2.1 Section 47 of the Local Government Finance Act 1988 enables councils to grant discretionary rate relief only in specified circumstances.
- 2.2 They could top up the 80% Mandatory Relief available on premises occupied by charities and CASC's and they could award up to 100% discretionary relief to not-for-profit making bodies who do not qualify for any mandatory relief due to not holding charitable status.
- 2.3 Section 69 of the Localism Act 2011 amended 47 of the Local Government Finance Act 1988 and came into effect on 1 April 2012.
- 2.4 The purposes of this Act allowed for an extension of the existing provisions, in that discretionary rate relief may be granted in any circumstances where

a local authority sees fit, having regard to the effect on Council Taxpayers in their area.

3 CONSULTATION

- 3.1 The council is committed to supporting a thriving local economy, with vibrant and distinctive town centres. As such the council routinely engages with the business community and particularly retailers.
- 3.2 Because of the number of requests for help being received by officers, the council carried out a 'door-to-door' exercise with businesses on Lynchford Road and Camp Road. This sought to understand the impacts of the North Camp Accessibility Scheme and inform the council's response to the business impacts.
- 3.3 A short summary of the feedback from the door-to-door exercise is outlined below.

Summary:

- Businesses along Lynchford Road have been severely impacted, with businesses also impacted on Camp Road, although to a lesser extent.
- Major decrease in footfall with some businesses experiencing days when they have no customers.
- On average businesses on Lynchford Road are 30% down year-on-year.
- Feedback from some businesses suggests that they are unlikely to survive the duration of the works without any form of support.
- The impact is likely to get worse when they close the other carriageway as there will be no on street parking at all.
- Several businesses have changed opening hours to accommodate customers/staff.

- 3.4 Representations continue to be received from local retailers highlighting the detrimental impact of the scheme on their businesses.
- 3.5 The county council has facilitated engagement events with businesses at the Holiday Inn, Lynchford Road to talk about the impacts of the scheme. The council has had representatives at this meeting. To date two such meetings have been held.

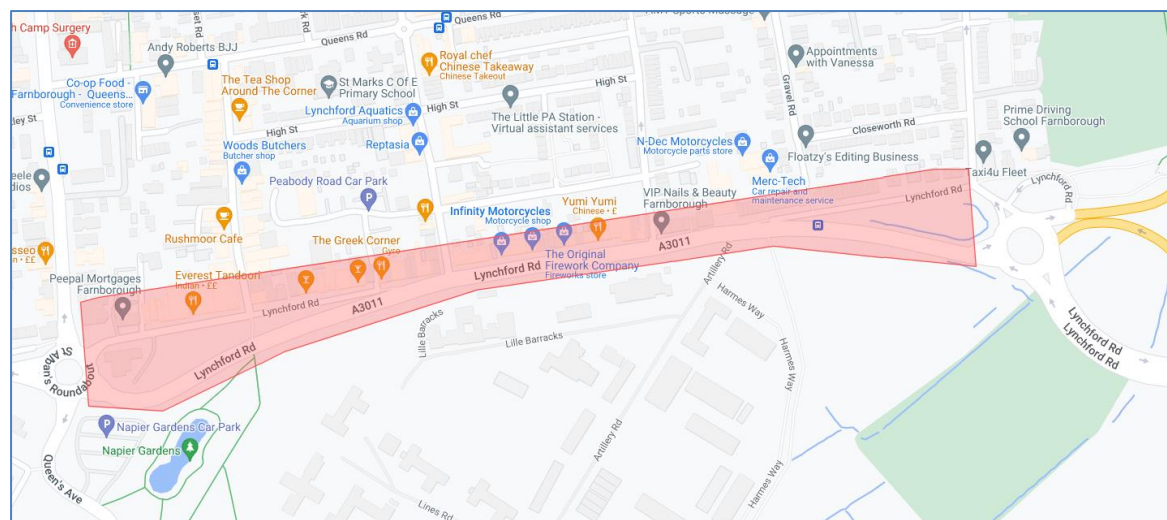
4 MEASURES TO MANAGE THE IMPACTS ON LOCAL BUSINESSES

- 4.1 A series of points have been addressed by Hampshire County Council in response to immediate feedback regarding the management of the works.
- 4.2 Points which have been addressed by the county council include:
- 4.2.1 'Business open as usual' signs have been installed at the main gateways to the works area and adjacent to the variable message signs on the wider road network.
- 4.2.2 Static signage which suggested '*North Camp is closed...*' has been removed/ amended.

- 4.2.3 Regular communication bulletins are now being sent to local businesses and stakeholders.
 - 4.2.4 Site 'house-keeping' has been undertaken to remove unnecessary fencing, barriers and signs.
 - 4.2.5 Free on-street parking for one hour on sections of Old Lynchford Road has been introduced. This will apply for the duration of the works.
- 4.3 However, despite these steps, the scale of the losses being incurred by businesses necessitates more direct support.
- 4.4 Several businesses have asked for compensation to mitigate loss of income. At the time of writing this has been ruled out by the county council.
- 4.5 Similarly, a major concern for local businesses is the duration of the works with no firm timeline provided which provides reassurance on when the disruption will end. The council will continue to lobby the Highways Authority and Jacksons (the contractor) to ensure that this certainty is provided, and businesses can start planning for 'business as usual'.

5 BUSINESS INTERRUPTION RELIEF POLICY – LYNCHFORD ROAD

- 5.1 The council will introduce a local business rates relief policy to support businesses on Lynchford Road, Farnborough who are being directly impacted by the North Camp Accessibility Scheme.
- 5.2 This new scheme of relief is to be called Business Interruption Relief - Lynchford Road. Full details of the policy are included in Appendix 1 of this report.
- 5.3 The package of relief is only available to retail and hospitality businesses located on Lynchford Road between St Albans roundabout and the A331 roundabout (area highlighted in the image below) as they are directly impacted by the roadworks.



- 5.4 Other businesses in North Camp i.e. not between St Albans roundabout (near Napier Gardens) and the A331 roundabout, who can demonstrate financial hardship as a result of the works, can use other relief packages available to them such as Hardship Relief. The council will ensure that these businesses are aware of these business support channels.
- 5.5 Properties that will benefit from the relief must be occupied and are wholly or mainly used as shops, restaurants, cafes, drinking establishments and the hospitality sector (including Airbnb's).

Excepted Organisations

- 5.6 Relief cannot be granted to excepted properties. i.e., one where all or part of the property is occupied by any of the following: -
- A billing authority, such as Rushmoor Borough Council; or
 - A precepting authority such as Hampshire County Council, Police and Crime Commissioner and Hampshire Fire and Rescue Authority.

Administration of Business Interruption Relief – Lynchford Road

- 5.7 The relief will be automatically awarded to all businesses identified as being eligible for the relief.
- 5.8 The relief will be applied against the net bill after all other reliefs have been applied, such as Small Business Rate Relief and the Retail, Hospitality and Leisure Relief.
- 5.9 The maximum amount of relief to be awarded to any one business is 100%. It is the intention that no retail or hospitality business on Lynchford Road, between the St Albans roundabout and A331 roundabout will have a rates liability for the year 2023/24. However, most businesses in this location will either receive Small Business Rate Relief or Retail, Hospitality and Leisure Relief.
- 5.10 Relief is to be awarded for the period 1 October 2022 to 31 March 2024 (from the date at which the North Camp Accessibility Scheme commenced to when the works are anticipated to be complete).
- 5.11 The total amount of relief to be provided to businesses will be £123,175 and the financial cost to the council will be £49,270.

6 CHANGES TO CAR PARKING CHARGES

- 6.1 To help encourage visitors into the area it is proposed that car parking charges be reduced in council car parks which serve the main shopping areas. The costs of the council's loss of income will be covered by the county council.
- 6.2 Different options have been considered, informed by engaging with local businesses, which weigh up the likely impact on footfall, customer flows,

revenue impacts and any negative effects (e.g., increases in illegal parking) which might arise from different changes.

6.3 The following changes are considered to offer the optimal solution:

- Offering one-hour free parking at Peabody Road Car Park. Total cost - £8,030.00.
- Free parking all day at Napier Gardens Car Park. Total cost - £6,227.25.

6.4 The revenue cost of these reductions will be £14,257.25. The costs are based on last year's finances and the council's likely loss of income.

6.5 There will be an additional cost for changing the parking machines and new signage at the car parks. The council is awaiting confirmation of the amount which could be in the region of £2,500. Once contractors have confirmed this cost, the council will approach the county council to seek reimbursement.

7 OTHER MEASURES TO SUPPORT LOCAL BUSINESSES

7.1 A 'North Camp Is Open' marketing campaign will be undertaken to promote the local area. Amongst other messages this will highlight:

- The amended car parking charges and ease of accessing the shopping area from those car parks.
- The breadth of small and independent businesses in North Camp.

7.2 A short promotional film has been commissioned and developed by the council, funded by Hampshire County Council. This film promotes the local retail offer.

7.3 A map of local businesses has also been developed and will be used to highlight local businesses and the proximity of local car parks.

7.4 The council is committed to maintaining an ongoing dialogue with businesses and business representative groups in the area.

7.5 The council will proactively engage with all businesses in North Camp to ensure that businesses not automatically eligible for business rate relief, are aware of the support channels available to them, including Hardship Relief and other business support.

8 IMPLICATIONS

Legal Implications

Discretionary Rate Relief – specified organisations under the Localism Act 2011

- 8.1 This provision provides local authorities flexibility in granting relief to any organisation where it is felt that to do so would be of benefit generally to the borough and be reasonable given the financial effect to Council Taxpayers.
- 8.2 Government has not issued any guidance in how this power might be used except advising that relief *“may be granted in any circumstances where a local authority sees fit, having regard to the effect on Council Taxpayers in the area”*
- 8.3 The issue of some discretionary rate reliefs are considered as qualifying as “subsidy” and is of some significance.
- 8.4 Broadly, any awards of discretionary rate relief or discounts are subject to Subsidy Control. The Subsidy Control Act allows a business to receive £315,000 in a three-year period (consisting of the current financial year and the two previous financial years).
- 8.5 However, due to the relatively low level of reliefs being applied to these businesses, it is unlikely that they will exceed subsidy limits.

Financial Implications

- 8.6 The Business Rates Retention scheme has introduced a fundamental set of arrangements for dealing with the cost of business rates. The cost to the Council of granting any Discretionary Rate Relief is most reliably estimated at being 40% of the value of the relief granted, although the cost is ultimately determined by a range of factors, such as the councils total rate receipts measured against its estimated threshold for growth and taking into account whether any payment levies or safety net contributions are payable or receivable.
- 8.7 The remaining 60% of the costs will be met by Central Government (50%), Hampshire County Council (9%) and Hampshire Fire and Rescue Authority (1%), under the Business Rates Retention Scheme.
- 8.8 It is estimated that there are 21 businesses on Lynchford Road that may qualify for some relief. The total value of relief is estimated to be £49,270.
- 8.9 The total cost of the changes of car parking charges will be £14,257.25. This cost will be covered by the county council.
- 8.10 There will be an additional cost for changing the parking machines and new signage at the car parks. The council is waiting on confirmation of the amount which could be in the region of £2,500. Once contractors have confirmed this cost, the council will approach the county council to seek reimbursement.

9 CONCLUSIONS

- 9.1 Cabinet is asked to approve the measures to support local businesses in North Camp many of which have been severely impacted by the North Camp Accessibility Scheme.
- 9.2 The Business Interruption Relief – Lynchford Road will target those retail and hospitality businesses most impacted by the disruption on Lynchford Road.
- 9.3 The relief will be delivered using existing Discretionary Powers under Section 47 Local Government Finance Act 1988 and the Localism Act 2011.
- 9.4 The council will proactively engage with all businesses in North Camp to ensure that businesses not automatically eligible for business rate relief, are aware of the support channels available to them, including Hardship Relief and other business support.
- 9.5 Amendments in parking charges are intended to increase footfall and boost local trade.
- 9.6 The council will continue to engage proactively with local businesses and the measures above will be widely promoted. In doing so the council will seek to ensure that there is no lasting damage to the local economy or community.

BACKGROUND DOCUMENTS:

S47 Local Government Act 1988, as amended

Localism Act 2011

Business Interruption Relief – Lynchford Road Policy

Farnborough Transport Improvement Package - [Farnborough Transport Improvements | Transport and roads | Hampshire County Council \(hants.gov.uk\)](#)

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**Policy for Granting
Business Interruption Relief –
Lynchford Road
under the Localism Act 2011**

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1. Introduction

- 1.1 In late Autumn 2022, as part of the Farnborough Transport Improvements scheme, works started on the A3011 Lynchford Road. The scheme aims to make daily travel easier, support business growth, reduce journey times, improve air quality and will create an enhanced streetscape with new segregated paths for cyclists and pedestrians and parking for cars and motorcycles.
- 1.2 The £10.8m scheme is being funded by both Enterprise M3 Partnership (£6.472m) and Hampshire County Council (£4.408m).
- 1.3 The details of the Farnborough Transport Improvement scheme can be found at [Farnborough Transport Improvements | Transport and roads | Hampshire County Council \(hants.gov.uk\)](https://www.hants.gov.uk/transport-roads)

2. Provision of relief

- 2.1 The Lynchford Road phase of the scheme has meant the westbound closure of the A3011 Lynchford Road. This has had a significant impact on local businesses. The closure of one lane, diversionary routes which avoid the area and the removal of parking bays have seen businesses suffer from a reduction in footfall and passing trade. The reduction in custom and lost revenue could see business closures.
- 2.2 The council is looking to provide relief to affected businesses on Lynchford Road who meet the scheme criteria, using their discretionary relief powers, introduced by the Localism Act 2011 to grant relief.

3. Localism Act 2011

- 3.1 Prior to the Localism Act 2011, Section 47 of the Local Government Finance Act 1988 (LGFA 1988), Councils were able to grant discretionary rate relief only in certain specified circumstances. They could top up the 80% mandatory relief available on premises occupied by charities and Community Amateur Sports Clubs and they could award up to 100% relief to non-profit making bodies.
- 3.2 Section 69 of the Localism Act 2011 amended Section 47 of the LGFA 1988, and came into effect on 1 April 2012. The purposes of that Act allowed for an extension of the existing provisions in that discretionary rate relief may be granted in any circumstances where a local authority sees fit, having regard to the effect on Council Tax payers in the area.

- Charity shops
- Opticians & Hearing solutions
- Post offices
- Furnishing shops / display rooms (such as: carpet shops, double glazing, garage doors)
- Car / caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres, garden and paving supplies
- Art galleries (where art is for sale / hire)
- Licensed sex shops

B) Hereditaments that are being used for the provision of services to visiting members of the public as detailed below:

- Hair and beauty services (e.g. hair dressers, nail bars, beauty salons, tanning shops, tattoo parlours, body piercing services etc)
- Shoe repairs, key cutting, engravers
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC / TV / domestic appliance repair
- Funeral directors
- Photo processing, printing, design and copying services
- DVD / video rentals
- Tool hire
- Car hire

C) Hereditaments that are being used for the sale of food and / or drink to visiting members of the public as detailed below:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

D) Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business

4.3 To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as Retail, Hospitality and Leisure Relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

4.4 The list below sets out the types of uses that it is considered not to be retail use for the purpose of this relief.

A) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

B) Hereditaments that are not reasonably accessible to visiting members of the public

4.5 The list set out above cannot be exhaustive as it would be impossible to list the many and varied retail uses that exist.

4.6 It is proposed that when a particular type of property is not listed, the Council should consider whether relief is appropriate with the Corporate Services Portfolio Holder who has delegated powers to determine who can get relief and the value of relief within an existing policy.

4.7 The delegation above is also considered appropriate to decide any appeal made by a ratepayer against the non-award of relief

4.8 The granting of the relief is discretionary. The Council may choose not to grant the relief if it considers, for example, that granting the relief would go against the authority's wider objectives for the local area. Because of this, it is proposed that this policy be approved by the Council's Cabinet.

5. Excepted Organisations

5.1 Relief cannot be granted to expected properties. I.e. one where all or part of the property is occupied by any of the following

- A billing authority, such as Rushmoor Borough Council; or
- A precepting authority such as Hampshire County Council, Police and Crime Commissioner and Hampshire Fire and Rescue Authority

6. Administration of the Relief

6.1 The Relief will be automatically awarded to all businesses identified as eligible for the financial year 2023/24.

6.2 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

6.3 The relief will be applied against the net bill after all other reliefs. The maximum amount of this relief will be no more than the value of the net rate liability.

6.4 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to Subsidy Control limits.

7. Cost of awarding the relief

7.1 The cost of awarding all forms of rate relief is split between central government, billing authorities and major preceptors on a fixed percentage basis.

7.2 Central Government bears 50% of the cost, the county 9%, the fire authority 1% and billing authorities the remaining 40%.

7.3 It is estimated that there are 21 properties that may qualify for some relief on Lynchford Road, at a cost to Rushmoor Borough Council of £22,892.21.

8. Subsidy Controls

8.1 Subsidies may be paid in accordance with Part 3 Chapter 2 of the SCA 2022, which enables an applicant to receive up to a maximum level of subsidy, known as a MFA (Minimal Financial Assistance) where subsidy control requirements do not apply.

8.2 This allowance is £315,000 to a single enterprise over a period of three financial years (current year, plus previous 2 financial years).

8.3 This applies to the aggregate of all subsidies received throughout the country. It is proposed that the relief is awarded to every potential recipient (who must then decline the relief if not appropriate or wanted).