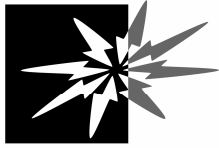




Haringey Council



Haringey Council

Scrutiny Panel Review

On 04 February 2010

Report Title: **Provision of Support to Small Businesses**

Report of: **Dinesh Kotecha – Head of Corporate Property Services**

Contact Officer : **Oluyinka Awofisayo – Commercial Property Manager**

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Wards(s) affected: **All**

Report for: **[Key / Non-Key Decision]**

1. Purpose of the report (That is, the decision required)

- 1.1. This report sets out the measures that have been put in place to support small businesses occupying commercial properties owned by the Council.
- 1.2. The purpose of the report is to provide detailed information of the measures that have been implemented during the economic downturn and the positive effects they have produced in retaining tenants and reducing voids within the commercial portfolio.

2. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 2.1. This review links with the Sustainable Community Strategy Outcomes of 'Economic vitality and prosperity shared by all' and 'People and customer

focussed ‘.

2.2. It is also links to Council Plan Priorities (2) and (5) Creating a Better Haringey: cleaner, greener and safer; Delivering excellent customer focussed cost effective services.

3. Recommendations

3.1. To note and comment on the report.

4. Reason for recommendation(s)

4.1. N/A

5. Other options considered

5.1. All options have been outlined in the report.

6. Summary

- 6.1. The Council has retained a property portfolio comprising of shops, offices and industrial units specifically to provide a supply of premises to enable business to be established and thrive in Haringey. This policy objective was recently confirmed by Cabinet when it received a report on the strategic review of the commercial portfolio on 26th January 2009.
- 6.2. The Council's commercial portfolio consist of 1175 properties and has a key financial input to the Council's revenue budget and aims to contribute to social and economic objectives through the provision of neighbourhood shop premises within housing estates and commercial and industrial premises to support the Small & Medium Enterprises sector. A summary and breakdown of the portfolio is attached as Appendix 1.
- 6.3. A large proportion of the premises are aimed at small to medium size enterprises and the Council offers these at prevailing market rents terms on the range of short and medium term leases to encourage take up of vacant units by new and established businesses. The measures stated below have helped to retain tenants at our commercial properties. For example, in the past twelve months, void level has been reduced from about 10% to 3.4%. The level of void in the commercial portfolio falls within the industry average acceptable level.
- 6.4. To mitigate against the effects of the recession the Council aims to support businesses in the following ways:
- 6.5. **Rent Arrears** – the Council responds sympathetically to existing business tenants in financial difficulty by considering payment plans. Payment plans are offered to tenants who approach the Council for help in spreading the payment of rent arrears over a period of time. The period of the payment plan is dealt with on case by case basis depending on the size of the arrears and the Council's budgetary

requirements.

6.6. **Lease Surrenders** – Existing tenants with rent arrears building up to unacceptable levels are allowed to surrender their leases without incurring financial penalty. This is mainly considered in specific cases of serious financial difficulty when the tenants are unable to meet payment plan requirements.

6.7. **Flexible Leases** – To encourage new and existing businesses, we consider extending the use of short term leases, phased rents and rent free periods. These incentives are designed to ease the financial burden on tenants so that they can run sustainable businesses within the borough and the Council can maintain an income stream from the portfolio.

6.8. **Unit sizes** - We consider review of the availability of small unit and consider refurbishment of existing properties.

Vacant Shops Initiative

Property Department have also been working in collaboration with other departments such as Urban Environment and Libraries, and third party organisations to bring vacant shops into use. The vacant shop initiative aims to allow artists to use our remaining shops for artists display to increase pedestrian flow and prevent dead frontage in the parade. This initiative has been under discussion the past few months, and due to regular take of vacant shop units by businesses we have been unable to implement artists display shop.

7. Financial Comments

7.1. The Council is under a duty to obtain best consideration for all properties leased to third parties as prescribed by s.123 of the Local Government Act 1972. Market rents are charged to all commercial tenants.

8. Head of Legal Services Comments

9.1 N/A

9. Equalities & Community Cohesion Comments

9.1. The measures adopted are to increase access for all communities and mitigate against financial hardships.

10. Consultation

12.1 N/A

11. Use of appendices /Tables and photographs

13.1 Appendix 1 - Breakdown of the Commercial Property Portfolio

12. Local Government (Access to Information) Act 1985

- Commercial Property Portfolio Review Cabinet Report – 26th January 2009
- Council Plan – Year 3, 2009 – 10, Haringey Council
- Sustainable Community Strategy, Haringey Strategic Partnership