

Report for: Cabinet Member for Resources and Culture

Item number: 3

Title: Approval for application of interim Business Rate Relief – 13 to 27 Station Road (Green Rooms).

Report authorised by : Dan Hawthorn, Assistant Director for Regeneration

Lead Officer: Zoe Sellers, Principal Regeneration Officer

Ward(s) affected: Woodside/Noel Park

**Report for Key/
Non Key Decision:** Non Key

1 Describe the issue under consideration

- 1.1 The council has been awarded funding by the GLA for the Wood Green Station Road Meanwhile Campus project and is using this to bring back into active use vacant council owned buildings to begin to transform Station Road into a more attractive and legible route from the High Road to the Cultural Quarter and Alexandra Palace and Park. The Meanwhile Campus Project is also a first step in the Wood Green Regeneration programme to signal the changes planned to the area.
- 1.2 13-27 Station Road is one of the council owned buildings that has benefited from the funding. A 10 year lease was granted to The Mill Co. Project for an initiative which includes a programme of works to bring the building back into use as an Art Hotel with Cafe and exhibition space on the ground floor (to be known as the Green Rooms).
- 1.3 £140k of the GLA High Street funding grant and £40k of council funding has been allocated towards the proposals. A Memorandum of Understanding has been agreed to set out the key obligations on each of the parties as part of the project, which includes a funding commitment towards the project.
- 1.4 The Mill Co. Project intends for the Green Rooms to be operational in March 2016. During the period between commencement of the lease and being fully operational as an arts hotel a basic refurbishment of the building is being undertaken. The property will also be used by local resident artists who will look after the building, assist with the refurbishment as well as manage community

based initiatives during this mobilisation period. They will facilitate public events, Green Room promotional events and engagement, such as those required under the funding agreement with the GLA.

- 1.5 From 13th April 2015, three months business rate relief was agreed by the council under empty property relief. Full business rates have now been requested by the council for the period 13th August 2015 to 31st March 2016.
- 1.6 The Mill Co. Project, supported by LBH and GLA are not intending to make a profit and therefore a requirement to pay Business Rates prior to the full operation of the facility in March 2016 would make the project financially unviable and force the project to be terminated.
- 1.7 The project therefore asks for the council to agree 100% discretionary relief on business rate for the 7½ month period (13th August 2015 to 31st March 2016) until the initiative is operational in support of the regeneration of Wood Green. This report seeks that authority.
- 1.8 The council is currently reviewing its approach to discretionary business rates relief and in November 2015 launched a formal consultation exercise. It is expected that the new policy will be in place from April 2016.
- 1.9 This decision is not considered to set a precedent in advance of a policy being agreed. Should any further applications to the Council to consider applying a discretionary local discount be received prior to a policy being agreed, these will be considered in a consistent manner.

2 Recommendations

- 2.1 It is recommended that Local Discount Business Rate Relief is granted to The Mill Co. Project for a 7½ month period between 13th August 2015 to 31st March 2016 totalling £31,000.

3 Reasons for decision

- 3.1 The project is a not-for-profit operation and being used as a catalyst in the regeneration of Wood Green. It is important that the project is a success and therefore continued support by the council, for the benefit of the wider area regeneration is critical.
- 3.2 A business rate waiver is needed to ensure that the project is able to work towards full implementation in March 2016 when it will be financially viable. If this is not agreed the project would have to be terminated. Such action would have a negative impact on the regeneration strategy as a whole and risks losing the GLA funding and general publicity around the project. The project has already been publicised via various media streams.

- 3.3 The council and GLA have already made a financial commitment to the project. The £180k (£140k from GLA plus the Council's £40k contribution) is match funding and therefore being drawn down in regular instalments as work progresses to March 2016 completion. If the project cannot continue for financial reasons the GLA funding of £140k in capital, already spent on a Council asset, would need to be repaid.
- 3.4 Assuming it can proceed to full implementation in March 2016, the project secures rent and rates income from 13-27 Station Road over the next 9 to 10 years. This may not otherwise be achieved as the property has been vacant for some time prior to the meanwhile project commencing. It is therefore important the project can continue and is a success. Agreement to business rate relief on an interim basis is therefore essential for this. Agreed rents, and long term revenue to the council, for the buildings lease period is as follows:

12 months after date of planning consent until 12/5/17	£30,000 pa
13/5/17 – 12/5/18	£33,000
13/5/18 – 12/5/19	£36,000
13/5/19 – 12/5/20	£39,000

Business rates payable by Mill Co. for next financial year (2016/17) will be £48,856.50.

- 3.5 Business rates for this period 13th August 2015 to 31st March 2016 are £31,000. This amount includes a 2% levy against the Rateable Value of £94,500 (£1,890 per annum) which goes to the GLA as a contribution towards the Crossrail project. Rates for the period in question, excluding the Crossrail element are therefore £29,531.51. Of this amount, £8,859.45 (30%) would therefore be the short term loss in revenue to the council.

4 Alternative options considered

- 4.1 Two options were considered:

Option 1: LBH grants business rate relief for the 7½ month period and the meanwhile project continues and delivers the required employment and business creation outputs.

Option 2: LBH refuses to grant business relief on an interim basis and the meanwhile project becomes financial unviable and has to terminate.

- 4.2 Option 1 has therefore been selected as the preferred option, on the grounds that is in the community interest and supports the regeneration of Wood Green.

5 Background information

5.1 GLA High Street Fund

The GLA High Street Fund (HSF) aims to make London's high streets welcoming, distinctive, diverse and growing. The fund will support projects that:

- Promote stewardship – in partnership and developing business and community management
- Stimulate activity – designing high streets to attract people
- Occupy empty spaces – finding new uses and filling in the voids on the high street
- Accommodate growth – realising the role of high streets in accommodating development and intensification of housing.

Projects started in May 2015 and the GLA capital funding must be spent in 2015/16.

5.2 Meanwhile Campus

The GLA has awarded the Wood Green Station Road Meanwhile Campus project £300k, of which £140k is committed as a contribution toward the refurbishment of the Green Rooms. This £140k plus the councils contribution of £40k is being used towards improvement, refurbishment and upgrade of the building structure and services (MEP). The benefit from this funding will take the form of its use of the refurbished premises over the 10 year lease period.

Activating Station Road is important as it is the principal physical link between Wood Green and Alexandra Palace and Haringey Heartlands. The Meanwhile Campus will transform Station Road from a gloomy transport corridor into an attractive and legible route from the High Road and the underground station through to the Cultural Quarter and Alexandra Palace and Park. The uses will focus on creative workspaces, food and drink events, an arts exhibition space, a night time leisure destination and training and employment support.

The project will bring back into active use vacant council-owned sites/buildings on Station Road and the Station Road council car park on River Park Road. This will support our work on the Investment Framework and signal major regeneration in Wood Green.

5.3 Green Rooms

Green Rooms is a not-for-profit hotel that will offer reasonably priced accommodation to artists visiting and working in London. It will undertake an exciting programme of exhibitions, events and performances for both guests and visitors including those from the wider community. The ground floor will house a restaurant which will be an incubator project providing rent-free residencies for emerging restaurateurs.

As well as committing to contribute £150,000 capital funding towards refurbishment work the Mill Co Project have also committed to the following benefits:

- Creation of 7 full time staffing/training roles at the hotel itself. Specifically aimed at local young people and those not in full time employment.
- An additional staffing / training role for the less-abled within the Arts Hotel.
- Additional support jobs within local businesses.
- At least 8 public facing events per year. A monthly programme of free public events will be a key part of the community engagement programme.
- Creation of a fully operational 24-hour community space in the form of the café and restaurant.
- New opportunities for the evening economy in Wood Green.
- Increased night-time presence, which leads to a safer high street.
- Free to use/heavily subsidised use of the events space for exhibitions, public and networking events and performances for partner organisations
- Investment in a council property asset.
- Free arts based creative workshops for local schools provided by some of the groups staying at the hotel.

Many community based events and consultation exercises have and will continue to be undertaken during the refurbishment/ rate free period. This has already included hosting public activities on small business Saturday, which took place on 5th December 2015.

The project is a key driver to regeneration and this has already generated wide spread interest. It will significantly contribute to the re-activation of Station Road, enhancing the link to Alexandra Palace and Park and signalling regeneration.

6 Contribution to strategic outcomes

- 6.1 This initiative is an initial driver in the regeneration of Wood Green town centre. It is early an enabler in delivering upon priorities 4 and 5 of the Corporate Plan around securing inward investment, job creation, training and economic growth alongside accelerating housing delivery. Wood Green is identified in Priority 4 as one of the council's regeneration priority areas, alongside Tottenham.
- 6.2 Development on the scale planned for in Wood Green – underpinned by the Investment Framework and Area Action Plan - will also yield significant uplift in council tax and business rate income for the Council providing a valuable income source in the context of central government funding reductions to allow the Council to continue to support its statutory obligations.

7 Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

7.1 Finance

Agreement of the recommendations to this report will mean that the Council potentially foregoes Business Rates estimated to be worth around £9,000 in 2015-16. However, there is a strong possibility that the wider initiative at 13-27 Station Road would not be viable if the Council did insist on collecting Business Rates and therefore no Business Rates would be received in any case. The decision to grant Business Rate relief also needs to be seen in the context of the longer term benefits this project is expected to bring, both in terms of rent and Business Rates from an otherwise vacant Council property and the wider benefits of the Green Rooms towards longer-term Regeneration ambitions within Wood Green.

7.2 Legal

Section 47 of the Local Government Finance Act 1988 gives the Council the power to use its discretion to discount business rates on any local property or business it chooses. The relief can be given to a building of any type or size and in any location within the borough. It can use its discretion to support regeneration activity. The council currently has no policy in place to cover decisions about the use of its discretion under the 1988 Act and current policies are being reviewed and consulted upon in light of legislative and economic changes. In the meantime, prior to having an agreed policy in place an individual member decision is required in order to agree to this proposal. In making that decision the member should consider whether it is reasonable in all the circumstances to agree to the recommendation, to have regard to the need to act in the interest of the borough and its residents, and to ensure effectiveness, economy and effectiveness in relation to council resources.

Because the proposed business rate relief would be a form of assistance or benefit provided from public funding to the operator of the Green Rooms hotel, The Mill Co. Project (TMCP), in running the hotel, it would constitute State Aid. As such it may only be granted in a manner that is compliant with rules governing State Aid.

This will be the case if the assistance proposed to be provided is structured within the De Minimis state aid exemption. Under this exemption, aid received from a public source by a beneficiary is permissible provided the amount does not in total exceed €200,000 over a rolling three financial year period.

Legal has already advised in the delegated authority report on this project approved on 12th May 2015 which awarded the funding to TMCP that the approved funding of £180,000 to the project may be covered by this De Minimis exemption. This is on the basis that the benefit of this funding will be amortized over the 10-year life of the Council's lease of the premises to TMCP. It is now proposed to give TMCP business rate relief valued at £31,000 in the first year of the project. Adding this value to the amortized value of the grant assistance applicable to the first year would still result in a value for the first 3 years of the project that is below the €200,000 De Minimis limit and is therefore permissible.

As advised in the delegated authority report, an annual review of the value of the funding to TMCP will need to be undertaken. This is to ensure that over the ten year life of the lease the €200,000 permitted limit for EU De Minimis State Aid is not exceeded over any three year rolling period of the project. The arrangement with TMCP should be monitored to ensure this remains the case.

There are no legal reasons preventing approval of the recommendation in paragraph 2.1 of the report.

7.3 Equality

The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

The proposal has many benefits for the local community such as employment opportunities for young people, community based events and free arts based creative workshops for local schools. The project is being used as a catalyst in the regeneration of Wood Green which aims to deliver a range of benefits and improvements for local people.

8 Use of Appendices

None

9 Local Government (Access to Information) Act 1985

Background Documents

Delegated Authority Decision report – 13-27 Station Road: GLA High Street Fund Meanwhile Campus Proposals – Mill Co. Memorandum of Understanding / Funding Agreement.

Cabinet Paper - An Investment Framework for Wood Green, 14th October 2014

Websites

LBH - Business rates relief policy consultation

<http://www.haringey.gov.uk/rates-consultation>

LBH site – Overview of
regeneration activities in Wood
Green

<http://www.haringey.gov.uk/regeneration/wood-green>

Green Rooms

www.greenrooms.london

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