

**NATIONAL NON-DOMESTIC RATEPAYER  
CONSULTATIVE PANEL****3 FEBRUARY 2005**

Chair: Councillor Choudhury

Councillors: \* Burchell (3)  
\* Kara

\* Myra Michael

\* Denotes Member present

(3) Denotes category of Reserve Member

**Attendance by NNDR Representatives:-**

Susan Hall	-	Chair, Wealdstone Traders' Association
Mr S Parsons	-	Harrow Music
Mr D Greenwood }	-	Harrow and Hillingdon Branch, Federation of Small Businesses
Mr R H Morse }		

**PART I - RECOMMENDATIONS - NIL****PART II - MINUTES**20. **Appointment of Chair:****RESOLVED:** To note the appointment of Councillor Choudhury as Chair of the Panel for the Municipal Year 2004/05.21. **Appointment of Vice-Chair:****RESOLVED:** That no Vice-Chair be appointed for the remainder of the Municipal Year 2004/05.22. **Attendance by Reserve Members:****RESOLVED:** To note the attendance at this meeting of the following duly appointed Reserve Member:-

<u>Ordinary Member</u>	<u>Reserve Member</u>
Councillor Idaikkadar	Councillor Burchell

23. **Declarations of Interest:****RESOLVED:** To note that there were no declarations of interests made by Members in relation to the business transacted at this meeting.24. **Arrangement of Agenda:****RESOLVED:** That all items be considered with the press and public present.25. **Minutes:****RESOLVED:** That the minutes of the meeting held on 5 February 2004, having been circulated, be taken as read and signed as a correct record.

[Note: There were a number of matters arising from the minutes of the last meeting; these are set out under Minute 28 below].

26. **Public Representations:****RESOLVED:** To note that no petitions, deputations or public questions were received at this meeting under the provisions of Committee Procedure Rules 15, 16 and 18 respectively.27. **Budget Options 2005/06 for Consultations:**

The Chair welcomed the National Non-Domestic Ratepayer (NNDR) Representatives to the meeting, and invited them to express their views on the Council's budget proposals for 2005/06 to Council Members. The Chair referred to the document entitled 'Harrow Vitality Profiles', which had been tabled at the meeting, and explained that it provided a portrait of Harrow and its people in statistics. He also mentioned that

Harrow Council received more back from the Government in National Non-Domestic Rates than they paid to the Government.

At the invitation of the Chair, the Council's Director of Financial and Business Strategy provided the Panel with an overview of the Authority's draft budget proposals for 2005/06. In the course of the presentation, the following elements were covered:

- details of expenditure and sources of funding in 2004/05, including an outline of the services provided by the Authority and their cost, and National Non-Domestic Rate contributions to the overall funding;
- the recommended increase of £12m (4.9%) on the current net budget, and proposed areas of growth and efficiency savings;
- details of the final settlement, announced at the end of January 2005, in which the Government had granted approximately £200k more than had been anticipated in the provisional settlement;
- the requirement to passport increases in education funding directly to schools;
- the Council Tax increase of around 1.48%, based on the provisional settlement from the Government;
- an overview of the consultation process employed to engage stakeholders, and the survey undertaken with some 250 businesses, specifically on the budget, which had unfortunately elicited a poor response.

The Director of Financial and Business Strategy informed the Panel that Cabinet, at its meeting on 17 February 2005, would be provided with feedback from all the consultations carried out prior to making a recommendation to a meeting of full Council, which would approve the final Budget and set the Council Tax for 2005/06 on 24 February 2005.

The Director of Financial and Business Strategy also briefed the Panel on business-orientated work being carried out by the Council.

The Panel was informed of the basis for the National Non-Domestic Rates (or Business Rates). It was explained that the Non-Domestic Rate, the means by which local businesses contributed to the cost of providing local authority services, was collected by Local Authorities and passed to the Government, which then redistributed the monies to Authorities in line with the financial settlement. The Panel was informed that the rate was calculated by applying a national business multiplier to the rateable value of each business, and that this rateable value might be altered following revaluations to begin in April 2005.

She also explained the potential impact of a new government initiative called the Local Authority Business Growth Incentive (LABGI), to be introduced from 1 April 2005. The Panel was informed that the initiative aimed to encourage local authorities to foster new business growth in their area and that a grant of £700k should be available to Harrow in 2005/06. She explained that if the initiative was successful, and if Harrow were able to increase business activity, additional money would be available.

In addition, the Panel was informed about a Business Portal that had been developed by the Council, which was a website for local businesses that would increase opportunities for them to work with the Council and allow the Council to develop a more comprehensive understanding of the nature of businesses in Harrow. The Panel was informed that the website contained an e-directory of local businesses, an e-tendering facility that would allow businesses to apply on-line for contracts offered by the Council, information on the services provided by the Council for businesses, and a 'chat room' that would facilitate inter-business communication as well as communication between the Council and businesses. The Panel was advised that the first stage of the development of the Portal had been completed, and that the service would be launched soon. It was also informed that cash provisions had been made to improve or increase the scope of the Portal.

**RESOLVED:** (1) That the Budget Options and other relevant information be received and noted;

(2) that the timescales for the consultations and determining the Budget for 2005/06 be noted.

28. **Contributions/Comments from NNDR Representatives:**

Prior to the presentation by the Director of Financial and Business Strategy, National Non-Domestic Ratepayer (NNDR) Representatives expressed their disappointment that their questions raised at the Panel's meeting on 5 February 2004 had not yet been addressed by officers. It was agreed that the Director of Financial and Business Strategy would respond in writing to all the questions set out in the minutes of the last meeting and any additional questions arising from the meeting that afternoon. In addition, it was agreed that additional meetings of this Panel would be held in order to improve dialogue with local businesses, and that a date would be decided at the end of the current meeting. An apology was made that this had not yet happened.

The Director of Financial and Business Strategy provided the following information in response to specific questions asked by the NNDR Representatives concerning the minutes of the previous meeting:

- that the Council was on target to achieving the estimated £370k saving arising from the NHP restructuring;
- that the review of consultation with business representatives described had unfortunately not yet occurred, and that officers would be requested to take action on this review;
- that the Local Authority Business Growth Incentive described in the February 2004 minutes had been introduced, and would generate an expected additional income of £700k in 2005/06;

In addition, a representative submitted to the Panel a list of thirty questions that he had compiled. It was agreed that the Director of Financial and Business Strategy would arrange for written responses to be sent to all Council Members and NNDR Representatives present at the meeting.

Further to the presentation from the Director of Financial and Business Strategy, the contributions and comments set out below were made by NNDR Representatives, to which responses were provided by the Director and Members.

**Local Authority Business Growth Incentive**

NNDR Representatives enquired as to how increases in business growth would be measured in the above government incentive. They were informed that growth was measured through increases in the rateable value of local business premises, not through the amount of revenue generated by the business, and that increased rateable values would lead to greater NNDR payments and consequently greater government funding. Representatives were further informed that the Inland Revenue, not the Local Authority, determined the rateable value of premises.

Specific questions relating to the additional amounts of funding that would be received for a defined increase in NNDR contributions could not be answered at that time, as detailed calculations would have been required. At the request of a representative, the Director of Financial and Business Strategy agreed to provide in writing details of the impact of NNDR contributions falling below the prescribed baseline level for Harrow.

An NNDR Representative expressed concern that the incentive would make the Council more interested in larger businesses, which had a greater potential for increasing rateable values, and would cause them to neglect, for example, businesses that operated from home. This led into a discussion about the Council's plans to aid the development of small businesses, outlined below.

**Developing Businesses**

The Panel was informed of the Council's work to encourage the expansion of small businesses, including the Next Step Programme that was aimed to help small businesses find larger premises, work on improving procurement and the Business Portal.

Members were concerned that many expanding businesses were forced to move out from Harrow, and that the Council was not aware of what premises the developing business community required. It was identified that the Council needed to engage with

businesses more effectively in order to assist them in finding the most appropriate premises.

An NNDR Representative expressed concern that rents were very high, whilst another pointed out that the upgrading of properties to offices was a ploy used to drive out small businesses. A Member offered to provide details of council-owned land that could be used to build business units and he emphasised the need for a dialogue between the Council and small businesses to help identify sites/premises for such businesses.

#### Council Tax

Having informed the Panel that the draft Council Tax increase would result in a Band D household in Harrow paying £1,049 in Council Tax per year, as well as the GLA precept of £259 as set out in the Mayor's draft budget, the Director of Financial and Business Strategy was asked by an NNDR Representative what proportion of houses within Harrow belonged to Band D, and the proportions that represented the other bands. The representative was informed that 32.3% (26,780) of houses in Harrow were in Band D, and it was agreed that the proportions in other bands would be provided in writing, including which Local Authority had the highest number of properties in Band D.

A Member stated that some services provided by or subsidised by the Council operated at higher costs than members of the public would anticipate. It was suggested that the presentation of the draft budget highlight these costs.

#### Identifying 'Waste'

An NNDR Representative asked the Panel how the Council identified waste. Reference was made to the bollards erected in Wealdstone and the ALMO as wasteful ventures. A Member pointed out that 'waste' was subjective, and that some groups might benefit from a project that others would consider wasteful. The Director of Financial and Business Strategy referred to the efficiency savings made by the Council.

#### Engaging Businesses in Consultation

An NNDR Representative was critical that there was no evidence of the Council responding to consultation with local businesses. The Director of Financial and Business Strategy informed the Panel that the response rate from surveys sent to 250 businesses within the borough was so low that it could not be analysed as it was not considered to be representative. It was agreed that information pertaining to the numbers of responses in previous years be provided in writing, to determine whether responses were declining over the years.

The NNDR Representatives were asked how the Council could improve engagement with businesses, as it appeared that 'paper' consultation was unproductive. A representative suggested that unless more results were seen from the consultations, people would not devote their time to completing surveys and attending meetings. Another representative added that the most effective way to engage traders was to contact the Traders' Associations that represented them, rather than organisations such as Harrow in Business and the TEC, as not all businesses were members of these organisations. The Director agreed to check if the Wealdstone Traders' Association had been consulted. The Chair stated that it was discouraging how few businesses had responded to efforts to make the engagement more constructive.

#### Procurement

An NNDR Representative expressed concern over the Council's plans to make savings in procurement by establishing better value corporate contracts, suggesting that smaller companies could not compete with the contracts offered by larger companies. The representative suggested providing the opportunity for smaller businesses to bid as a consortium, and a Member informed the representative that the Council would consider bids from consortiums. The NNDR Representatives were informed that the Business Portal would provide an opportunity for local businesses to bid for contracts of varying size.

NNDR Representatives acknowledged that the Council had a duty to ensure that procurement exercises provided value for money and that small businesses would not be able to compete with larger businesses when bidding for contracts. A representative mentioned that 98% of the business community was made up of small businesses which employed a large number of people, and that their role could not be overlooked.

Small Business Rate Relief

The Panel was informed that any business whose premises were below a certain rateable value (£21,500) had been sent an application form for Rate Relief, and that information relating to Rate Relief was on the Council's website, explanatory notes and bills sent to the business. The NNDR Representatives were also informed that officers would be able to visit groups to provide a presentation on Rate Relief. They were also assured that the Council's computer system was now equipped to deal with the 2005/06 rate bills.

Other Business

In addition, the following questions were asked of officers and Members, and it was agreed that the Director of Financial and Business Strategy would forward responses to the relevant NNDR Representative:

- How much money from the main revenue budget (2004/05) was used to fund the training provided by the Council's Organisational Development Directorate?
- What specific projects would be undertaken in Wealdstone as part of the Capital Investment Programme? It was noted that £300k was earmarked for improvements in Wealdstone High Street, and it was agreed that the Representative concerned be sent a copy of the Transport Improvement Plan.
- What was the cost of the 'mapping exercise' performed for the Harrow Vitality Profiles?

Date of Next Meeting

It was agreed that an extra meeting of the NNDR Consultative Panel would be held on 22 September 2005 at 2.30pm.

(Note: The meeting having commenced at 2.30 pm, closed at 4.25 pm)

(Signed) COUNCILLOR MRINAL CHOUDHURY  
Chair