



Haringey Council

Scrutiny Review – Support to Small Businesses



A REVIEW BY THE OVERVIEW AND SCRUTINY COMMITTEE
MARCH 2010

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Chair's Foreword:

Early on, during the preparatory work for this Scrutiny Review, it became apparent to the members of the Panel just how important small and medium sized businesses are to the economic life of Haringey.

A recent report indicated that there are nearly 9,000 SMEs in the Borough employing well over 60 000 people, and the number of businesses is growing.

The current recession has affected every corner of the Haringey economy. However, small businesses are more vulnerable than their larger cousins. They tend not to have the financial reserves and access to borrowing that larger, more established businesses have, nor carry the amount of spare capacity that could be cut to help them survive the downturn.

It is therefore crucial to the well being of Haringey that we ensure that this sector is given as much support as possible: it has the potential to innovate, create new jobs and create wealth.

This document looks at how Haringey and its partner agencies are supporting our small businesses and offers some recommendations that could make the borough more attractive to start up companies, help keep our existing businesses and allow expanding businesses to stay in Haringey.

My thanks and appreciation to my fellow Councillor Panel Review members for attending and adding value to the review, to the officers and all those who attended to present and provide evidence to the panel.



Councillor Charles Adje

Chair of the Review

1. Reasons for the review

1.1 It was agreed last year that the purpose of scrutiny henceforth should be:

- To assist the Haringey Strategic Partnership by providing an independent objective view which helps to improve the quality and cost effectiveness of services provided to local people.
- To contribute evidence to the Comprehensive Area assessment process.

1.2 In furtherance of these aims the Overview and Scrutiny Committee, when they approved this year's work programme, agreed that each of its members should be responsible for scrutinising and liaising with a Partnership Board. The chair of this Panel, for instance was appointed lead scrutiny member of the Enterprise Partnership Board.

1.3 Detailed consideration was given to which key areas should be scrutinised this year and it was decided that a detailed review into the support given by the Enterprise Partnership Board to small businesses would be beneficial. Although a review of this area had been carried out in 2003 it looked solely at what was done by the Council and views about the support which should be provided to small and medium size enterprises has changed considerably since then.

2. The effect of the recession on Haringey

2.1 The current recession has impacted heavily on businesses across the country with the number of voluntary company liquidations increasing by 39% since April 2008. Locally Haringey has lost several high profile names, such as Bridisco. On the positive side the Annual Business Inquiry 2008 data which was released in mid December 2009 showed that in Haringey there had been an increase in the number of businesses from 8,500 to 8,900 (rounded to the nearest 100) but the number of employees had fallen from 61,800 to 61,700. Small Medium Enterprises (SME's) account for 29% of total employment in the borough.

2.2 Despite recent improvements, worklessness remains a persistent problem in Haringey. In the year to June 2009 62.3% of Haringey's working age population was in employment, lower than both the London and England averages of 60.2% and 73.4% respectively. This employment ranks Haringey amongst the bottom 5% local authority areas in England (Norris).

2.3 There are, as of January 2009 9,705 Job Seekers Allowance (JSA) customers in Haringey representing 6.2% of the working age population. The current JSA rate in Haringey is higher than the London and England rates of 4.4% and 4.3% respectively. In the past year the number of JSA customers in the borough has increased by 27%.(Nomis).

- 2.4 At August 2009, there were 28,470 key -out of work benefit claimants in Haringey, representing 18.1% of the working age population. This is higher than the rates for London and England at 13.7% and 13.2% respectively. In the past year the number of key – out of work benefit claimants has risen by 9.4% in the last year. (Nomis).

3. Policy Context

- 3.1 One of the aims of the Council's Sustainable Community Strategy 2007-2016 is economic vitality and prosperity shared by all. This can only be achieved by working and supporting local businesses and creating employment opportunities. Such support is also in accordance with the Government's aims and objectives as expressed in Pre Budget Statements.

4. The way this review was undertaken

- 4.1 A Scrutiny Panel consisting of Councillors Adje (Chair), Allison, Thompson and Winskill was set up to undertake the review. Its terms of reference were as follows:
- How small and medium enterprises (SMEs) in the Borough and those wishing to move here are supported by Haringey's Business and Enterprise Team and other departments, in partnership with governmental and non governmental agencies operating in Haringey.
 - How the Council's regeneration strategy operates and supports small businesses and whether it meets its objectives.
 - How the Council is contributing to and influencing the London Business Support policy and Strategy.
 - How support is offered in appropriate areas, including training, staff recruitment, finding/providing suitable premises, sign posting to information including (health and safety, taxation, employment law etc), business start-ups, planning and expansion, access to funding including new Government Enterprise Loan Fund.
 - The support given by other London Boroughs to their SME's to identify best practice and value for money.
- 4.2 The Panel had three meetings to which the Chair of the Enterprise Partnership Board, relevant Council Officers, Business Link (the national government funded single point of contact for business support and advice) and other agencies in Haringey offering advice and help to small business, including the Chamber of Commerce were invited. They also met with representatives of small businesses and support agencies as identified in Appendix A.

- 4.3 Whilst there was a good level of attendance at all the Panel meetings, members were disappointed over the number of small businesses that attended and neither the Federation of Small Businesses, nor the North London Chamber of Commerce had been able to attend or to submit their views. Additionally it was not possible for the Panel to hear the views of the Chair of the Enterprise Board and the Panel was very disappointed that despite more than one invitation the Assistant Director for Planning, Regeneration and Economy was unable to appear or present a report as requested. In any future reviews within the area of the Enterprise Partnership Board the Chair of the Board would be expected to attend and give evidence as well as the officer with overall responsibility for economic regeneration in the borough.

5. Evidence and findings from the review

The following headings mirror the areas that the Panel agreed would be the key items of discussion.

Was the present mix of services the right one, were there gaps or duplications in services, was each agency's role sufficiently clarified and was the overall provision cost-effective?

- 5.1 It was clear that the Council and its partners provide a comprehensive range of support to small businesses, in particular:

General support

- 5.2 The Enterprise Partnership Board was keen to support businesses and to develop and implement enterprise, employment and skills strategies and initiatives in line with priorities set out in the Sustainable Community Strategy, Local Area Agreement and Regeneration Strategy. Regular reports on the activities of the Business and Enterprise team and updates from the Haringey Business Board are submitted to the Board. The membership of the Enterprise Board is comprehensive and includes Business Link, Greater London Enterprise, North London Business, North London Chamber of Commerce and Job Centre Plus.
- 5.3 Haringey's Business and Enterprise Team also engages with the business community to develop new initiatives and to inform policy decisions. Over the last 18 months direct business engagement has been conducted in Haringey's Town Centres and across key sectors of food and drink, retail and wholesale and creative industries. The Team has been proactive and supportive of businesses in Crouch End, Tottenham, Green Lanes and Wood Green, where there was an issue around resourcing due to the role being deleted. However, it was planned to address this by allocating some funds from the Area Based Grant (ABG) to commission a range of

services that will assist with cementing the initial work that has gone into setting up the current Wood Green Business Forum.

- 5.4 The team also plan to develop a support mechanism for businesses wishing to start up as social enterprises under a variety of business models, including co-operatives, mutuals and social firms. Evidence was given by representatives of small businesses and small businesses themselves that the support provided by the Business and Enterprise team was highly regarded and that it was valued as a Council service. The Panel were therefore surprised that the Assistant Director Planning, Regeneration and Economy is considering outsourcing the team.
- 5.5 The Panel were of the view that there was some ambiguity within the Cabinet over where responsibility lay for encouraging and supporting the small business sector. This should be addressed.

Financial Support

- 5.6 There are no Council funds or other grants available to help businesses start up. For general advice and support on access to finance, the Business and Enterprise team refer businesses to Business Link. Also the team informs SMEs of other funding opportunities, such as the loans provided by the GLE, the government's Enterprise Finance Guarantee Scheme, or bank loans.
- 5.7 In association with North London Business, the Business and Enterprise Team has brokered three meetings with retail banks. As a result of these meetings more regular dialogue has been established. The banks have agreed to provide Haringey with a contact list for money lenders and a list of business plan requirements that will enable businesses to obtain loan finance. The Panel felt that tangible benefits from this relationship should be given wide publicity.
- 5.8 Embrace UK (a body set up to provide advice to Black and Minority Ethnic (BAME) communities and businesses who were funded by Haringey through the ABG stated that many BAME businesses needed particular support in this area, especially as there could be language and cultural differences.
- 5.9 The Panel noted that there was a general reduction in funds available for business support nationally. The national policy trend was towards using Business Link as the first point of contact for business referrals to a suite of nationally defined business support products – uniformly branded, specified and delivered locally under license. This is a reason why local agencies are disappearing or no longer offering business support. This view was echoed by Embrace who felt that more general help was needed in accessing funding since much of the existing finance was out of the range of small businesses.

- 5.10 Another way the Council helps small businesses to improve their cash flow is by aiming to pay invoices within 10 working days. Current performance is 70% against a target of 75%.
- 5.11 Government funding was available through Early Growth Funds, Enterprise capital funds, growth capital funds and Enterprise Finance guarantee (which had been extended a further 12 months). Although this will enable £500m of additional bank lending to SMEs between April 2010 and March 2011 it is clear it will be targeted to support substantial growth and large businesses.
- 5.12 The Panel heard from GLE one London (the agents of the LDA) who assist businesses that were not able to secure access to mainstream finance. The majority of their loans were for sums of less than £50K for existing businesses to prevent closure and redundancy. Capital is provided both by the LDA and by London Boroughs for bespoke schemes in their respective boroughs. Although several London Boroughs had taken advantage of the scheme Haringey had not, and it was suggested that Haringey should liaise with other Boroughs on the effectiveness of the scheme. There was, however a cost to the Council in that they had to meet the cost of any defaulted loans – estimated at less than 15% of the total.
- 5.13 Also the Panel heard from GLE oneLondon on another scheme whereby they offered businesses low cost loans of up to £100,000 (secured or unsecured) and secured loans of up to £250,000 to social enterprises and other similar organisations. Both schemes require capital to be made available by the public sector.

Premises

- 5.14 The Panel were advised that information on available business premises was free of charge from North London Business. However particular issues identified were the lack of suitable available premises (particularly retail units) and market rent being too high, especially for start up businesses.
- 5.15 Property Services informed the Panel of what they did to support small businesses occupying commercial properties owned by the Council, and the additional support available during the economic downturn. With the exception of Technopark, there were not many council owned vacant premises.
- 5.16 Tenants having difficulties with paying their rent are offered:
- easy payment plans which spread the cost of any rent arrears
 - Rent free period of up to 3 months

- the opportunity to surrender leases without penalties,
 - flexible leases,
 - a reduction in the area they lease if they were able to reduce the space they required.
- 5.17 The Panel discussed the options for rent free period and whether the existing option of up to 3 months should be extended. However they concluded that this was not a viable option as the service had to achieve income targets. The Panel then went on to discuss whether the role of Property Services should be to one of property management and income maximisation or whether more emphasis should be placed on providing support space for expanding and start up businesses with the regeneration function as a priority.
- 5.18 Capital Enterprise (the membership body for deliverers of enterprise support in London.) told the Panel about the operation of pop up shops.¹. Capital Enterprise had members and partners willing to set up and manage pop up shops. Pop Up shops were virtually self -financing once set up. As mentioned previously there is no available council owned commercial space and there appeared to be little will in the private sector to turn their premises over to other use. Having said that, Embrace stated that they are keen to be involved in any future proposals for more pop up shops, which they felt should be targeted to BAME businesses.
- 5.19 The Panel received information on the statutory small business rates scheme which provides a reduction for businesses who essentially occupy just one property and where the rateable value is below £21,500. Further information on this is provided in Appendix B to this report.
- 5.20 The Panel noted that the Local Development Framework is currently being prepared and they recognised the importance Planning can have in creating an appropriate environment in which small businesses may thrive.

Signposting to Business Information

- 5.21 The Panel heard that signposting by the Council and business support agencies was generally good. However the representative from Tottenham traders explained that he considered that there was some duplication of services provided by external support agencies and that there was a need for better co-ordination.
- 5.22 The Business and Enterprise Team in collaboration with Benefits, Rates and Local Taxation included a short summary of information on available business support in the February mail out to businesses. Additionally a business guide to Council services was circulated to over 7,000

¹ . Pop Ups allow landlords with empty properties with a rentable value of over £15,000 per annum. to find a temporary use for it whilst still obtain empty property relief

- businesses in the borough in May 2009. The Team also produces a weekly bulletin of national policy news and publications to support business and enterprise. The Panel felt that the Council's Business webpages whilst being comprehensive and regularly updated would benefit further by officers seeking clients' views and ideas for content and accessibility.
- 5.23 The kind of business support demanded was predominantly start up advice and business planning. This was also provided by Business Link in London. As part of the business engagement structure Business Forums have been established in Wood Green, Tottenham, Crouch End, and Harringay Green Lanes. Officers were also trying to set up a viable traders group in Muswell Hill.
- 5.24 The Business and Enterprise Team was also meeting with FinFuture and officers from Islington to discuss cross borough initiatives to support businesses in Stroud Green. Although Embrace UK stated that there should be more networking amongst businesses and more advice on funding, the Panel felt that it was important that businesses themselves were aware of their immediate environment and of local initiatives.
- 5.25 Capital Enterprise gave evidence about their Business turnaround service whereby an investment of £25k from the Council would enable around 50 businesses to receive free of charge a professionally qualified business turnaround service.

Staff and training

- 5.26 Haringey offers help with staff recruitment and training through the Haringey Guarantee Employer Zone. This initiative which is part of the Haringey Guarantee aims to link employers to the full complement of training, education and skills available plus offer a recruitment/matching service.
- 5.27 From the Council's 2009-2011 ABG budget, covering the Enterprise agenda for two years £100K has been allocated to the Employer Zone.

Procurement

- 5.28 The Head of Corporate Procurement spoke to the Panel of the opportunities available for Council procurement to support small businesses. The Council's standing orders lay down the way tenders should be sought and how contracts should be awarded, i.e. the Council mainly awards contracts based on the "most economically advantage tender" which is a balance between price and quality or in some cases, contracts are awarded based on the lowest priced tender. The basis for contract award is notified to bidders at the start of any procurement process.

- 5.30 One area where support is given is assisting small businesses to be fit to tender for local government contracts. The Business and Enterprise Team were already engaged in helping small businesses to compete for council contracts and were giving extra advice on pan-London contracts. For instance two support programmes have been funded to ensure that local businesses are fit to compete for Olympics contracts as well as supporting micro businesses in the construction sector. The Council was also working with the London Business Network to host a networking event for local businesses. In addition the Haringey Strategic Partnership, in conjunction with the Business and Enterprise Team has held three breakfast meetings with the private sector, and at the most recent event in late 2009 Corporate Procurement gave a presentation on contract opportunities.
- 5.31 Since the summer of 2009 the Council's contracts register has been published on the Council's website and this also highlights those contracts that are due to be tendered in the next 18 months; thereby giving suppliers plenty of time to prepare.
- 5.32 A "Meet the buyer" event was held in late February 2010. This brought together 20 major public sector buyers with real contract opportunities with up to 300 local businesses attending. Following the event independent support arrangements have been put in place to help targeted local businesses to prepare their tenders.
- 5.33 Additionally there may be huge opportunities for corporate hospitality and associated work from the proposed Spurs development. However it was important that liaison between the 6th Form centre and Spurs be undertaken to ensure that pupils at the 6th Form Centre received the appropriate training so that they could be considered for employment in the newly opened stadium. The Panel also considered that the Council should through its corporate procurement and section 106 negotiations, encourage the use of local labour and local SME sub- contractors in the delivery of substantial contracts.
- 5.34 The Panel was concerned to hear evidence that the LDA's proposes to let at least 25% of their contracts to organisations that have a turnover of over £10m, this would significantly affect the ability of SME's to bid for contracts. This view is supported by the Government's budget announcement that an extra £1.3m was going to be available for helping people back into work, rather than allocating money to supporting businesses. LBDC also echoed concerns over this in that it would affect their ability to support business and they sought further support from the Council. The Panel felt that a letter should go from the Leader of the Council to the Mayor of London outlining the implications of this for small businesses.

Conclusion

- 5.35 During the course of the review the Panel gathered much information about the range of business support agencies and services available to SME's in Haringey. Although the various organisations representing businesses are represented on the Enterprise Board it was not possible to obtain their views on the efficacy of the present business support provided. The panel was, therefore, unable to assess whether the services met the needs of SMEs. To address this issue the Panel propose that next year the review panel Chair together with any other members interested and available, meet all organisations representing small businesses to discuss the efficacy of the partnership services and whether anything further needed to be done.
- 5.36 Without effective and functional performance indicators, prepared by all local authorities in the same way it is not possible to reliably assess the cost effectiveness of services. There is one National Indicator in the Local Area Agreement NI171- new businesses registering for VAT/PAYE- which is considered as potentially unreliable by its sponsor government, Business, Innovation and Skills. Even then as other local authorities might have different policies and priorities, comparison is difficult. The Panel was concerned that not all agencies and businesses appeared to be aware of the extent of the services provided and are recommending that the Enterprise Partnership Board should receive a full report.

Was there a case for further pooling of budgets and what would be the advantages of doing this?

- 6.1 The Panel received no information on the possibility of pooling budgets. There is no significant opportunity amongst external organisations as the public sector has the money. Within the Council the Business and Enterprise team work with other departments, but the majority of budgets are either ring fenced or specific. However as Government spending is likely to be restricted over the next few years the Panel felt that agencies should enter into a dialogue to explore opportunities that might exist for cost savings and the reduction in duplication of services. One area where there may be scope is in employment and education and this is an aspect which the Enterprise Board should explore.
- 6.2 The Head of Procurement advised that he was currently engaged on behalf of the North London Strategic Alliance (primarily Haringey, Enfield and Waltham Forest) to look at the possibility of joint commissioning for services. This is an area where it would have been useful for the Assistant Director of Planning, Regeneration and Economy to have been present.

How effective were the financial controls over budgets etc?

- 7.1 The Council has developed structured controls over the way that the budget is spent. The total annual budget for the Enterprise and Business unit is £577k, which includes £300k spent on the ABG and the remaining £277k is spent on salaries and projects.
- 7.2 The Enterprise and Business Unit's expenditure is subject to the same robust controls as all other expenditure within the Council as part of the monthly monitoring process. Additionally any spending of ABG is subject to further scrutiny as part of the relevant partnership board. There is no capacity to over spend and spending is apparently on target. From the evidence seen the financial controls seemed to be adequate.

How did Haringey compare with other similar local areas and were any of them doing anything which was not done in Haringey

- 8.1 The Panel looked at comparisons with Waltham Forest, Redbridge and Enfield. Clearly Haringey had the highest costs but they provide considerable more support than other boroughs. This was evidenced by local businesses who all stated that the level of advice provided by the Business and Enterprise team was of good quality and effective. Additionally North London Business explained that Haringey went further than other North London Borough's in helping small business to obtain rate relief and training. However and in particular since national funding to support small businesses had been reduced the Business and Enterprise team considered that they were unable to offer enough financial support to SME's. The Panel noted that the team would like to be able to track enquires that came in and they would like to be able to offer more support to the newly established Wood Green Business Forum.

Should the Enterprise Partnership be doing more and how could it most usefully contribute toward the continual improvement in the support given?

Strategies, Policies and the Enterprise Board

Haringey City growth

- 9.1 Haringey City Growth, funded by the European Regional Development Fund, Haringey Council and North London Business was launched in 2003 and finished in 2009. It was intended to be a way of businesses having more influence over the regeneration of the borough and its vision was to create a strong competitive economy in the heart of a thriving and vibrant North London sub-region. It particularly covered the east of the borough with a particular focus on the Upper Lea Valley area. The Panel considered that this area has much to offer and that for these assets to be fully developed and exploited it is important that well funded, focussed and managed regeneration activity takes place. The Panel noted that the east of the borough had always benefited from regeneration funding. The

Panel was disappointed not to receive sufficient information on the project's objectives, achievements and legacy. They also felt that there was confusion over the funding for the project and other inconsistencies in the two reports that they received (one self evaluation and the other carried out by external consultants for the LDA). The Panel was very disappointed that the three page report which was requested to be produced was not done. In order to encourage funders for any future new schemes it is important that there is confidence in the Council's and its partners' ability to deliver desirable outcomes. Therefore a further review of the project by Grant Thornton (external auditors) may allow further lessons to be learnt to the benefit of future projects. Any issues arising such as mismanagement, lack of financial control or other project failures should result in further action being taken.

Regeneration Strategy

- 9.2 In February 2008 Haringey Council adopted 'People, Places & Prosperity', Haringey's Regeneration Strategy, setting out Haringey's regeneration priorities to 2016. The Regeneration Strategy is a principal component in the delivery of the Community Strategy objective 'economic vitality and prosperity shared by all'. The Strategy was developed through consultation and has been endorsed by the HSP.
- 9.3 The focus of the Delivery Plan reflects that of the Strategy – with a very clear focus on economic regeneration. The principle projects include developing a simple but effective single point of access for business inquiries to the council. Progress against the strategic objectives has been positive.

Enterprise Board

- 9.2 The Enterprise Partnership Board was set up in June 2007 and has met regularly on a quarterly basis since then. The Board receives regular reports on issues such as responding to the recession, tackling worklessness and the work of the business and enterprise team. It was also kept informed of the progress on this review.
- 9.3 The Chair of this review, Cllr Adje attended the Board's meetings in his role as Lead Scrutiny Member, acting as a liaison between the Board and Overview and Scrutiny.
- 9.4 The Panel felt that the Enterprise Board should strengthen its role as the focus for the co-ordination of business support and leveraging in funds for small businesses in Haringey. It would therefore be of much use, for the Board to produce a report setting out how it intends to fulfil this role over the next 18 months – 2 years. It would also be useful for the Overview and Scrutiny Committee to receive a report on how the Enterprise Board has developed its monitoring of support to small businesses.

RECOMMENDATIONS:-

- 1. That whilst the Panel consider the present mix of services to be comprehensive and continually improving, it was clear that not all agencies were aware of the extent of the services provided to SMEs and this should be addressed by the Enterprise Partnership Board receiving a report on all services provided and by whom and that once approved this should be circulated widely. The Enterprise Partnership Board should also consider its' role as the focus for business support. (Paras 5.36 and 9.4)**
- 2. That the Council's central performance team be instructed, in conjunction with the other local authorities involved, to develop effective performance indicators to assess the cost effectiveness of the support given to small businesses and the possibility of developing effective partnerships with other boroughs be explored further. (Para 5.36)**
- 3. That a further assessment be carried out to establish whether small businesses and the organisations representing them value the present mix of services and whether they consider them to be a cost effective way of encouraging enterprise in the borough. (Para 5.35)**
- 4. That, as this is a rapidly evolving area the Overview and Scrutiny Committee receive a report in 2 years time on how the Enterprise Partnership Board has developed and monitors services to small businesses. (Para 9.4)**
- 5. That the work of the Enterprise and Business team should not be outsourced as suggested in the report on Service Profile/ Efficiencies and Service development. (Para 5.4)**
- 6. That consideration be given to the investment of around £25K to enable the Council to engage the services of an external provider such as Capital Enterprise to provide a Business turnaround service. (Para 5.25)**
- 7. That consideration be given to commissioning a best value partner offering loan schemes (such as GLEone London) to work with officers in introducing a scheme in Haringey. (Para 5.12)**
- 8. That in order to ensure clear lines of responsibility, a single Cabinet member should assume the brief to act as champion for all aspects of support to small businesses. (Para 5.5)**

9. That the role of Property Services be clarified in respect of providing space for expanding and start up companies with the emphasis moved to a regeneration function and less of a simple property management role. (Para 5.17)
10. That lessons learnt from previous attempts to set up Pop Up shops across the Borough be disseminated corporately and any new options be pursued. (Para 5.18)
11. That the Council should, through its corporate procurement and section 106 negotiations, encourage the use of local labour and local SME sub- contractors in the delivery of substantial contracts and major projects. (Para 5.33)
12. That a clear commitment to maximise the amount of space available to business start ups and expansions should be made in the Local Development Framework, with appropriate protection given to the remaining retail, industrial, craft and other spaces in the borough.(Para 5.20)
13. That the nascent relationship Haringey is developing with local banks be consolidated and expanded and the tangible benefits for Haringey's business community be widely publicised. (Para 5.7)
14. That in order to ensure that the Haringey Business Support web pages are meeting the needs of clients, research should be done with a range of users to canvass their views, opinion and ideas for content and accessibility.(Para 5.22)
15. That Grant Thornton (external auditors) be appointed carry out an in depth review of the Haringey City growth project to provide assurance to future funders and to look at a) how better systems can be put in place for proper accountability and b) legacy issues. (para 9.1)

APPENDIX A

Contributors to the Review

The Scrutiny Review Panel wish to thank the following who gave advice and help during the course of this review.

| Name | Organisation or Title |
|---------------------|---|
| Gary Ince | North London Business |
| Bob Austin | London Youth Support Project |
| Effiong Akpan | London Business Development Corporation |
| Dennis Handal Sam | Business Link |
| John Splinder | Capital Enterprise |
| Claire Richmond | Crouch End project |
| Nicky Price | Tottenham Traders |
| Alem Gebrehiwot | Embrace UK |
| Yosias Negarth | Embrace UK |
| Nick Nicolaou | GLE |
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| Patrick Jones | Business and Enterprise Policy officer |
| Nicholas Schlittner | Projects and Policy Officer |
| Martin Tucker | Regeneration Manager |
| Michael Wood | Head of Corporate Procurement |
| Steve Hart | Benefits and Local Taxation Officer |
| Oluyinka Awofisayo | Commercial Property Manager |

APPENDIX B

The Small Business Rate Relief provides a reduction for businesses who essentially occupy just one property and where the rateable value of that property is below £21,500.

The scheme was introduced in 2005 and benefits those mostly with properties with a rateable value below £5,000, in which case the relief is 50% of the full rate liability. For those businesses with a rateable value between £5,000 and £9,999 the value of the relief decreases by approximately 1% for every £100 above £5,000, for example the relief would be 49% for a value of £5,100, 48% if the value was £5,200 etc, reducing to just 1% on a value of £9,900.

Those entitled to the above also pay their rates at a slightly lower rate multiplier than those who do not qualify. This is equal to 0.004p in the £. Not a massive saving I accept, equal to £40 a year on a property with a rateable value of £10,000.

For those qualifying businesses with a rateable between £10,000 and £21,499, a % reduction is not applicable, however they receive the benefit of paying at the lower multiplier mentioned above, i.e. 0.004p in the £ lower. For example this would save £80 a year for a business with a rateable value of £20,000.

The above parameters are changing slightly from April 2010 to accommodate the re-valuation. The re-valuation will see an increase in rateable value for many properties and the Small Business Rate Relief scheme will be adapted to ensure that the majority of those currently benefiting will not lose out as a result. If you require further detail in this respect please ask me.

In terms of other help available, upon request the Council can extend instalment plans by two additional months thus reducing the monthly liability. Legislation requires that business rate demands are paid over a period of ten monthly instalments from April to January. By offering an additional instalment in February and March the monthly liability is thus reduced.

There have also been recent changes to empty property rules which may benefit those businesses that have property but are unable to use it for some reason. Empty properties with a rateable value below £15,000 are not subject to business rates in 2009/10. This will be extended to properties with rateable values below £18,000 from April 2010, although the exemption is only intended to run until March 2011. For all other empty properties the Council can offer the first 3 months rate free, or 6 months rate free if the property is classified for Industrial use.

The Government introduced a deferral scheme this year. This allows a business to defer 3% of the 2009/10 rate liability and pay half that amount back in 2010/11 and the other half in 2011/12. Although we received about 650 applications from businesses to request this, most withdrew their application when we spelt out the very limited benefits of it. The companies that have benefited most from this are the multi-nationals/chains who have several stores across the country, whereby

the combined savings can be substantial. There is little point in many cases for a small independent business to defer a small amount of money only to pay it back later.



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