

MINUTE EXTRACT

**HARROW BUSINESS
CONSULTATIVE PANEL
MINUTES**

28 JANUARY 2013

Chairman: * Councillor Keith Ferry

Councillors: * Kam Chana * Ajay Maru
* Susan Hall

* Denotes Member present

RESOLVED ITEMS

22. INFORMATION REPORT - Draft Revenue Budget and Medium Term Financial Strategy 2013-14 to 2016-17

The Panel received a report setting out the Council's proposals for the budget and Medium Term Financial Strategy 2013-14 to 2016-17 and also the Draft Capital Programme 2013-14 to 2016-17 for consultation.

The Corporate Director of Resources conducted a presentation which consisted of several themes.

Revenue Budget

The Corporate Director of Resources reported that:

- the Comprehensive Spending Review in 2010 had been the most challenging funding settlement in decades;

- the Council had been required to make a 28% cut in its controllable budget over 4 years;
- several more years of reductions to the Council's budget were expected;
- the Council were experiencing growth pressures including demographic changes impacting on social care and school places;
- there was a historically low level of grant funding provided to the Council;
- under funded services had recently been transferred to the Council including Council Tax Support and Social Funds, adding further pressure to the Council's budget;
- the proposed budget had been guided by the Corporate Priorities. In addition to this the budget reflected 5 key principles which included continuing to make savings in the civic centre and ensuring the services residents cared about were protected from drastic cuts;
- as it currently stood, the Council had a funding gap of £5.2 million for 2013-14 and £3.3 million for 2014-15. However for the following 2 years after this, the funding gap increased significantly;
- the draft Budget requirement for 2013-14 was approximately £181 million. This figure took into account budget pressures, technical changes and an increase in Council Tax;
- some of the budget pressures included a reduction in Government Grants by £8.5 million, a contingency of £1 million and an extra £1 million to deal with anticipated homelessness;
- some of the budget reductions included a reduction in Adults Contract Management by £1.3million and a reduction as part of the PRISM project by £1.5 million;
- the impacts for businesses arising from the budget included an aspiration for discounted on street parking and a linked Harrow Card which also offered promotions with local traders. The impacts also included further town centre regeneration, investment in highways and continued employment programmes.

During the discussion on this item, Members of the Panel elaborated on the proposal to introduce the Harrow Card. The Chair explained that following consultation, a large number of businesses in the borough had expressed their concern at unequal on-street parking regimes in the Council. These businesses had expressed that a fairer system was required and that shoppers should be able to park for an initial period of 15-20 minutes without charge. The card could also offer promotions for shoppers from traders. The Harrow Card would operate using smart card technology and parking meters

within the borough would need to be upgraded. The Harrow Card could be sold and priced between £5 to £10. A Card could last for 3 years. It was expected that 20 to 30,000 residents would initially sign up to obtain a Harrow Card. The London Borough of Hillingdon had successfully implemented this scheme and the Council's model of delivery would be based on their model. It was estimated that the provision of free on-street parking for 20 minutes could mean that approximately £200,000 to £500,000 could be lost in revenue as a result, although Members believed the figure of £200,000 to be more accurate. Despite this, it was believed that the proposal would provide enormous benefits for Harrow businesses and residents.

A Member of the Panel expressed her concern at the proposed scheme. She expressed that in light of the difficult financial climate, the implementation of this scheme was ill advised. She expressed that a Harrow Card would not be for the benefit of all Harrow residents, depending on their circumstances. If only a small amount of residents applied for the Harrow Card, it would provide them with unfair preference. She also believed that the implementation of this scheme would mean money would not be spent in other areas and could potentially affect the poorest residents within the borough. The Member wished to be recorded that in her view the scheme was foolish and had not been planned correctly.

In response to the concerns and other questions raised, the Chair commented that the implementation of the scheme was a direct result of listening to the outcome of consultation with businesses and shoppers. Proven technology was being utilised and Hillingdon had been able to successfully implement the system. The proposal was a risk the Council was willing to take due to the benefits involved and parking revenues could actually increase. Maintenance costs for parking meters would also be reduced as they would involve electronic contactless readers which were less likely to break down. The scheme would simplify and make current parking charges fairer and more consistent by introducing a zonal system for parking. This would alter depending on whether it was on street parking, or parking in the town or district centre. It was hoped that the scheme would be implemented by mid 2013.

The Corporate Director of Resources explained that the budget had been designed to expect a 'worst case' scenario and the implementation of the scheme was subject to the Business Case and would be regularly monitored in terms of cost. The implementation of the scheme could always be halted, if decided by Members at a later stage.

Another officer reported that the consultation had been comprehensive and professionally conducted. An organisation had been commissioned to conduct a survey with businesses across Harrow and had received approximately 230 completed questionnaires. Within this questionnaire most businesses had stated that parking for their customers was their biggest issue. Another organisation had also been commissioned to conduct a survey with shoppers. The first issue for them was the shopping offer within a shopping centre. Their second biggest issue was related to the cost of parking. Of the shoppers surveyed nearly one third said they were prepared to pay £10 or more for a Harrow Card.

The representatives from the business sector commented that a petition had been presented to the Council in 2010 from residents within Pinner requesting a reduction in the cost of parking around Pinner. This proposed scheme was therefore welcomed. Another representative also commented that the Council should look for sponsors in relation to the Harrow Card.

The representatives also commented that on a more general point there was a lack of parking spaces for new developments. The Chair commented that parking was an issue which was specifically constrained by the London Plan.

A Member of the Panel also expressed her concern that money was being taken out of Public Realm services as part of the budget proposals. She was concerned that district centres would not be cleaned as much as the Town Centre and would cause more litter to be present within the borough generally. In her view this would result in more criminality and ultimately affect businesses. The Member also commented that the money being withdrawn from Public Realm Services would not cost as much as the implementation of the Harrow Card. The Chair responded by stating that the regeneration of the Town Centre meant that it would be required to be cleaned less as there would be machinery involved rather than cleaning by hand.

The Member of the Panel also commented that as part of the budget proposals Trade Waste would no longer be collected by the Council. In her view this was a disappointing decision. The Chair responded by stating that the Council lost approximately £130,000 a year in collecting Trade Waste and that this had to be addressed. Looking at how other large companies dealt with Trade Waste could be investigated. The Chair named an independent organisation that could dispose of Trade Waste at a reduced cost.

Capital Programme

The Corporate Director of Resources presented information relating to the Council's Capital Programme. The Corporate Director explained that the Council was facing a curtailment of costs. The planned Capital Programme involved spending on IT infrastructure, Schools and investment in the Town Centre.

In response to a question by a Member of the Panel, the Corporate Director responded that if schools became academies the Council entered into a long lease with the school for its assets. The school then took on full responsibilities in relation to its functions and was removed from the umbrella of the Council funding framework.

The Corporate Director of Resources reported that the Council was conducting a significant amount of work to reduce the funding gap. This included reviewing all major contracts, reviewing growth proposals and aggregating services.

The Corporate Director also reported that as Section 151 officer, she believed that a balanced revenue budget had been presented as part of the proposals.

However this was not without risk and sensible and reasonable assumptions had been made.

On this section of the report, Members of the Forum raised a number of queries which the Chair and officers responded to as follows:

- it was anticipated that £5.1 million would be allocated to pay for redundancy payments within the Council;
- the number of empty shops in Harrow Town Centre and the district centres had declined, as had the number of unemployed residents this was a huge achievement in the current national economic climate;
- officers would circulate the Local Economic Assessment to all Members of the Panel.

Business Rates

The Panel received information in relation to Business Rates. An officer reported the following:

- from 1 April 2013, local authorities would be entitled to a share of the income obtained from business rates charged as part of business rate retention legislation. This was not currently the case;
- Business Rates would be increasing. However this was not the Council's decision but something that was imposed by Central Government;
- If a business did not qualify for small business relief, then the business rates would be calculated using the standard multiplier which is 8p in the pound higher than the small business rates multiplier;
- business rates could be paid to the Council in 12 instalments during the year;
- as part of the crossrail settlement, all properties with a rateable value over £55,000 would have a supplementary element added to their bill. This supplement would amount to 2p in the pound;
- in Harrow, around 418 businesses would pay this supplement;
- it had now been announced that the current enhanced Small Business Rates (SBR) scheme would be extended for a further year to 31 March 2014;
- properties with rateable value (rv) under 6,000 would now qualify for 100% relief up until 31/3/2014 and 50% thereafter;

- properties with rv's between 6,000 and no more than 12,000 would receive relief on a sliding scale with each 120 of rv over 6,000 equating to 1% less relief;
- properties with rv's of 12,000 and 25,499 would have their rates calculated using the small Business Rates Multiplier rather than the higher multiplier;
- relief did not apply to Empty Properties or those occupied by Charities or Community Amateur Sports Clubs (CASC's);
- the Council provided support to businesses if they lodged an appeal to reduce their business rates. The Council did a good job in signposting businesses to qualified valuers or surveyors who could assist them if they wished to appeal. It was important to note that not all appeals were successful;
- the Council was working closely with the Valuation Office looking at those appeals with potential for a reduction in business rates. It was being considered if the payment of rates could be postponed to support businesses if they would be entitled to a reduction later on;
- information to assist businesses in appealing the level of their business rates was already contained on the Council's website. However this could be enhanced to ensure that clear messages were produced for the business community;
- the amount of arrears in relation to business rates was at its lowest level ever which was a positive sign.

A Member of the Panel commented that they had recently sought assistance from the Council Tax office in relation to business rates and felt that they had received an excellent service from officers.

Performance

An officer then addressed the Panel regarding the performance in relation to supporting businesses. The officer explained that:

- vacancies in Town Centre had reduced for second successive quarter;
- ONS business growth in the borough was the second highest in West London, higher than Westminster, Camden and Islington;
- unemployment had fallen Harrow and London, but had fallen more in Harrow than London;
- Harrow had its lowest number of young people not in Employment Education or Training. 96% of young people were in Education Employment & Training. The national average was 81.4% and in London it was 87.3%.

A Member of the Panel then queried why attendance from business representatives had been low for this meeting. An officer explained that the event had been publicised via newsletters, emails, partner's websites and letters sent out. It was acknowledged that twitter and Facebook could also have been used.

A representative from the business sector commented that people were not enthusiastic at the thought of coming to the Civic Centre for a meeting. It would be wise if the meeting was held at an external venue and linked to another event of interest to the business sector.

An officer responded that next years forum could be advertised on Facebook and Twitter, and there was no reason why it could not be held at an independent venue, and be linked to a business support event.

Another representative commented that it would be helpful if a more concise document relevant to the business sector was prepared for circulation and sent out in advance to allow full consideration.

At the end of the meeting, the Chair thanked the Portfolio Holder for Finance for all his efforts in producing a balanced proposed budget in light of the difficult national economic climate.

RESOLVED: That the report be noted.