



HARROW BUSINESS CONSULTATIVE PANEL

THURSDAY 7 FEBRUARY 2008

SUPPLEMENTAL PANEL AGENDA (ADVISORY)

AGENDA - PART I

Note: In accordance with the Local Government (Access to Information) Act 1985, the following agenda item has been admitted late to the agenda by virtue of the special circumstances and urgency detailed below:-

<u>Agenda item</u>	<u>Special Circumstances / Grounds for Urgency</u>
9. Feedback from Consultation on Council Tax and Business Rates	The report was not available at the time the agenda was printed and circulated as the Consultation meeting, was held two days after the dispatch of this agenda. The Panel is being asked to consider this report, as a matter of urgency, to ensure feedback is provided to Cabinet before its meeting on 14 February 2008.

- Enc. 9. **Feedback from Consultation on Council Tax and Business Rates:**
(Pages 1 - 30)
Report of the Corporate Director of Finance.

AGENDA - PART II - NIL

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Meeting:	Business Consultative Panel
Date:	7 th February 2008
Subject:	Information Report 2008/9 Business Consultation on Non Domestic Rates and Council Tax
Responsible Officer:	Graham Jones Director Planning Development and Enterprise
Portfolio Holder:	Cllr Marilyn Ashton Planning Development and Enterprise
Exempt:	No
Enclosures:	Council Tax presentation 2008/9 Business Rates presentation 2008/9

Section 1 – Summary and Recommendations

This report set out information on the recent consultation with business

Cabinet is requested to note the Information Report

Section 2 – Report

Introduction

Harrow Business Consultative Forum's first meeting was held in September 2005, following agreement by Cabinet of the terms of reference in May 2005 set out below.

1. To enable consultation between the Council and representatives of local non domestic ratepayers required by Section 65 of the Local Government Finance Act 1992 and to provide information regarding the Council's expenditure proposals for the future budget in accordance with Non-Domestic Ratepayers (Consultation) Regulations 1992. The minutes of the meetings to be reported to the Cabinet.
2. To facilitate consultation between the Council and representatives of the business community as required by the Authority.

After two years the number of businesses attending each meeting rarely reached double figures.

Following on from a report to the February 2007 Panel meeting, and a Portfolio Holder decision taken in August 2007 it was agreed to change the format of future meetings to encourage more interaction and better consultation with the Harrow's business community.

Section 3

The first of the new format meetings/events took place in November 2007 and 70 businesses attended. A second event was held on January 31st 2008 at which over 80 businesses attended. Both events used a 'Question time format' and provided opportunities for business networking to encourage businesses to attend. The second part of the meeting was used to consult businesses. Both events have been facilitated by Business Connections the networking arm of Harrow in Business.

The January/February meeting must legally provide the opportunity to enable the yearly consultation between the Council and representatives of local non domestic ratepayers required by Section 65 of the Local Government Finance Act 1992 and to provide information regarding the Council's expenditure proposals for the future budget in accordance with Non-Domestic Ratepayers (Consultation) Regulations 1992.

Cllr Ashton chaired the Question time meeting on the 31/01/08 which also provided the opportunity for businesses to hear about the 'Fair Deal for Harrow Campaign.' The new format, adding the consultation process to the Business evening, increased the number of attendees and therefore improved the consultation process. Officers supported the event by hosting both a budget and business rates table where details of the draft budget were outlined as well as the known proposals from Central Government regarding the 2008/09 Business Rates.

Draft Budget 2008/9

Documentation on the following points was made available to attendees and the topics discussed with those who wanted more clarification from officers:

- A breakdown of the Council's spending commitments and sources of funding, including the contribution of non-domestic ratepayers within the financial context of the Council and the current financial position
- Details of the final financial settlement with central government, announced in January 2008. This is now a 3-year settlement and despite lobbying has only resulted in a 2 percent increase for Harrow with lower increases in future years.
- Interested attendees were informed that Council Tax would increase by 2.95 percent in 2008-2009.
- Matters relating to council business areas were discussed, including service directorates and the impact of budget reductions;

Business Rate 2008/9

Attendees at the meeting were informed that the Business Rate would increase in line with September 2007's Retail Price Index (RPI), at a rate of 3.9%. The Standard multiplier would increase from 0.444p to 0.462p and the Small Business multiplier from 0.441p to 0.458p.

Details of rate relief available to small businesses were outlined. Attendees were informed that in 2007/8 911 small businesses in Harrow had received rate relief, exceeding £553k in total. Relief of 50% was available to businesses occupying properties worth less in rateable value than £5,000, the figure declining on a sliding scale thereafter until properties worth £10,000. It was explained that this relief was only available to businesses with one property, or with additional properties with a rateable value below £2,200. This relief was funded through a supplement on the rates of non-eligible businesses, of £0.004p in the pound.

Appendix 1 Council Tax presentation 2008/9

Appendix 2 Business Rates presentation 2008/9

Section 4 - Contact Details and Background Papers

Contact: Claire Codling Senior Professional: Planning
Development and Enterprise 0208 420 9399

Background Papers: January 2007 Information Report Business
Consultative Panel,
July 2007 Report for Portfolio Holder
Decision Business Consultative Panel



Stakeholder Meetings on Budget

January 2008

- The Council's vision is to be recognised as one of the best London Councils by 2012 in a borough that is cosmopolitan, confident and cohesive
- The vision must be delivered with the commitment of our staff, the Harrow Strategic Partnership and other partners across Harrow specifically to create:
 - A place with quality neighbourhoods with clean and safe streets
 - A place where you can be proud of the Town Centre
 - A place which promotes the well-being of its communities
 - A place where the Council provides value for money services
- This vision is supported by 6 corporate priorities for 2008-09

- Harrow is already a relatively low spending council
- Large parts of the budget are outside the Council's control
- Considerable savings have been made in previous years and this makes it increasingly difficult to identify new areas for efficiencies and reductions
- The demand for services and expectations from central government are growing all the time
- The provisional local government settlement is not good
- There is considerable uncertainty in a number of areas
- Reserves are very low

- Reports on the budget process went to cabinet in July and October.
- Draft budget for 2008-09 to 2010-11 reported to Cabinet in December
- Funding Gaps (ie difference between planned spending and anticipated income) as follows:
 - 2008-09, £4.2m
 - 2009-10, £6.3m
 - 2010-11, £7.8m

Pressures and Savings

- Loss of specific grants, £1m
- Loss of income, £1m
- Inflation, £4.6m
- Investment in priority areas, £2m
- Service Pressures, £4.3m
- Savings identified, -£7.4m
- Technical changes, £2.4m
- Collection Fund, £0.6m

Net Pressure = £8.5m

- General Grant Increase, £1.2m
- Council Tax Increase, £3.1m

Balance to Find = £4.2m

- Announced on 6 December (after publication of December Cabinet report)
- General Grant increases of 2%, 1.75%, 1.5%
- In cash terms around £1m a year
- Does not address the pressures the Council is facing

- At December Cabinet, the draft budget was based on Council Tax increases of 3% in 2008-09, 2009-10, 2010-11
- Councillors are striving to achieve council tax increases at inflation or less but recognise the constraints

Investment in Priorities



- Provision of £2m each year for investment in priority areas
- Amount and allocation to be confirmed in February
- Emphasis likely to be on environmental services

Savings Identified



In total savings of £7.4m identified for 2008-09 including:

- More efficient purchasing
- Better use of grants
- Salary savings (relating to vacant posts)
- Additional income
- Merger of some teams

Emphasis on efficiency, limited impact on front line services

Strategy for Closing Funding Gap



- Further efficiency savings
- Review of technical assumptions
- Additional funding for concessionary fares
- Revenue optimisation
- Fundamental service reviews
- Strategic Property Review
- Business Transformation Partnership

Figures at Band D	2007-08	2008-09	Increase	Increase
	£	£	£	%
Harrow Council services	1,119.50	1153.06	33.56	3.00
GLA Precept	303.88	311.25	7.37	2.43
Combined Council Tax	1,423.38	1,464.31	40.93	2.88

NB, Based on draft Harrow budget and Mayor's consultation budget

The Council intends to add £1m to reserves and provisions each year until such time as general balances exceed £5m.

This policy is built into the 3 year budget.

- Estimated grant increase of 4.5% in 2008-09, 3.6% in 2009-10 and 4.1% in 2010-11
- Ministerial priorities include
 - personalisation of teaching and learning
 - support for all pupils to make good progress
 - the extension of the early years offer to parents
 - extended children's services provided from schools
- Schools Forum will consider allocation of funds to individual schools

- Draft budget reflects agreed strategy and 30 year business plan
- Investment to achieve decent homes standard by 2010
- Proposed average rent increase of 5.66% or £4.37 per week (in line with government policy on rent levels)
- Proposed service charge increase of 3.5% for tenants and leaseholders
- Aiming to reduce expenditure on responsive repairs as condition of stock improves and repairs service becomes more efficient

Investment of £70m in 2008-09 including:

- New leisure centre
 - Regeneration of Town Centre
 - Housing improvement programme
 - Improvements to schools and social care establishments
 - New technology to improve services
 - Highways, lighting, transportation, parks and public conveniences
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- The capital programme is funded from a number of sources. These include:
 - External Funding in the order of £25m, primarily from the DCSF and Transport for London
 - Major Repairs Allowance (Housing Revenue Account)
 - Capital Receipts (expected to be around £30m in 2008-09)
 - Borrowing

- Consultation on priorities via Resident's Panel
- Standing scrutiny review of the budget
- Open Budget Panel meetings
- Stakeholder information meetings in January

- Final budget reported to Cabinet on 14 February and Council on 21 February
- Final decision will include council tax level, rents and service charges for 2008-09

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Business Rates in 2008/09

By Fern Silverio

Head of Service - Collections

- **Standard 0.462p (0.444p)**
- **Small Business 0.458p (0.441p)**
- Increased in line with September 2007 RPI – a figure of 3.9%

- In line with Local Government Act 2003, there are 2 multipliers:
 - The non domestic rating multiplier [which includes the supplement of 0.004p to pay for the small business relief]
 - The small business non-domestic rating multiplier which is applicable to those that qualify for the small business relief

- Legislation in place allowing the local authority to grant small business rate relief to eligible ratepayers
- The deadline for 2008/09 applications is 30 September 2009.

Small Business Rate Relief



- So far in 2007/08 **678** small businesses have received relief worth in excess of **£553k**.
- Additionally, a further **233** small businesses qualify for business rates at the lower multiplier due to the fact that their hereditament falls under rv21,500 but over the rv10,000
- This adds up to **911** or **18.25%** of businesses receiving relief in Harrow
- Legislation only requires an application to be made in respect of the 5 year period between revaluations of commercial property
- Businesses already in receipt of relief do not need to re-apply so long as certain defined circumstances do not change.
- Businesses who apply this year will not need to re-claim until 2010/11 so long as certain defined circumstances do not change.

- Relief is available at 50% for ratepayers occupying single properties with a rateable value up to £5,000, with relief declining in percentage terms on a sliding scale until it is 0% at £10,000
- The relief is only available to ratepayers with either-
 - one property, or
 - one main property and other additional properties providing those additional properties have rateable values less than £2,200
- The rateable value of the property mentioned in (a), or the aggregate rateable value of all properties mentioned in (b), must be under £21,500 (or £15,000 outside London).

- The scheme is funded through a supplement on the rates bills of those businesses not eligible for the relief. The supplement is built into the standard non-domestic rating multiplier. However, ratepayers of eligible business properties with rateable values between £10,000 and £21,500 (£15,000 outside London) do not have to contribute towards the relief and will have their bills calculated using the lower small business non-domestic rating multiplier.
- The supplement was increased from 0.003p to 0.004p for 2008/09
- Once an application is made, there is no need to re-apply [unless certain circumstances change] until the next re-valuation of commercial property – due in 2010

- Should you wish further information please contact:
 - The Revenues office via tel. 0208 424 1670
 - Via email: ctax@harrow.gov.uk

Myself, Fern Silverio on tel 0208 736 6818 or via e-mail fern.silverio@harrow.gov.uk