

Consultation on Local Business Rates Relief in Harrow – Revaluation Support

Harrow Council is consulting with business representatives and the Greater London Authority on developing a new discretionary business rates relief scheme for revaluation support.

This document:

- **explains what business rates and business rates relief for revaluation support are**
- **explains why we want to develop a new relief scheme for revaluation support**
- **sets out options and proposals for the new scheme**

We would like your views on these proposals. Please complete and return this consultation document by Emailing the completed form to

fern.silverio@harrow.gov.uk or lynn.allaker@harrow.gov.uk

The consultation period will run from: **16th June 2017 to 30th June 2017**

BACKGROUND SUMMARY

Please note: for the full background context please see Appendix 1

Business rates (also known as non-domestic rates) are a tax on people, organisations and companies that are using a building or office space for business purposes.

From 1st April 2017, all commercial buildings and offices in the borough have been given a new 'rateable value' which is used to calculate the amount of business rates a business occupying that space has to pay. This process is known as the '**revaluation**' and is controlled by the Government.

Some organisations may receive a discount on their business rates. This is called **business rates relief** because it provides relief from the total amount of tax that would otherwise be payable.

In this year's Budget, the Government announced £300 million for local councils to finance business rates relief for **revaluation support**. The Government's extra funding will only support relief schemes targeted at businesses facing an increase in their business rate bills following the 2017 revaluation.

The Government's draft allocation of funding for Harrow is set out below¹:

LA	Amount of discretionary pot awarded (£000s)					Total
	2017-18	2018-19	2019-20	2020-21	2021-22	
LB Harrow	£780k	£379k	£156k	£22k	£0K	£1.337m

A different scheme has been put in place for businesses which have a rateable value of £15,000 or below to ensure that if they have lost Small Business Rate Relief (SBR) due to the revaluation the extra amount they will be asked to pay will be limited to either £600.00 or the transitional relief scheme percentage threshold for that year. Because of this scheme this proposal **excludes** properties with a rateable value of £15,000 or below.

A further scheme has been put in place for pubs which have a 2017 rateable value below £100,000 which will give a reduction of up to £1000.00. At the moment this proposal does not exclude pubs but your views are sought on this as an option to give pubs this relief also.

This consultation is about options for Harrow Council to design a business rates relief scheme for "revaluation support" using the Government's allocation of funding for the borough for properties with a rateable value between £15,001 and £99,999. By going out to consultation with preceptors and business representatives this will help inform and shape options for the design of the new relief scheme for revaluation support locally.

Proposal and options for consultation

Our proposal is to offer relief for revaluation support to those businesses and organisations that are facing a **sizeable increase in their business rate bills** following the April 2017 revaluation.

Businesses whose bills have decreased or remain the same following the revaluation or after applying eligibility for other relief schemes would **not** be eligible for the extra relief for revaluation support.

We estimate that Harrow's allocation of funding from the Government to provide extra relief for revaluation support could be used to offer eligible businesses **a discount of between 1% and 15% depending on the size of the property's rateable value and on the increase in their business rates bill²**.

¹ These figures are draft allocations for Harrow which were announced as part of a Government consultation on 9th March 2017: <https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>

² The amount to be awarded (the level of discount given) under this proposal would depend on the final allocation of funding Government decides to give to Harrow in any one year and how this would be spread across all those businesses deemed eligible for the scheme.

The tables attached in Appendix 2 illustrates what percentage extra relief businesses would receive under this proposal, depending on the amount by which their rateable value has increased by, between 2016-17 and 2017-18, and the number of cases potentially entitled under this proposal.

There are approximately 5,356 commercial properties in Harrow. The table below shows the rateable size bands they fall into.

Rateable Value size	No's of Properties
Less than 15,000	3159
15,000 to 99,999	1965
100,000 or over	232

Harrow already gives Small Business Rates relief to 1600 properties out of the 3159 with rateable values less than 15,000; this number covering approximately 90% of all those eligible.

There are also only 232 very large properties (those with rateable values equal to or above 100,000) in Harrow, mostly occupied by public sector or large national companies.

The proposed scheme would therefore concentrate on supporting the 1965 properties occupied by small and medium traders with rateable values between 15,000 to 99,000, and which are the lifeblood of Harrow's economy.

We believe that this method would be the **fairest** way of distributing Harrow's allocation of Government funding for extra business rates relief for 'revaluation support' because:

- It would ensure that the value of the extra relief given out is **proportional** to the rateable value of the property and links to the amount that a businesses' bill has increased by.
- It would ensure that the extra relief available **supports different types and sizes of business across the whole borough**, rather than just being concentrated on a very small number of businesses or any one particular high street or sector.
- It provides for a **consistent method** of calculating how much relief to award any one business, ensuring that the relief scheme is **transparent** and that businesses are treated fairly against a clear criteria.
- It supports small and medium sized businesses which covers the majority of the commercial traders within the borough who are not already receiving full Small Business Rate Relief.
- It uses up most of the budget allocated to Harrow and allows contingency for new split or merged properties which come into the list retrospectively with a start date of 1st April 2017 and impacted by the changes of the 2017 Revaluation.
- It is straight forward to administer and reduces administration costs.

Harrow is committed to supporting its long term objectives and may, in exceptional circumstances, award additional relief to commercial property being used for the provision of “private day nursery” or “private adult social care” services. This may equate to the difference between zero and 5% of the actual increase in rates payable, either negating the charge altogether or simply reducing it to the 2% cap Central Government have prescribed to ensure at least inflationary increase is payable.

Additionally, qualifying businesses may be disqualified from receiving local discretionary business re-valuation relief if the business does not comply with trade waste disposal, environmental health or other appropriate statutory, legal or local authority requirements.

Using the proposed method, the extra relief could be **automatically applied** and deducted from future instalments of business rate bills for those businesses deemed eligible. This would avoid the need for businesses to complete and submit individual applications for the extra relief, helping to **reduce administrative burden and cost** for both local businesses and Harrow Council.

Appendix 3 gives a sector breakdown based on these proposals within each rateable value band.

Appendix 4 gives the breakdown for each band of businesses which may benefit and the anticipated overall cost of the scheme, which is summarised below;

Rateable Value size	No's of Properties Potentially eligible	Potential Relief Amounts
15,000 to 20,000	477	£161k
20,001 to 30,000	458	£220k
30,001 to 40,000	188	£102k
40,001 to 51,000	99	£ 61k
51,001 to 99,999	81	£ 87k
Totals	1303	£631k

The proposed scheme would potentially support 1303 out of the 1965 properties within the qualifying 15,000 to 100,000 rateable value band, and ensure that award expenditure is within the allocated Central Government funding.

QUESTION 1

Before you undertake this consultation please tell us a little about yourself:

- A representative of the Greater London Authority
- A representative of the Small Business Federation
- A representative of Harrow In Business
- A representative of Chamber of Commerce
- Other – please provide details

QUESTION 2

Do you support the proposal, described above, to offer relief to businesses for revaluation support as a proportion of the increase in their business rate bills?

- Strongly agree
- Agree
- Unsure
- Disagree
- Strongly disagree

Please tell us the reason for this

Additional Option - to prioritise giving relief to small and medium sized firms and independents over multinational and large national businesses

We would like to hear your views on the option of targeting the extra relief for 'revaluation support' at small and medium sized firms and independents, giving preference to them over multinational and large national businesses.

The rationale behind this option is on the grounds that multinationals and large national businesses with high turnovers are more likely to be able to afford to pay higher business rate bills than small and medium sized firms and independents. Furthermore, following the 2017 revaluation most national and multinational based businesses will have seen their business rate bills decrease in property they occupy in other parts of the country.

Through giving preference to small and medium sized firms and independents, this would enable us to target more of the extra relief for revaluation support at those businesses and organisations that may find it most difficult to adjust to paying higher business rate bills .

QUESTION 3

Do you support the option of giving preference to small and medium sized firms and independents over multinational and large national businesses when it comes to eligibility for extra business rates relief for 'revaluation support'?

- Strongly agree
- Agree
- Unsure
- Disagree
- Strongly disagree

Please tell us the reason for this

Additional Option – to prioritise giving relief on public interest grounds

We would like to hear your views on whether there are any circumstances when Harrow Council should not favour offering the extra relief for revaluation support' because it would be against the local community's or public interest to do so.

Public interest grounds could include for example concerns over the associated negative impact a particular type of business may have on the local environment, health and wellbeing or public order and anti-social behaviour concerns.

QUESTION 4

Are there any circumstances when you believe that Harrow Council should not favour distributing extra business rates relief for 'revaluation support' because it would be against the local community or public's interest?

Please tell us the reason for this

QUESTION 5

From the list below, please identify any types of business or sectors that you believe Harrow Council should not favour distributing extra business rates relief for revaluation Please indicate by marking a X if you believe support should NOT be given to:

- | | |
|--|---|
| <input type="checkbox"/> Fast food outlets | <input type="checkbox"/> Dry cleaners |
| <input type="checkbox"/> Coffee shops | <input type="checkbox"/> Shoe repair |
| <input type="checkbox"/> Restaurants | <input type="checkbox"/> Jewellers |
| <input type="checkbox"/> Pubs | <input type="checkbox"/> Travel agents |
| <input type="checkbox"/> Vape lounge | <input type="checkbox"/> Vets and pet grooming |
| <input type="checkbox"/> Bakeries | <input type="checkbox"/> Solicitors and law agencies |
| <input type="checkbox"/> Butchers | <input type="checkbox"/> Taxi services |
| <input type="checkbox"/> Grocery stores | <input type="checkbox"/> Cinema |
| <input type="checkbox"/> Food delicatessen stores | <input type="checkbox"/> Gyms |
| <input type="checkbox"/> Estate and letting agents | <input type="checkbox"/> Leisure centres and activities |
| <input type="checkbox"/> Employment agencies | <input type="checkbox"/> Hotels, hostels and B&Bs |
| <input type="checkbox"/> Pharmacists, chemists and health
remedy | <input type="checkbox"/> Post offices |
| <input type="checkbox"/> Opticians | <input type="checkbox"/> Local convenience stores and
newsagents |
| <input type="checkbox"/> Osteopaths and chiropractors | <input type="checkbox"/> Supermarkets and discount stores |
| <input type="checkbox"/> Accountants, insurance agents and
financial advisors | <input type="checkbox"/> Household goods stores |
| <input type="checkbox"/> Hairdressers and barbers | <input type="checkbox"/> Furniture shops |
| <input type="checkbox"/> Beauticians and tanning salons | <input type="checkbox"/> Book shops |
| <input type="checkbox"/> Tattoo and piercing parlours | <input type="checkbox"/> Stationary, card and gift shops |
| <input type="checkbox"/> Electronic, computing and phone
shops/services | <input type="checkbox"/> Clothes and shoe shops |
| <input type="checkbox"/> Car and vehicle mechanics and repairs | <input type="checkbox"/> Florist and garden stores |
| <input type="checkbox"/> Car dealers | <input type="checkbox"/> Antique and second hand shops |
| <input type="checkbox"/> Petrol stations and car wash | <input type="checkbox"/> Office and workspace based firms |
| <input type="checkbox"/> Funeral services | <input type="checkbox"/> Workshops |
| <input type="checkbox"/> Photography services | <input type="checkbox"/> Manufacturing sites and factories |
| | <input type="checkbox"/> Storage and warehousing |

OTHER TYPE OF BUSINESS – Please specify any other types of business which you think should be excluded

Please tell us the reason for your selection

QUESTION 6

Do you support the proposal to remove relief where businesses are non compliant in adhering to trade waste disposal, environmental health, or other appropriate statutory, legal or local authority requirements?

- Strongly agree
- Agree
- Unsure
- Disagree
- Strongly disagree

QUESTION 7

Do you support the proposal that the local Discretionary Rate Relief award should support the Authority's strategic objectives to protect and support the Vulnerable and to award additional relief to Children Day Centres/Nurseries and premises involved in the provision of Adult Social Care?

- Strongly agree
- Agree
- Unsure
- Disagree
- Strongly disagree

QUESTION 8

Do you support the proposal that pubs should be entitled to the local Discretionary Rate Relief award in addition to the £1000.00 pub relief announced in the Spring Budget for 2017/18?

- Strongly agree
- Agree
- Unsure
- Disagree
- Strongly disagree

QUESTION 9

Do you have any other ideas or suggestions for this relief?

We welcome your ideas or suggestions to further shape the proposals for the distribution of the extra relief.

Please tell us any other ideas:

Equality monitoring questions

Harrow Council has a legal responsibility to promote and advance equality. To help us to do this, it is important that we have a good understanding of our communities, how our services are being accessed and who is using or would like to use our services. With up-to-date and accurate information we are able to:

- Better understand our service users / residents and shape services to meet their specific needs
- Identify and address any barriers / issues individuals may experience when accessing our services (including information about our services)
- Ensure our policies and services are accessible to everyone who uses them

The information will also enable us to monitor our progress with regards to addressing inequality and allow our employees and service users see how we are performing on equality.

Data Protection: It is your choice whether you provide this information. Your replies will not be used in a way that identifies you.

Age

Under 16

16 – 24 years

25 – 44 years

45 – 64 years

65 & over

Disability – Are your day-to-day activities limited because of a health problem or disability which has lasted or is expected to last at least 12 months?

No

Yes, affecting mobility

Yes, affecting hearing

Yes, affecting vision

Yes, a learning disability

Yes, mental ill-health

Yes, another form of disability –
please specify

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Marriage or Civil Partnership

Are you married?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Are you in a Civil Partnership?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Pregnancy or Maternity

Have you been pregnant and / or on maternity leave during the past 2 years?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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Sex

Male	<input type="checkbox"/>	Female	<input type="checkbox"/>
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Is your gender identity the same as the gender you were assigned at birth?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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Sexual orientation

Bisexual	<input type="checkbox"/>	Gay Man	<input type="checkbox"/>
Gay Woman / Lesbian	<input type="checkbox"/>	Heterosexual	<input type="checkbox"/>
Other – please specify	<input type="text"/>		

Ethnic origin

Asian or Asian British

Afghan	<input type="checkbox"/>	Bangladeshi	<input type="checkbox"/>
Chinese	<input type="checkbox"/>	Indian	<input type="checkbox"/>
Pakistani	<input type="checkbox"/>	Sri Lankan	<input type="checkbox"/>
Any other Asian background – please specify	<input type="text"/>		

Black or Black British

African	<input type="checkbox"/>	Caribbean	<input type="checkbox"/>
Somali	<input type="text"/>		
Any other Black background – please specify	<input type="text"/>		

Mixed background

White and Black African

White and Black Caribbean

White and Asian

Any other mixed background –
please specify

Other ethnic background

Arab

Iranian

Any other ethnic group –
please specify

White or White British

Albanian

English

Gypsy / Irish Traveller

Irish

Polish

Romanian

Welsh

Scottish

Any other White background –
please specify

Religion and belief

Buddhism

Judaism

Christianity (all denominations)

Sikh

Hinduism

Zoroastrian

Islam

No religion / Atheist

Thank you for completing the

Harrow Council

Revaluation Support Scheme

Consultation Proposals 2017/18

What are business rates?

Business rates (also known as non-domestic rates) are a tax on organisations and companies that are using a building or office space for business purposes. This includes shops, offices, warehouses, hotels, some community facilities and factories. Business rates are **not** charged on homes - these are subject to council tax instead.

Local councils calculate and collect business rates in their area. All local councils must use the same method of working out the amount of business rates. This method is set by the Government and uses a value for the property given by the national Valuation Office Agency (a branch of Central Government).

The amount of business rates charged to each organisation is not the same and depends on:

- The size of the building or office space used
- A valuation based on the amount of rent that the building or office space would be let for on the open market

Both of these elements are used by the Valuation Office Agency to establish a '**rateable value**'. Every year a national 'rate multiplier' is set by the Government and the total amount of business rates due are calculated by multiplying the rateable value by the rate multiplier.

Any relevant relief and discounts can then be applied by the council to determine the final amount due from a business or organisation liable to pay business rates.

Revaluation 2017 and the impact on Harrow

The Valuation Office Agency have undertaken a **revaluation** of the rateable value of all buildings and office space subject to paying business rates. From 1st April 2017, all buildings and offices in the borough have been given a new rateable value, used to calculate the amount of business rates a business or organisation occupying that space has to pay. The last time there was a revaluation was in 2010.

The 2017 revaluation has resulted in the business rate bills charged on many businesses and companies in Harrow increasing significantly. Business rate bills have increased on average by 14%, but within property categories there are many variations including increases of 27% for offices to 10% for most high street shops. Many pubs, industrial sites, offices and workshops also saw significant increases in their business rate bills, as will some schools, childcare providers, GP surgeries and local council owned sites.

What is business rates relief?

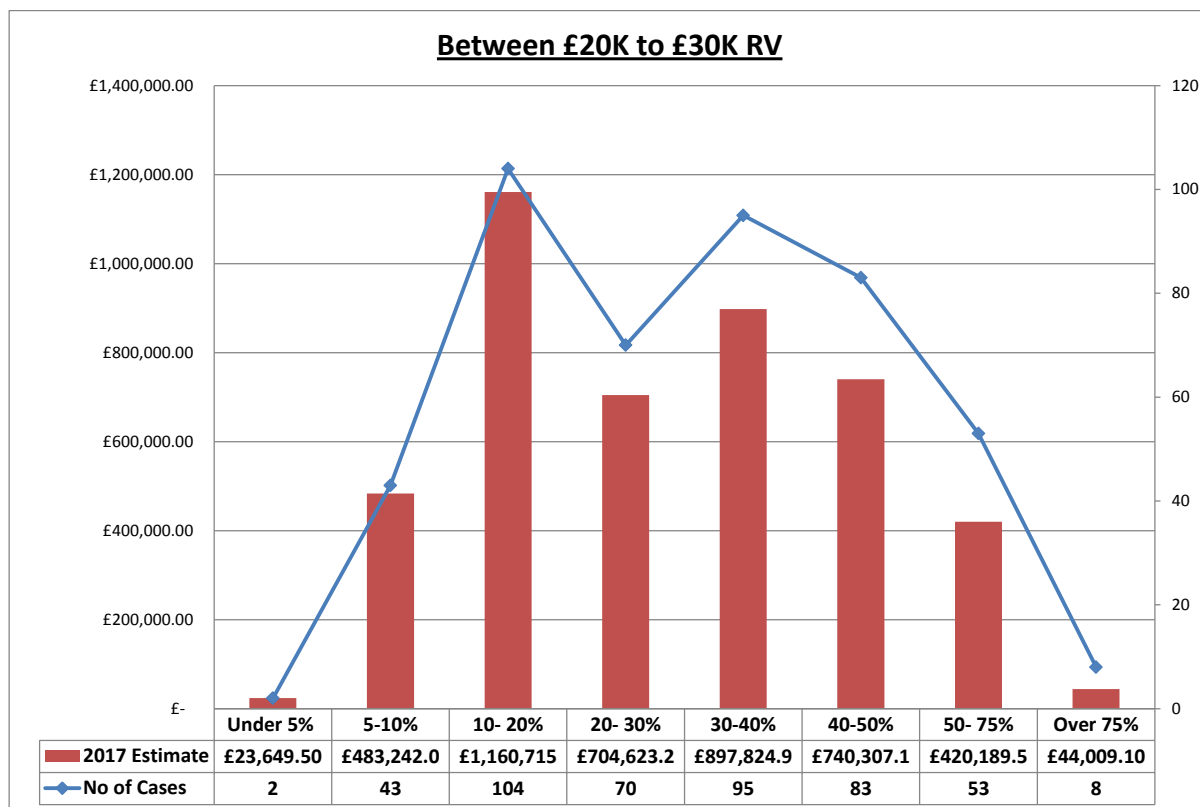
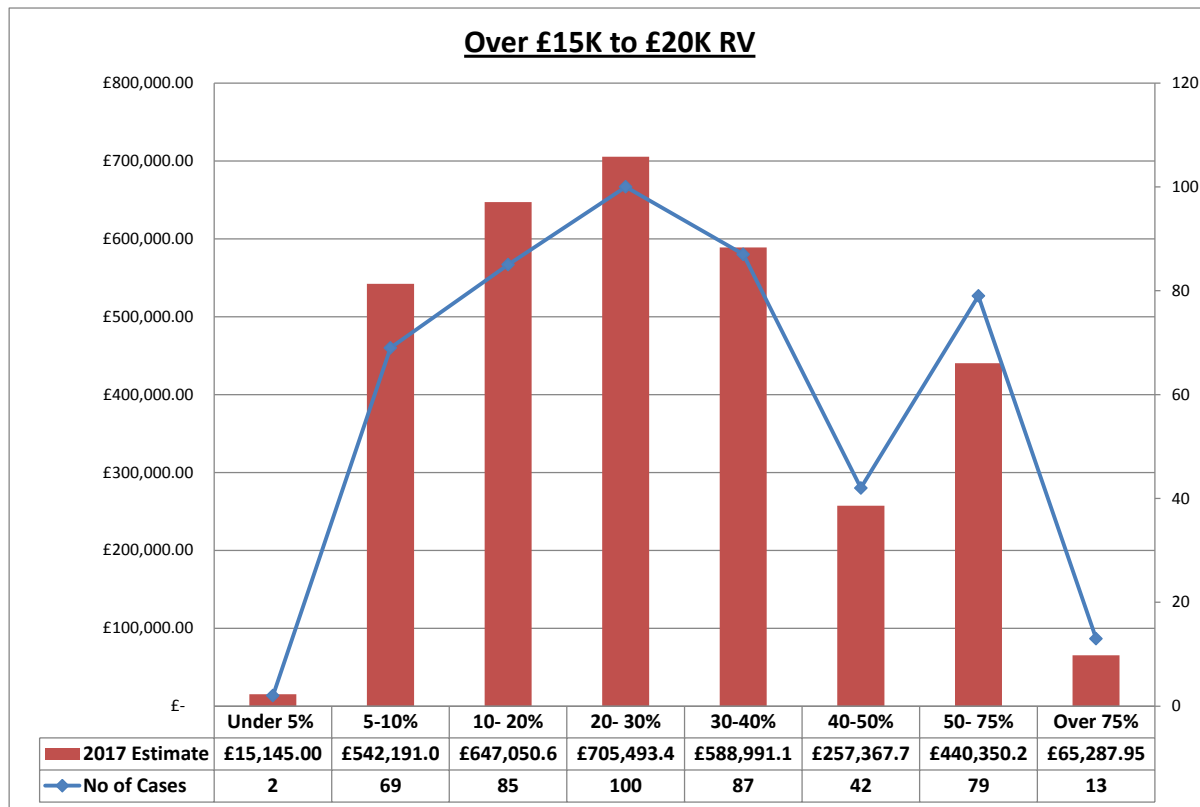
Some organisations may receive a discount on their business rates. This is called business rates relief because it provides relief from the total amount that would otherwise be payable. Organisations who receive relief on their business rates therefore pay a smaller amount of money than they would otherwise have to pay, and a smaller amount compared to other organisations that do not receive relief.

Some relief schemes are determined by the Government and have to be applied in the same way across all local councils in the country. Examples include small business rates relief, empty properties relief, transitional relief and mandatory relief for registered charities. This consultation is not about these national business rates relief schemes.

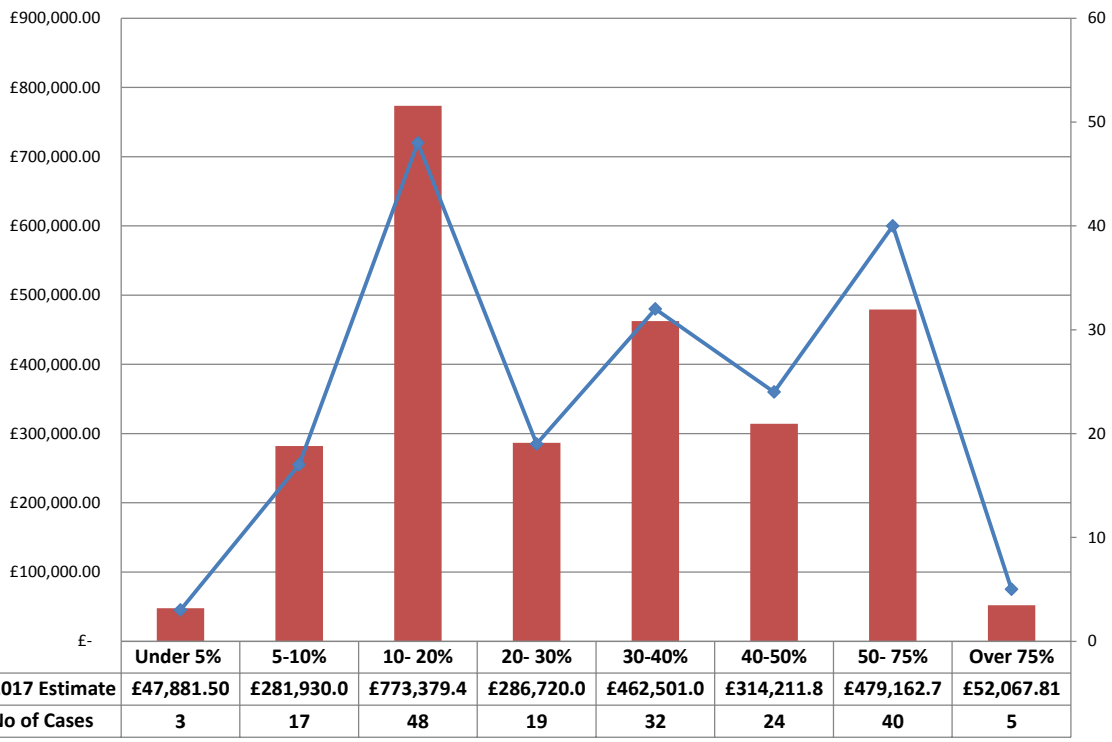
Local councils can set out their own policy for giving relief on business rates in addition to those set by the Government. This is called 'discretionary relief'. When designing a new discretionary business rates relief scheme, local councils can decide on:

- when relief would be considered
- the maximum amount of relief that could be given
- the length of time that relief could be granted for
- the types of organisation that can apply for relief

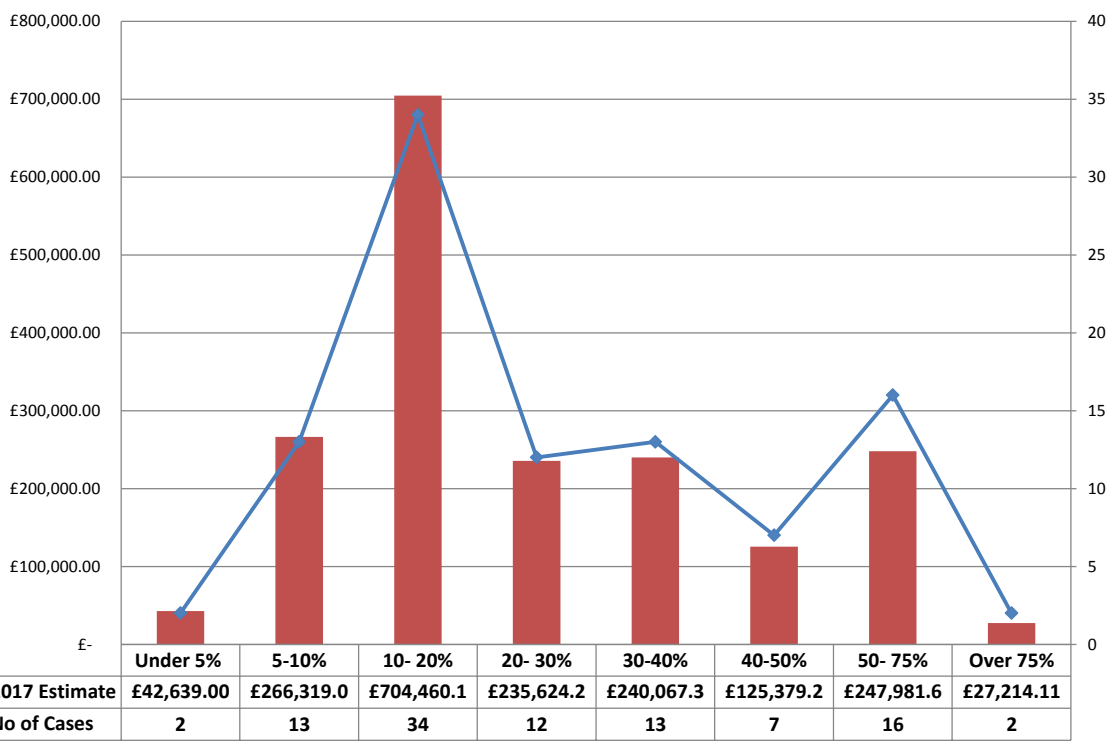
Breakdown of Number of cases within each percentage band dependant on Rateable Value



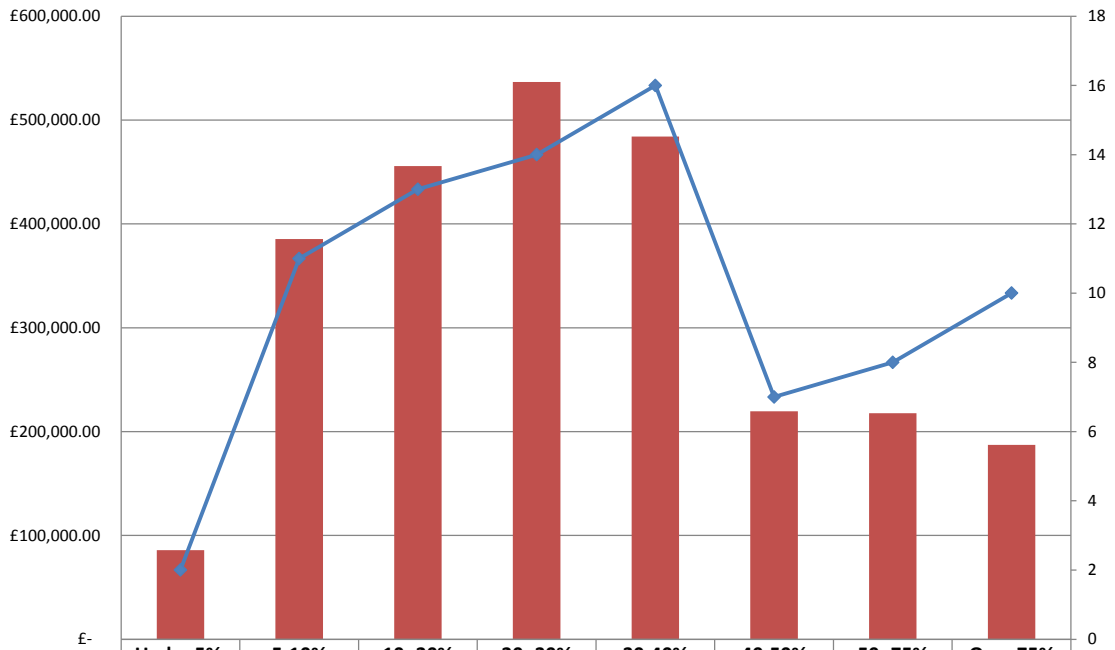
Between £30K to £40K RV



Between £40K to £51K RV



Between £51K to £99K RV



See Separate Appendix 3

Band 1 - Rateable Value between £15,000 to £20,000

Percentage Increase in Rateable Value	Maximum Relief Percentage	No of Potential Recipients	Potential Cost of Relief Awarded
5-10%	2%	69	10,843.82
10-20%	3%	85	19,411.52
20-30%	4%	100	28,219.74
30-40%	5%	87	29,449.56
40-50%	7.5%	42	19,302.58
50-75%	10%	79	44,035.02
Over 75%	15%	13	9,793.19
Total		477	161,055.42

Band 2 - Rateable Value between £20,001 to £30,000

Percentage Increase in Rateable Value	Maximum Relief Percentage	No of Potential Recipients	Potential Cost of Relief Awarded
5-10%	2%	43	9,664.84
10-20%	3%	104	34,821.47
20-30%	4%	70	28,184.93
30-40%	5%	95	44,891.25
40-50%	7.5%	83	55,523.03
50-75%	10%	53	42,018.96
Over 75%	12%	8	5,281.09
Total		458	220,385.57

Band 3 - Rateable Value between £30,001 to £40,000

Percentage Increase in Rateable Value	Maximum Relief Percentage	No of Potential Recipients	Potential Cost of Relief Awarded
5-10%	1%	17	2,819.30
10-20%	2%	48	15,467.59
20-30%	3%	19	8,601.60
30-40%	4%	32	18,500.04
40-50%	5%	24	15,710.59
50-75%	7.5%	40	35,937.20
Over 75%	10%	5	5,206.78
Total		188	102,243.11

Band 4 - Rateable Value between £40,001 to £51,000

Percentage Increase in Rateable Value	Maximum Relief Percentage	No of Potential Recipients	Potential Cost of Relief Awarded
5-10%	1%	13	2,663.19
10-20%	2%	34	14,089.20
20-30%	3%	12	7,068.73
30-40%	4%	13	9,602.69
40-50%	5%	7	6,268.96
50-75%	7.5%	16	18,598.62
Over 75%	10%	2	2721.41
Total		99	61,012.81

Band 5 - Rateable Value between £51,001 to £99,999

Percentage Increase in Rateable Value	Maximum Relief Percentage	No of Potential Recipients	Potential Cost of Relief Awarded
5-10%	1%	11	3,854.46
10-20%	2%	13	9,115.29
20-30%	3%	14	16,097.40
30-40%	4%	16	19,364.78
40-50%	5%	7	10,981.29
50-75%	6%	8	13,060.00
Over 75%	8%	10	14,971.13
Total		81	87,444.35

Total Potential recipients **1303**

Total Potential Relief Awarded **£632,141.26**