

Consultation on business rates relief in Haringey – summary of findings and responses (May 2017)

Local authorities have the discretionary power to offer relief on business rates when it would be “reasonable to do so in the interests of council taxpayers.” Haringey’s proposed policy on discretionary business rates relief sets out a criteria and the circumstances for when the Council considers it reasonable to offer discretionary relief to a local business rates-payer, and the amount of relief that would be given.

Consultation activities

On the 13th April 2017, Haringey Council launched a public consultation on the application of the Government’s discretionary business rates relief. The consultation lasted 5 weeks and closed on the 17th May 2017.

A [press release](#) accompanied the launch of the consultation, which was promoted on Haringey Council’s website and Twitter.

The consultation has been targeted at residents, businesses and business forums in Haringey.

A consultation document was produced, which asked consultees to respond to three questions relating to three proposals:

- Proposal 1: Allocating business rates relief as a proportion of the increase in business rate bills
- Additional Proposal 1: Giving preference to small and medium sized firms and independents over multinational and large national businesses
- Additional Proposal 2: Prioritising business rates relief on public interest grounds

The consultation document was publically available on Haringey Council’s website, where consultees had the option of downloading and emailing back a completed Microsoft Word version of the document or printing and posting/delivering the document to Wood Green Library.

Hard copies of the consultation document were also available and distributed at Wood Green Customer Service and Library Centre.

The consultation notification and document was also circulated electronically via the North London Chambers of Commerce and Federation of Small Business.

The Council met with Haringey’s business representative group, the Haringey Business Alliance, on 5th April 2017 to develop the consultation proposals. The Council used this meeting to discuss draft policy options and agree final proposals for the consultation.

The Council organised consultation engagement events with Haringey’s business forums, involving Tottenham Traders’ Partnership on 26th April 2017 and Wood Green Traders’ Forum on 4th May 2017. The Business forums, as representatives of Haringey’s business community, were able to input to the consultation and discuss responses to each proposal. The views and ideas that were put

forward by the participants at all three consultation meetings were captured and will be reflected in the findings. Hard copies of the consultation document were distributed at each Business Forum meeting.

The Muswell Hill Traders' Group contacted and received 138 responses to the consultation, reaching a wide range of businesses in the west of the borough. Of these responses, the Traders' Group summarised and made a submission to the Council reflecting the feeling in each of the consultation's questions.

The consultation was launched prior to the unexpected announcement of a General Election. As a result, the Council was heavily restricted in its ability to communicate the consultation with residents and to engage relevant Cabinet members in advertisements.

Consultation responses

Volume:

In total, the consultation questionnaire was completed by sixteen respondents. This included 15 who identified themselves as businesses, 1 who also identified themselves as a resident and a submission from the Council's precept authority, the Greater London Authority.

Haringey's main business forums were engaged in separate meetings with Council officers to share their views on the proposals (see consultation activities above for full breakdown). In total, twenty business representatives were consulted orally in the business forum engagement meetings, representing independent, small and franchised businesses in Haringey.

The individual responses represent a wide range of businesses, reflecting different sectors and sizes. The oral feedback from business forums represents hundreds of businesses in different areas of the borough. The Council was keen to ensure that as many areas of Haringey were engaged in the consultation to reflect the wide range of opinion and business profile in the borough. In particular, feedback from the Haringey Business Alliance, the Tottenham Traders' Partnership, Wood Green Business Forum and Muswell Hill Traders' Group represented a large number of business interests across the borough.

Main themes emerging from the responses:

Below summarises the main themes and suggestions that the Council has received back from residents, businesses, business forums and the Greater London Authority throughout the consultation period – both through the online survey and through feedback from the business forum meetings and wider activities.

The findings presented below are structured under the 3 proposals that were outlined in the consultation document.

Whilst the consultation response from residents, businesses and the Greater London Authority was small with 16 respondents:

- 87% support of the proposals to allocate relief as a proportion of the increase in business rate bills and
- 80% was in favour of giving preference to small, medium-sized and independent businesses

There was a more mixed and less clear view from residents to exclude certain business types on public interest grounds. The content of responses reflects individual written responses and input from business forums, which represent hundreds of businesses in the borough.

Proposal 1 – Allocating business rates relief as a proportion of the increase in business rate bills

Consultation Proposal:

The consultation proposes to offer relief for revaluation support to those businesses and

organisations that are facing a sizeable increase in their business rates bills. The consultation proposes to give relief proportional to the amount by which a business's bill has increased.

The consultation states that the rationale behind the proposal is:

- It would ensure that the value of the extra relief given out is **proportional** to the amount that a businesses' bill has increased by. Those local businesses facing the most significant increases in their bills following the revaluation, would receive the most support under the proposed scheme.
- 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.

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?

Online Survey results:

Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total answered	No answer
9	5	2	0	0	16	0
56.25%	31.25%	12.5%	0%	0%	100%	

- Most of the consultees were supportive of allocating business rates relief as a proportion of the increase in business rate bills, as a way to maintain fairness in the distribution. Respondents raised the issue of rising online sales, which have impacted businesses of all sizes. Respondents also highlighted need to maintain independent and high street shops.
- Most consultees thought that support proportional to the business rate bill increase was a fair way to distribute limited amounts of money and treats all businesses consistently.
- Some consultees made comparisons between small and large businesses' differing abilities to pay increase business rate bills and suggested that larger national businesses can often be in a better place to cope with business rate increases.
- Some consultees suggested that support for local companies was more important than support for large national or multinational companies.
- Respondents raised concerns that national chain shops may soon replace independent businesses, particularly those who have received no business rates relief to date.

- Some consultees highlighted the ease of communicating the proposal, stating that it would be relatively straightforward for businesses to understand and calculate the impact.
- Some consultees highlighted the importance of existing discretionary business rates relief for businesses in Haringey and how much the business community relies on such relief. Consultees also highlighted the financial impact on businesses when initiatives/programmes are delayed.
- Some consultees who identified themselves as some of the largest rate payers suggested that this policy approach would enable the Council's limited money to be distributed in a fair way.

Haringey Council Response

There was significant support for the proposal to distribute relief proportional to the increase in business rates, so we intend to pursue this proposal.

We believe this offers the fairest way to distribute the limited money allocated from the Government and allows businesses of varying sizes to benefit from the relief. Distributing relief according to the bill increase reflects the need to support businesses proportionately to their rateable value and offer sizeable and meaningful relief to those businesses with particularly large business rate increases.

We also believe that this proposal is simple and relatively easy to administer – minimising the time businesses have to wait to receive the relief. Concerns have already been raised about the financial impact on businesses when programmes are delayed, and we recognise that a business rates relief system should be straightforward to administer and reach businesses as soon as is practicable.

Additional Proposal 1 – Giving preference to small and medium sized firms and independents over multinational and large national businesses

Consultation Proposal:

The consultation proposes to give preference for revaluation support to small and medium sized firms and independents over multinational and large national businesses.

The consultation states that the rationale behind the proposal is:

- Multinational 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.
- 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. This is likely to balance their increases in Haringey.

- Giving preference to small and medium sized firms and independents would enable the Council 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	Total answered	No answer
12	1	0	3	0	16	0
75%	6.25%	0%	18.75%	0%	100%	

- Many of the consultees agreed with the proposal to give preference to small and medium sized companies and independents. Many respondents drew attention to the differing abilities to cope with the increase in business rates, suggesting that national and multinational businesses are better equipped to manage the increase. Respondents also highlighted that as smaller businesses have less capacity to manage increases they need more help than national and multinational companies.
- Some respondents thought that small, medium sized and independent businesses face particular issues in coping with increased business rates as financial requirements, including operating costs, can have a more significant impact on smaller businesses.
- Some consultees agreed with the proposal and highlighted that national and multinational businesses’ financial impact from business rate increases in Haringey could be offset by reduced rates in branches outside London. Respondents suggested that larger businesses can benefit from reduced business rates in other parts of the country.
- Some consultees representing national chains suggested the relief should be targeted towards small, medium and independent businesses and took the view that one of the main reasons for their own business success was the presence of a large number of independent shops in the area.
- Some consultees raised concerns about the message sent to national and multinational companies and the risk that those businesses may relocate as a consequence of the policy.
- Other respondents suggested that national and multi-nationals face similar challenges to smaller businesses and should not be excluded from the relief on this basis.
- Some consultees suggested the criteria for relief allocation should be further explained and specified to define small and medium sized businesses for the purpose of business rates relief.
- The Council’s precepting authority, the Greater London Authority, highlighted the need to maintain a maximum level of support (200,000 euros over a three-year period; £55,000 per annum) allocated to any individual business, in line with EU state aid rules.

Haringey Council response

There was a good level of support for giving preference to small and medium sized firms and independents over large national and multinational businesses, and therefore we will continue to propose giving preference to small, medium sized and independent businesses.

In response to the concerns that national and multinational businesses would consider relocating, we believe we are proposing the fairest way to distribute the limited funds from central Government. Given the limited funds available, we believe giving preference to small, medium sized and independent businesses is necessary to prevent them from potentially closing as a result of this year's revaluation.

Multinational and large national companies in Haringey have some of the largest rateable values in the borough, and therefore if the discretionary relief policy covered these businesses they would consume a large amount of the fund. Excluding those businesses from the fund allows us to further target businesses who have less extensive capital to support the increase and who do not have branches in other parts of the country facing reduced bills and offsetting any increase in Haringey.

We welcome the Greater London Authority's submission to the consultation, which was broadly content with the proposals. As the Council's precepting authority, the GLA reinforced the reminder to ensure that no individual business receives more than £55,000 per year in relief, to abide by EU state aid rules. Our policy will ensure this and comply with the rules.

Additional Proposal 2 – Prioritising business rates relief on public interest grounds

Consultation Proposal:

The consultation seeks views on whether there are any circumstances when the 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. For example, public interest grounds could include 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 Haringey Council should not favour distributing extra business rates relief for 'revaluation support' because it would be against the local community or public's interest?

- Many consultees referred to the proliferation of national charity shops, stating that this presence damages trade in certain areas of the borough. Respondents also highlighted the significant existing business rate relief available to them.
- Some consultees argued that a relief policy should reflect the Council’s approach to supporting certain sectors, with examples raised to discourage national chains and prioritising businesses that benefit the local community.
- Some consultees stated that were no circumstances in which the Council should not favour distributing relief on community or public interest grounds.
- Other respondents suggested that the Council should audit their businesses when deciding whether to give relief in order to filter the companies practicing ‘ethically’.
- Tattoo parlours, foreign exchange kiosks and pay day lenders were highlighted as specific examples of businesses regards which residents raised concerns.
- Concerns were raised regarding the criteria on which certain types of businesses are excluded from the relief on public interest grounds. It was argued that this largely depends on a case-by-case basis – and that implementing such a proposal would not appreciate that fulfilling public interest tests requires individual auditing.

Question 5) From the list below, please identify any types of business or sectors that you believe Haringey Council should not favour distributing extra business rates relief for revaluation support to:

Business	Vote
Pawnbrokers and pay day lenders	7
Betting & gambling premises	6
Empty & vacant units	5
Vape lounges	5
Fast food outlets	4
Estate and letting agents	3
Charity shops	3
Foreign exchange	3
Tattoo and piercing parlours	3
Coffee shops	2
Banks and building societies	2
Car dealers	2
Taxi services	2
Cinema	2
Hotels, hostels and B&Bs	2
Supermarkets and discount stores	2

- The consultation feedback shows that the most popular business type chosen not to receive discretionary relief was pawnbrokers and pay day lenders, followed by empty & vacant units, betting & gambling premises and food outlets. However, there is not a significant difference in votes between these businesses and others listed in the above table.
- Some consultees elaborated on suggestions to exclude empty units, stating that they counter the work to promote the high street scene.
- Some respondents chose not to select any business types and some believed that no business should be excluded from the relief.
- Some consultees suggested other criteria for excluding businesses, such as turnover thresholds and scale, arguing that in some cases those businesses will face reduced business rates in other parts of the country that offset their rate increases in Haringey.

Haringey Council response

There was a mixed response to the proposal to not favour distributing extra business rates relief if it was against the local community or public's interest. Although several business types were highlighted in the consultation feedback, such as pawn brokers, pay day lenders and betting premises, who received the highest votes, the number of votes for these business types was not significant.

The consultation results illustrate that the votes for businesses are widely spread, with no sizeable lead among any one business type. Moreover, although there are a number of business types that received the highest votes, the results show a marginal vote difference between several businesses, and thus we believe it is inconclusive to suggest that residents have a clear view whether certain businesses should be automatically excluded from the relief.

There were also implementation issues raised in excluding whole sectors of the economy. We recognise that some consultees suggested that excluding whole business types from the relief should require each business to be individually audited, which would have administrative impacts for the Council. We will consider this when forming a policy position.

Question 6 – Do you have any other views and ideas?

- Some consultees suggested that the Council means-tests the way in which discretionary relief is distributed to businesses, to ensure that the money reaches the appropriate recipients.
- Some consultees suggested distributing the relief by geographical area and thus avoiding particular streets where certain business types are dominant.
- Other consultees stressed the need to ensure that the discretionary relief is distributed quickly and reaches businesses so that they can begin to benefit from the relief.

- Some of the consultees believed that the consultation should not determine the Council's discretionary relief policy as there are concerns regarding businesses deciding whether another business should or should not receive relief. Concerns were also raised regarding the consultation turnout and its affect on the legitimacy of the results.
- The Greater London Authority suggested that the Council holds back a portion of its 2017-18 funding until the Government has announced its final position on reprofiling funding across different financial years, in order to allow greater flexibility.

Haringey Council response

We believe the discretionary relief policy should be simply and relatively easy to administer so that the relief money reaches businesses as soon as is practicable. It would be both time-consuming and burdensome to means test businesses in Haringey and would result in a delay for payments to reach businesses that need the relief.

We also reflect on the feedback from the various business forums that engaged orally with the consultation process and emphasised the need to distribute the relief as quickly as possible to support businesses that have seen an increase in their business rate bills.

We disagree that discretionary relief should be distributed by geography, including restricting relief to businesses in particular geographical area, because we believe this is an unfair and arbitrary way to allocate relief. Our proposals allow businesses in every ward of the borough to benefit from business rates relief that is proportional to the business rate increase they are facing following this year's revaluation.

In response to holding back a proportion of the 2017-18 funding until the Government makes a decision on reprofiling funding across years, we agree that flexibility is important in the discretionary relief scheme. Our current modelling projects a small underspend, allowing a sum of money to be held back until a decision is made.

We believe that the consultation is the best way to inform our recommended policy approach to distribute the discretionary relief. For both Questions 2 and 3, the consultation has produced a clear result in favour of the proposed options, with Questions 4 and 5 illustrating inconclusive results for the public interest test. We accept the consultation's findings and believe they form a credible basis for the Council's recommended policy.