

Committee Agenda

Title:

Business, Planning and Transport Policy and Scrutiny Committee

Meeting Date:

Monday 12th June, 2017

Time:

7.00 pm

Venue:

Room 3.6 and 3.7, 3rd Floor, 5 Strand, London, WC2 5HR

Members:

Councillors:

Tony Devenish (Chairman)

Julia Alexander

Thomas Crockett

Paul Dimoldenberg

Louise Hyams

Karen Scarborough

Cameron Thomson

Jason Williams

Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda



Admission to the public gallery is by ticket, issued from the ground floor reception from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Jonathan Deacon, Senior Committee and Governance Officer.

Email: jdeacon@westminster.gov.uk Tel: 020 7641 2783

Corporate Website: www.westminster.gov.uk

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Committee and Governance Services in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

To note any changes to the membership.

2. DECLARATIONS OF INTEREST

To receive declarations by members and officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

3. MINUTES AND MATTERS ARISING

(Pages 1 - 8)

To sign the minutes of the Business, Planning and Transport Policy and Scrutiny Committee meeting held on Monday 8 May 2017.

4. UPDATE FROM CABINET MEMBERS

(Pages 9 - 12)

Written updates from the Cabinet Member for Planning and Public Realm, the Deputy Leader & Cabinet Member for Business, Culture and Heritage (to follow) and the Cabinet Member for City Highways (to follow).

Question And Answer session at the meeting with the Cabinet Member for City Highways, Councillor Danny Chalkley.

5. BUSINESS RATES - THE IMPACT OF THE NNDR REVALUATION AND RECENT GOVERNMENT LEGISLATION CHANGES ON WESTMINSTER BUSINESSES

(Pages 13 - 24)

Report of the Head of Revenues and Benefits.

6. PRESS RELEASES

The Committee to consider whether it wishes to issue any press releases in relation to its work.

7. UPDATE ON THE WORK PROGRAMME

(Pages 25 - 34)

Report of the Director of Policy, Performance and Communications.

8. ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

9. DATES OF FUTURE MEETINGS

13 September 2017, 15 November 2017, 8 February 2018, 12 April 2018.

Charlie Parker Chief Executive 2 June 2017





Minutes

Minutes of a meeting of the **BUSINESS PLANNING AND TRANSPORT COMMITTEE** held at 7:00pm on Monday 8 May 2017 in Committee Rooms 1A, 1B and 1C, 17th Floor, City Hall, 64 Victoria Street, SW1

Members of Committee: Councillors Tony Devenish (Chairman), Julia Alexander,

Thomas Crockett, Paul Dimoldenberg, Karen

Scarborough, Cameron Thomson and Jason Williams.

Also Present: Councillor Robert Davis MBE DL, Deputy Leader and

Cabinet Member for Business, Culture and Heritage.

1. MEMBERSHIP

1.1 Apologies for absence were received from Councillors Paul Dimoldenberg, Cameron Thomson and Jason Williams. Councillor Guthrie Mckie replaced Councillor Dimoldenberg.

2. DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3. MINUTES AND MATTERS ARISING

3.1 **RESOLVED:** That the minutes of the Business Planning and Transport meeting held on Tuesday 21 March 2017 be signed by the Chairman as a correct record of proceedings.

4. UPDATE FROM CABINET MEMBERS

- 4.1 The Committee received written updates from the Deputy Leader and Cabinet Member for Business, Culture and Heritage, the Cabinet Member for City Highways and the Cabinet Member for Planning and Public Realm on significant matters within their portfolios.
- 4.2 The Chairman welcomed Councillor Robert Davis MBE DL, Deputy Leader and Cabinet Member for Business, Culture and Heritage to the meeting. Also in attendance were Greg Ward, Director of Economy, Graham King, Head of WEP Place Programme and Daniella Bonfanti, Private Secretary to Councillor Davis.

- 4.3 The Committee put questions to and received responses from Councillor Davis on a number of matters that were relevant to his portfolio. These included the following topics:
 - <u>City of Sculpture</u> what was the process for determining which sculptures were commissioned? Councillor Davis replied that the City of Sculpture programme was a project he had started in the period leading up to the London Olympics. It had been successful so it had been decided to continue it. The project was cost neutral except for one officer's time who co-ordinated it as part of an overall role. Galleries and sculptors were encouraged by Councillor Davis / the Council to offer sculptures that were large enough to be seen from the street but at safe locations, such as Danse Gwenedour by Bushra Fakhoury at Marble Arch. The sculptures were in the main loaned for a temporary period to Westminster at the galleries' or the sculptors' own expense. The only permanent sculpture was the 'Still Water' horse's head sculpture in Marble Arch. Councillor Davis added that if a Member knew of a gallery or sculptor who could provide a piece and also an appropriate location for it, they should get in touch with him.

Councillor Davis was also asked whether the City of Sculpture programme was advertised. He replied that it was promoted and the artists/galleries knew about it. The Committee recommended that the Council's Communications department provide another feature on this topic, including in the arts press.

Employment – Further information was requested on the Westminster Employment Service. The Cabinet Member advised that Mr Ward, Director of Economy, had put together teams who were working on both short term and long term employment for residents. In 2016 190 people had been found employment and so far in 2017, 452 people had been found employment. Recruit London had a partnership with Westminster and other London boroughs and was training and placing out of work residents into jobs across Central London. The staff of Recruit London worked in the offices of the Business Improvement Districts ('BIDs'). The BIDs not only provided workspace but also access to their database of contacts. There would be further communications from the Council on how out of work residents were being found employment in Westminster.

It was queried whether the employment initiatives were effective in the areas with the greatest deprivation in the borough. Councillor Davis advised that Mr Ward and his teams were indeed helping long term unemployed get into work in deprived areas. Mr Ward provided the information that there were a number of strands of activity being taken forward. He referred to the new Apprenticeship Levy which recognised apprentices at many different levels and ages. He stated that very recently an apprentice had been employed by the Council for a broadband project who is forty years old and has been unemployed long term. Mr Ward informed the Committee that his team had co-invested with Children's Services in an apprenticeship post in order to assist children,

particularly those who are underperforming and might achieve more through such a scheme than via the academic route. His team had also co-invested with Children's Services in a post that advises children who are taken into care in order to assist them in understanding the opportunities which exist in employment and housing. Mr Ward added that his team was absolutely determined to use the Apprenticeship Levy in order to assist more people from deprived areas.

Mr Ward also advised the Committee that the long term unemployed that the front line coaches worked with had to be unemployed for at least a year. Many were referred by the Department for Work and Pensions and they often had real barriers to employment. The coaches worked intensively with them, including in Harrow Road and Church Street in order that they would become 'job ready'. It was only when they were job ready that the long term unemployed were sent via Recruit London to employers. It was a long process but one that was working well. Councillor Davis made the point that this project had only been in place for approximately eighteen months. The financing had all been obtained from external sources. It was recommended to Councillor Davis that there were volunteer mentors put in place for those who had now found employment but required some initial support.

Councillor Davis was asked whether there would be a focus on employment in the hospitality industry. He stated that he had been speaking to a number of restaurateurs and hoteliers and had been made aware of their need for young talent to be developed, in particular waiters. It had been decided to develop through the Sir Simon Milton Foundation a hospitality school training young people from Westminster to be waiters. A business case was being prepared and a site had been found. Discussions had been taking place with Kingsway College to run the academic course and with sponsors to finance the school.

- <u>City Hall refurbishment</u> Would there be 'hot desking' at staff locations whilst City Hall was being refurbished? Would there be breakout areas where staff could sit and have meetings? Councillor Davis replied that there would be hot desking and some breakout areas both whilst and after City Hall was being refurbished. The impact of the hot desking would continue to be reviewed.
- Councillor Davis was asked about a recent story in newspapers about Formula One cars in Westminster. He informed Members of the Committee that the event was being held in Trafalgar Square (which is the responsibility of the Greater London Authority) on 12 July. There would be no cars racing. It was a showcase with marquees and cars on display. Formula One drivers would be interviewed during the event. The cars would be permitted to drive down part of Whitehall at a low speed. The drivers would not be permitted to drive close to The Cenotaph.
- <u>Broadband</u> The Economy Team had been successful in securing a European Regional Development Fund bid to deliver a three year Connect

Westminster Programme. Businesses (local SMEs and micro businesses in particular) would be given support to connect to superfast or ultrafast broadband. The Committee wished to know whether this would be affected by Brexit. Mr Ward advised that Central Government had said it would honour European grants which are approved prior to 2020.

- Westminster Business Unit Are the four Business Information Points located at libraries throughout the City being publicised? Councillor Davis replied that having taken on the portfolio, it was his intention that the BIPs would be promoted more via the Council's Communications department so that more people would access the service. The Chairman suggested that Councillor Davis/Communications look at promoting the service at the LGA Conference in July.
- 4.4 Graham King provided an update to the Committee on Crossrail and the Baker Street and Gloucester Place Two Way project. He stated that Crossrail was approximately 80% completed. The costing was within the funding envelope of £15bn. It was still due to opened fully to the public in December 2018. Crossrail branded trains would be seen later this year out of Liverpool Street and Paddington. There still needed to be completion of the stations. They needed to accommodate trains which could take up to 1500 people. Twenty four trains would operate per hour. MTR, who now run the London Overground and had vast experience from running the rapid transit railway system of Hong Kong, had been appointed to operate the Crossrail service. It was yet to be confirmed whether the trains would be running through the night.
- 4.5 Mr King stated that the principal works on the London underground stations at Paddington, Tottenham Court Road and Bond Street were almost completed. Some of those services, such as at Tottenham Court Road, were already being brought into use. The Council was currently working on delivering with Crossrail a number of public realm schemes around the station sites prior to December 2018.
- 4.6 Mr King was asked whether the Heathrow Express would continue to run. He replied that the premium service would continue to operate separately. The Heathrow Connect service had been fully incorporated into the national railway timetable.
- 4.7 Mr King advised in respect of the Baker Street and Gloucester Place Two Way project that the last formal round of consultation had been completed. The scheme had been designed to be flexible and an important element, due to its complexity, was to have an implementation and monitoring strategy. It would be kept under review. Transport for London ('TfL') remained wholly committed to the scheme and to the financing that they had previously committed to it. Mr King stated that a Cabinet Member report on the consultation responses and other recent developments, including relating to the Route 13 Corridor bus consultation carried out by TfL, was ready to be submitted for approval. Subject to final approval, it was proposed to start the project in July 2017. The works would take approximately 18 months. Mr King thanked the Members who had been involved with the Environment Committee which had held a

meeting at the University of Westminster campus in Marylebone Road in 2015. This he believed had assisted in clarifying the different views of people in respect of the Project. Mr King and his team had been able to ensure that the views of those who had responded to the proposals were represented for the Two Way Scheme and also in relation to the Oxford Street Public Realm Improvement Scheme. It had been possible to communicate to TfL the need for more sensitive modelling of traffic impacts.

- 4.8 Mr King explained that there is a co-ordination system in place to tie up the major London projects affecting the central area. This looked at what their impacts are (including on the utilities), when and who does what. This involved City of Westminster, TfL and London Borough of Camden.
- 4.9 Mr King was asked how the schemes would potentially link in with the Mayor's consultation on Oxford Street and also potentially the Tottenham Court Road Two Way Scheme. He replied that the background work on traffic modelling was important. Traffic modelling work for Oxford Street was produced by the Council's own consultants who were involved with Baker Street Two Way and they were working in partnership with TfL. TfL's consultation exercise 'on the transformation of Oxford Street' concluded on 18 June 2017.
- 4.10 Concerns were expressed that works continued to be delayed due to other major schemes taking place. An example was that the traffic lights crossing scheme at Wigmore Street was being delayed because TfL were currently carrying out the Oxford Street consultation exercise. Previously it had been delayed by the Baker Street Two Way scheme. Mr King replied that there was a public commitment from the Mayor, Deputy Mayor and City Council to bring forward practical options for Oxford Street later this year and it was recognised by them that Wigmore Street must be carefully looked at. This was based partly on experience of the Baker Street Two Way scheme. The Oxford Street and Baker Street schemes involved the same consultants and some of the same officers. It was necessary to ensure that pedestrian pressure from Oxford Street was not passed on to adjacent streets, thereby making these crossings more dangerous or pressurised. The commitment from the City Council was that Oxford Street was treated as a district for the purposes of the scheme and not just a street so it could take into account matters in adjacent areas.
- 4.11 Councillor Scarborough asked a question in relation to Councillor Chalkley's Cabinet Member Update. The Update had advised that the Parking Service had introduced dedicated 'Air Quality Champions' to specifically engage with motorists on the issue of engine idling. The first two Marshals had been deployed in the Low Emission Neighbourhood, Marylebone (F Zone) from 25 April. Councillor Scarborough asked how many penalty notices had been issued to date.

4.12 **ACTION**: The following action arose:

That a response be sought from Councillor Chalkley on how many penalty notices had been issued to date by 'Air Quality Champions' (Councillor Danny

Chalkley, Cabinet Member for City Highways and Joe Penny, Cabinet Officer) and the answer circulated to the Committee.

4.13 **RESOLVED**:

That the contents of the Cabinet Member Updates be noted.

5. UPDATE ON THE WORK PROGRAMME AND ACTION TRACKER

- 5.1 The Committee was asked to review the draft list of suggested items for the 2017/18 Work Programme. The following suggestions were made by Members:
 - The Committee noted that an option set out within the work programme
 was a potential task group on assets of community value / pubs. It was
 requested that before a decision was taken on whether to proceed with a
 task group, a follow up report was provided to the Committee. It was
 recommended that this was scheduled for the 15 November 2017
 meeting.
 - A task group on the evening and night time economy was suggested, potentially to be held jointly with the Adults, Health and Public Protection Policy and Scrutiny Committee. Jonathan Deacon, Senior Committee and Governance Officer advised Members that the Licensing Committee had recently looked at this topic and had recommended that full Council consider it. It was agreed that it would be investigated with the Chairman of the Adults, Health and Public Protection Policy and Scrutiny Committee how best to take forward this topic.
 - Members of the Committee were asked whether they preferred having an agenda item scheduled for the Work Programme on the night tube which kept to the transport aspect of the portfolio or have a joint task group with the Adults, Health and Public Protection Policy and Scrutiny Committee. The Committee requested that before a decision was taken on this matter, the Committee be provided with information as to when relevant data was likely to be made available on the night tube in order to effectively scrutinise the topic.
- 5.2 The next meeting of the Committee would be taking place on 12 June and would include an item on the examination of the impact of revaluation of business rates on Westminster businesses. There would also be a question and answer session with Councillor Danny Chalkley, Cabinet Member for City Highways.
- 5.3 **ACTION**: The following actions arose:
 - A follow up report to be provided on assets of community value / pubs (Barry Smith, Head of City Policy & Strategy).

- Investigate how best to take forward the evening and night time economy item (Jonathan Deacon / Muge Dindjer, Policy and Scrutiny Manager to discuss with Councillor Jonathan Glanz, Chairman of Adults, Health and Public Protection Policy and Scrutiny Committee in addition to the Chairman of the Business, Planning and Transport Committee).
- Information to be provided to the Committee as to when relevant data was likely to be made available on the night tube (Jo Lodge, Head of Westminster Business Intelligence and Dominic Baker, Business Intelligence Business Lead).
- 5.4 **RESOLVED**: That (i) the work programme be updated; and

That (ii) the action tracker be noted.

6. ANY OTHER BUSINESS

6.1 There was no additional business for the Committee to consider.

7. DATES OF FUTURE MEETINGS

7.1 The dates of future meetings are 12 June 2017, 13 September 2017 and 15 November 2017.

8. CLOSE OF MEETING

8.1 The meeting ended at 8.02p.m.

Chairman:	Date:
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Business, Planning and Transport Policy and Scrutiny Committee Briefing

Committee date: 12th June 2017

Author: Cllr Daniel Astaire

Portfolio: Cabinet Member for Planning and Public

Realm

Please contact: Madeleine Hale x 2621

mhale@westminster.gov.uk

Please find below an update on key areas of activity from the Planning and Public Realm portfolio since the Committee last met.

Development Planning

1. Telephone Boxes and advertising

All the applications for telephone boxes from Maximus have been refused consent. I have also written to the Secretary of State requesting that the abuse of telephone kiosks for advertising is looked into, particularly the current rights to install advertising without the consent of the council which should be rescinded. Other local authorities have written in support of this position however the matter will not be considered by Government until after the election.

2. Workload and Recruitment

Whilst the workload of Development Planning remains high, there are signs of the market cooling and there are less pre-application meetings regarding major development projects. The matter is being closely monitored as it will affect finances.

3. UNESCO World Heritage Site

The UNESCO World Heritage Site report is due in the next couple of weeks and a raft of recommendations are expected which may touch on future planning policy considerations. Issues such as the World Heritage Management Plan will be handled by the Deputy Leader.

4. Planning Fees

The Government recently consulted on putting up planning fees by 20% from next month (June). Regrettably because of the election, the increase in fees has been temporarily put on hold. A decision over whether the fees will be increased will be taken by the new minister after the election but even if it is to proceed it is unlikely to commence until October.

Planning Policy

5. Neighbourhood planning

A number of neighbourhood forums are pursuing the development of their neighbourhood plans. Early drafts from Mayfair, Fitzrovia West and the Queen's Park Community Council have been received and comments on them have been provided by officers. Comments on policy themes have also been provided to the Marylebone Neighbourhood Forum. A draft plan from the Notting Hill East Neighbourhood Forum is also understood to be imminent.

6. Community Infrastructure Levy (CIL)

- 6.1 Liability to pay the community infrastructure levy is triggered when planning permission is granted for a development. At that stage the council issues a "liability notice", which states how much is payable. CIL is actually paid when development commences, at which point the council issues a "demand notice". The council allows payment of larger sums by instalment, otherwise payment must be made within 90 days.
- 6.2 At time of writing, 179 liability notices have been issued for WCC CIL since charging started on 1 May 2016, for a total amount of £40,017,687. We have issued 45 demand notices for a total amount of £10,743,528. Of this sum, we have actually received a total of £3,620,018; owing to the operation of our instalments policy, the balance of £7,123,510.53 is payable by the end of March 2018.

7. "Getting the Right Kind of Growth" Consultation update

- **7.1** The formal consultation on the council's "Building Height: Getting the Right Kind of Growth for Westminster" ended on 21 May (although we have allowed some flexibility for late responses).
- 7.2 We received over 800 responses, although over 60% of these were "partial" questionnaires returned without all the questions answered. A large number of the responses also do not include the details about the respondent, leaving 300 fully completed responses. The questionnaire responses are being analysed externally and a report will be published once the analysis is

completed. In addition, we received 44 letters and emails from organisations and individuals, which are being analysed in-house – headline results from this will be available shortly.

7.3 Given the limitations of the responses, we have decided to commission additional market research. This will include face to face interviews in different parts of the City and a London-wide survey. These will supplement the consultation to ensure our policies are based on a robust assessment of stakeholder views on these issues.

8. The Housing White Paper

8.1 The council submitted its comments on the Housing White Paper in May. The response strongly endorsed the Government's objective to accelerate delivery of housing now and into the future, and welcomed many of the ideas and initiatives suggested in the White Paper. In some areas we suggested different ways of achieving the stated objectives, informed particularly by the distinctive characteristics of Westminster's land and housing markets.

8.2 In particular, we endorsed:

- Proposals to ensure the most efficient use is made of land and to support higher density housing in urban locations well-served by public transport – while recognising the variety of demands on space in areas like the Central Activities Zone.
- Facilitating joint work by public bodies to ensure the most efficient use and development of their landholdings – the "One Public Estate" approach. We suggested that national government might do more to encourage bodies like the NHS and Ministry of Defence to work together and with local authorities to optimise returns for all involved (in terms of service delivery as well as financial return), rather than focussing narrowly on their own objectives individually.
- The removal of the mandatory requirement to develop Starter Homes.
- The inclusion in local plans of policies for development of the digital economy.
- **8.3** Although supportive of the Government's underlying objectives, there were some areas where we expressed reservations or suggested different ways of achieving the same ends:
 - The Government suggested that instead there should be a policy expectation that 10% of all homes on individual sites should be affordable home ownership products; we pointed out that there needed to be a degree of flexibility for authorities like Westminster where products of this kind are not effective because even 25% shares are beyond the means of those on average incomes.
 - The White Paper proposed setting a housing delivery test for planning authorities based on housing completions against targets set in local plans

- should relate to numbers of units given planning permission the measure that authorities have direct control over.
- We also took the opportunity to renew our case for devolving the setting of planning fees.
- **8.4** Officers can provide a copy of the full response on request.

9. Pubs

- 9.1 During passage of the Neighbourhood Planning Act 2017, the Government moved an amendment committing ministers to making a development order "as soon as reasonably practicable after the coming into force of this section" that would remove any planning permission granted by the General Permitted Development Order "consisting of a use of any building or land in England from a use within Class 4A to a use of a kind specified in that order". Very shortly after the Act was given Royal Assent the Government brought forward the promised regulations, which came into force on 23 May 2017.
- 9.2 The regulations carry forward the Government's announced intentions. The only permitted development right that exists is a change from an A4 use to a mixed A4/restaurant (A3) use. This is intended to allow drinking establishments to extend their food offering without the need for planning permission or the risk of planning enforcement action. The changes mean that the previous restrictions on changes of use or demolition of pubs designated as assets of community value are no longer required and have been lifted.
- 9.3 We have, in the past, considered putting in place a direction to lift permitted development rights for pubs in the light of a number of high profile cases in the city. This change means this would no longer be required as planning applications will be required for virtually all proposals for changes of use affecting pubs. We are considering what policies on pubs should be included in the City Plan to support decision-making.

31st May 2017

If you have any queries about this report or wish to inspect any of the background papers please contact Madeleine Hale x2621 mhale@westminster.gov.uk



Business, Planning and City of Westminster Transport Policy and Scrutiny Committee

12 June 2017 Date:

Classification: **General Release**

Title: **Business Rates – The impact of the NNDR**

Revaluation and recent government legislation

changes on Westminster businesses

Report of: **Head of Revenues and Benefits**

Cabinet Member Portfolio: Cabinet Member for Finance, Property & Corporate

Services

Wards Involved: ΑII

Policy Context: Safeguarding our reputation as a world class city

Report Author and Contact

Details: **Martin Hinckley Extension 2611**

mhinckley@westminster.gov.uk

1. **Executive Summary**

1.1 This report outlines the effect of the 2017 Business Rate (NNDR) Revaluation and subsequent government legislation changes on Westminster businesses.

2. **Key matters for the Committee's Consideration**

- 2.1 The majority of the government's NNDR changes are statutory with no local discretion and therefore the content of this report is largely factual for the Committee to note.
- 2.2 The only area highlighted in the report providing any degree of Council discretion is the government's proposed new Revaluation Discretionary Fund (5.1 in the report). It would be helpful to receive the Committee's views on the types of business that the fund could potentially seek to assist.

3 The 2017 NNDR Revaluation

3.1 The amount of business rates (NNDR) that an occupier will pay is based on an underlying calculation of the rateable value of the business property multiplied by a government annually set multiplier. The actual amount a business pays will be

dependent on a number of other factors, including whether a business qualifies for one or more additional reliefs, including Transitional Relief, Small Business Rate Relief and Mandatory Relief.

- 3.2 The rateable value of a property is determined by the Valuation Office (central government agency). The rateable value is based on the Valuation Officer's assessment of the annual rental value of the property. The Valuation Office is currently required to undertake a Revaluation of all properties every 5 years. However, the previous Revaluation prior to the 2017 Revaluation was in 2010 as the government extended the period of the Revaluation to 2017 just prior to the original planned 2015 Revaluation date.
- 3.3 Revaluations do not generate additional income at a national level as the government resets the multipliers at a Revaluation to ensure that the overall national NNDR yield remains the same. However at a local level the amount of NNDR yield can increase or decrease significantly at the point of a Revaluation.
- 3.4 The City Council will collect around £2 Billion in NNDR in 2017/18, of which the Council currently only retains £78m. The £2 Billion figure will increase over the next few years as the NNDR Transitional scheme phases out (Transitional Relief currently reduces the 2017/18 NNDR yield by £111M).
- 3.5 Westminster's overall rateable value increased by 25% at the 2017 Revaluation. London as a whole had an overall increase of 22%, whilst the average for the whole country was 9%. It should be noted that the 25% figure for Westminster is an average figure and that this masks a number of much larger percentage increases at an individual property level. To put the 25% increase in to context, the increase in rateable value for Westminster from £4.125B to £5.168B equates at a gross level to increased NNDR payable of £486M per annum. The actual amounts payable by Westminster businesses will be lower (in total around £2B) in 2017/18 due to Transitional relief and other NNDR reliefs and allowances.

Increase/Decrease in Rateable Value	% of Properties	Number of Properties
Over 100%	4.50%	1622
90-100%	1.09%	392
50-90%	9.05%	3263
40-50%	4.81%	1734
30-40%	7.76%	2796
20-30%	14.38%	5182
10-20%	15.93%	5741
0-10%	26.15%	9425
Decrease	12.89%	4644

Nil rateable values	3.43%	1237
Total	100.00%	36036

3.6 The average increases in rateable value in Westminster also differ significantly depending on the category of property.

Property Type	Number of Properties	Percentage Change In Rateable Value
SHOPS, BANKS, POST OFFICES ETC	6692	62.64%
OFFICES	19036	10.87%
CAR PARKS AND PARKING SPACES	3439	10.16%
RESTAURANTS, CAFES ETC	1535	41.27%
COMMUNICATION STATIONS	1006	-0.43%
WAREHOUSES, STORES ETC	898	13.24%
HOTELS, BOARDING HOUSES ETC	499	41.07%
ADVERTISING RIGHTS & STATIONS	175	27.25%
LICENSED PROPERTIES	590	77.66%
PRIVATE HOSPITALS, CLINICS	667	28.01%
EDUCATONAL TRAINING AND CULTURAL	249	48.51%
LEISURE	234	23.32%
INDUSTRIAL	220	26.49%
MISCELLANEOUS	251	19.32%
PETROL FILLING STATIONS, GARAGES ETC	187	11.42%
MARKETS	5	44.03%
OTHER COMMERCIAL	308	43.27%
NON-FORMULA ASSESSED PUBLIC AND OTHER UTILITIES	20	7.00%
TREASURY	25	-2.75%

TOTAL	36,036	

- 3.7 It is expected that a large percentage of Westminster businesses will challenge their 2017 rateable values; with the majority using professional rating agents (around 69% of Westminster businesses challenged their 2010 rateable value).
- 3.8 The Valuation Office has been extremely slow in determining rateable value appeals, with 8,555 appeals still outstanding from the 2010 Revaluation and even some outstanding from the 2005 Revaluation.
- 3.9 The Valuation Office has implemented a new "Check, Challenge and Appeal" process from 1 April 2017 to try and make the appeal process more efficient and timely. At this stage, it is not possible to assess whether this will reduce the number of appeals or whether the current extensive time taken by the Valuation Office to resolve appeals will be improved.

4. NNDR Transitional scheme

- 4.1 The government is required by law to implement a Transitional scheme at each Revaluation. The aim of the Transitional schemes being to phase in the effect of large rateable increases. The schemes should aim to be cost neutral, which means that the phasing in of rateable value increases has to be compensated for by a phasing in of rateable value reductions.
- 4.2 The government issued a consultation document relating to the 2017 Transitional scheme in November 2016.
- 4.3 The consultation proposed a preferred scheme whereby in the first year of the scheme (2017/18) the maximum increase a business could face would be as follows:

Category	Rateable Value	Percentage Increase
Small	Below £28,000	5%
Medium	£28,000 to £100,000	12.5%
Large	Over £100,000	45%

- 4.4 The proposal limits were a surprise to both local government and businesses, as previous Transitional schemes had limited Year 1 increases to 12.5%. It appears clear that the government's aim was to shorten the phasing in period for businesses with a rateable value reduction at Revaluation. This, however, largely benefits only businesses outside of London and the South East.
- 4.5 The Council submitted a consultation response seeking a more favourable phasing in arrangement (see Appendix A). The Council also contributed to, and signed-up to, a NWEC BID organised pan-London consultation response. The NWEC consultation response largely mirrored the Council's response.

4.6 The government subsequently published a revised Transitional scheme, as part of the Autumn Statement, which included a small concession for Large properties for Year 1 of the scheme (see below) and a further improvement for Year 2.

Category	Rateable Value	Percentage Increase
Small	Below £28,000	5%
Medium	£28,000 to £100,000	12.5%
Large	Over £100,000	42%

5. The Spring Budget

5.1 The Revaluation and the government's Transitional Relief scheme generated a significant amount of media interest relating to the negative effect on businesses in London. The government sought to address some of these concerns through three NNDR proposals announced as part of the Spring Budget:

(i) Supporting Small Business Rate Relief

The government is to provide some protection to businesses that will lose some or all of their existing Small Business Rate Relief due to the Revaluation. The aim being that no affected business should pay more than £50 extra per month (i.e. £600 over a 12 month period).

Number of Westminster Properties Affected – 85

The proposed change is complex and the government has only just published details of how the scheme should be implemented. The Council's NNDR software provider is now working on delivering the relevant system changes.

The Council has written to the 85 businesses potentially affected by this change.

(ii) £1000 allowance for public houses.

The relief is to be given to all public houses with a rateable value of less than £100,000. However, it is currently likely that the relief will be subject to State Aid rules, which effectively means that pub chains will not qualify.

Number of Westminster Properties affected - 195 public house properties have a rateable value of less than £100,000.

The government is understood to be preparing a consultation paper on the new relief. However, the current General Election announcement has delayed the issuing of the consultation.

The Council has written to all potential recipients of the relief advising that the Council will recalculate their bill after completion of the government's forthcoming consultation exercise and subsequent confirmation of the relevant eligibility criteria.

(iii) New Revaluation Discretionary Fund

The government announced that it would be allocating funding to local authorities to provide support to businesses most adversely affected by the Revaluation.

A consultation paper was subsequently issued outlining proposed funding levels for each local authority. The consultation proposed the following funding for Westminster:

2017/18	2018/19	2019/20	2020/21
£11,603,000	£5,636,000	£2,321,000	£332,000

The 2017/18 funding equals to around 0.5% of our annual NNDR collection.

The City Council's consultation response pointed out that the funding allocation formula had only considered the effect on businesses with a rateable value less than £200,000. This effectively means that our funding allocation takes no account of the borough's 5076 business properties with a rateable value greater than £200,000.

The government's consultation paper also indicated that it would expect local authorities to only assist business with a rateable value increase above 12.5% and also to use their discretion to assist businesses with lower value rateable values. The City Council's response stated that as this is a local discretion, local authorities should have the freedom to assist any property with an increase in their rateable value above 12.5%.

<u>Number of properties affected</u> – There are 18,809 properties in the borough with an increase in their rateable value at the Revaluation in excess of 12.5%.

The City Council, along with all other local authorities, have been awaiting the government's formal response to the consultation. However the government has recently confirmed the provisional funding figures shown above and also confirmed that local authorities are not limited to whom they support through the fund. The government has yet to decide whether any unspent allocations can be carried forward between financial years. This should be included in their forthcoming formal response to the consultation.

It is envisaged that the new relief will be included in a revised version of the Council's NNDR Discretionary Relief policy, which will need to be approved by the Cabinet Member for Finance, Property and Corporate Services. The policy is likely to include eligibility rules / guidelines and determination arrangements.

6. Financial Implications

- 6.1 Local authorities do not benefit financially from increases in their rateable value resulting from a Revaluation. This is because the government's Business Rate Retention scheme seeks to neutralise the effect of a Revaluation in order that individual local authorities do not win or lose financially.
- 6.2 The City Council believes that local authorities play a key role in relation to incentivising growth (e.g. thorough improving public realm and infrastructure) and therefore should receive some financial benefit from rateable value Revaluation growth. Whilst the City Council continues to lobby on this point, the government has

- not yet made any firm commitment to change their existing arrangements for Revaluations within the Business Rate Retention scheme.
- 6.3 The government has committed to fund local authorities for lost NNDR income resulting from the Spring Budget announcements.
- 6.4 In view of the above, there are no direct financial consequences for the City Council relating to the Revaluation, the Transitional Scheme or the changes announced in the Spring Budget.

7. Ward Member Comments

7.1 As the report relates to all wards, no Ward Member consultation was required.

8. Outstanding Issues

8.1 There are no outstanding issues other than as outlined in this report.

If you have any queries about this report or wish to inspect any of the background papers please contact: Martin Hinckley, on 0207 641 2611 or via email to

mhinckley@westminster.gov.uk

Appendix A – Westminster's response to the NNDR Transitional Arrangement Consultation.

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COUNCILLOR TIM MITCHELL CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES MEMBER FOR ST JAMES'S WARD WESTMINSTER CITY COUNCIL

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The Rt Hon Sajid Javid MP Secretary of State for Communities and Local Government

By email to: ndr@communities.gsi.gov.uk

25th October 2016

Dear Mr Javid

Transitional Relief Consultation Response

Westminster City Council welcomes the opportunity to contribute to the consultation on the transitional arrangements for the 2017 Business Rates Revaluation.

It is noted from paragraph 5 of the consultation document that the government's aim is make the Revaluation have a neutral effect on the outcome of the Business Rate Retention scheme for local authorities. The City Council accepts that this is the current position, but continues to hold the view that local authorities should be given the ability under the forthcoming 100% Retention scheme to retain an element of Revaluation growth, i.e. to reflect local authority investment in local infrastructure and public realm improvements. However, the City Council does not intend to address this issue further in this consultation response, as we believe that our position is adequately addressed in the previous Business Rate Retention scheme consultations and is also being taken forward through our representation on the LGA / DCLG System Design working group.

In terms of this consultation, the City Council's response is split into three sections:

- Issues with the government's preferred transitional scheme option
- The disproportionate effect on London
- Our asks of central government

Issues with the government's preferred option

It is clear that the government's current proposals (both Options 1 & 2) are aimed at accelerating the speed at which gainers from the Revaluation (ratepayers who have had a rateable value reduction) will receive their full reduction. It is also clear that the scheme is based on the premise that the transitional arrangements will be self-



n of reductions for

funding. This in turn means that the acceleration of the phasing in of reductions for gainers comes at the expense of the losers from the Revaluation (ratepayers with rateable values increases), in that the period for phasing in of their rateable increases is significantly shortened. It can be seen from the Council's response below that, whilst we understand the principle of providing rateable value reductions quickly, this does not necessarily have to come at the expense of businesses seeing an increase in their rateable values at Revaluation.

The City Council believes that the proposals for phasing in small and medium sized property reductions in both options are relatively fair and not dramatically out of step with previous Transitional schemes. The key issue is the proposed phasing in of rateable value increases for "Large" properties (rateable values greater than £100,000). In this regard it should be noted that the City Council has 8,962 properties on the 2017 Draft Valuation list with a rateable value in excess of £100,000. Of these 2,348 have a proposed rateable value increase in excess of 50% and 814 have an increase of over 100% so will therefore face increases in bills approaching 50% in April as a result of the 45% upwards cap. There are 33,940 properties with a rateable value above £100,000 across London as a whole, of which 7,675 see a rateable value increase of over 50% and 2,248 over 100%.

The consultation document's Option 1 proposal includes a 33% increase in Year 1 for Large properties, whilst Option 2 (the government's preferred option) includes a Year 1 increase of 45%. The Year 2 & 3 phasing increases for both options are equally as aggressive. These are unprecedented levels of increase and need to be considered against the Year 1 percentage increase for Large properties under the 2010, 2005 and 2000 revaluation Transitional schemes which were only 12.5%.

The consultation document seeks to justify the exceptionally large increases by stating that "the largest ratepayers are better placed to anticipate and manage the impacts of the revaluation" The Council would question this assumption.

In terms of time, the consultation has provided businesses with less than 6 months to make plans to meet the extremely large increase in their cost base (one Oxford Street business will have to try and manage a £5M increase in Year 1).

The City Council would also question the sustainability argument, particularly for businesses that have single properties. It is accepted that some national chains will have the ability to net off the London increases against decreases in rateable value for their properties outside of London. However, this is not the case for businesses with just London properties. The proposed business rates increase for retailers in Oxford Street, Regent Street and Bond Street in 2017-18 is around £85m or nearly 50% - based on typical profit margins this means that they will collectively have to generate an additional £1.7 billion in turnover annually to cover the costs of their higher rates bills.

There is anecdotal evidence that some businesses will not be able to manage the increased costs and will close and that other businesses will defer proposals to grow their businesses, both of which outcomes are completely contrary to the growth aim



of the Business Rate Retention scheme. The short turnaround timescale for this consultation has prohibited the City Council from obtaining evidence from individual businesses in Westminster. However the Council understands that the Westminster based Business Improvement Districts (BIDS) and other business representative organisations in London will be responding to the consultation with specific examples of the detriment that will be caused to their members. I also anticipate that these organisations will highlight the disconnect between the recent history of the rise in property costs (rent and business rates) and the much lower increase in sales income

The dis-proportionate effect on London

The 2017 Revaluation has resulted in the rateable values in London increasing, whilst the rateable values in the majority of the rest of the country have reduced. This obviously results in the government's phasing in of increases disproportionate affecting London.

It is clear from the Revaluation and all other business performance indicators that London is delivering the government's aim for economic growth, whilst the majority of the rest of the country is not. Whilst it makes sense to try and assist the rest of the country, it makes no sense to harm the one area of the country that is delivering, i.e. the tax burden should not dis-proportionately shift to London. Any attempt to do so, will not only hurt London, it will also adversely affect the national economy, which in turn will put pressure on jobs and consumer prices and reduce overall income to the Treasury.

Our asks of central government

The City Council believes that both Options within the consultation paper will cause unnecessary detriment to London businesses, particularly businesses categorised as "Large" within the scheme. It is considered that the government's preferred Option 2 is completely unsustainable. We would therefore ask that the government, as a result of the consultation, draws up a more reasonable third option that is more akin to the 2010 Transitional scheme.

In order to deliver the above, the Council would ask that the government re-phases the proposed transitional scheme and reduces the cap on increases for larger ratepayers in 2017-18. While we recognise existing legislation requires that the transitional scheme be self-funding, this only has to be the case over the life of the list. The government could therefore cash flow the scheme with the objective of ensuring it is self-financing by 2021-22 rather than having to be self-financing each year – in effect by having a lower cap in 2017-18 and a higher cap in subsequent years.. This temporary funding would enable gainers to still receive their reductions early and provide a reasonable period of time for businesses with rateable value increases to adjust their business to accommodate the full revaluation rateable value increases. This ask is not without precedent, as the government has previously followed a similar path of short-term funding to allow a sustainable phased

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implementation of other new schemes, e.g. the additional funding provided for the implementation of the Council Tax Support scheme.

The City Council would also ask that the government provides some avenues for business to increase their income in order to meet their increased NNDR liabilities. In London this would include support of the West End Partnership proposal for the West End.

The government should also consider providing a higher rateable value threshold for the categorisation of "Large" properties in London – potentially £150,000. Separate thresholds are included within the consultation paper for "Medium" properties, but not for "Large" properties (the Large property threshold for properties both inside and outside London is set at £100,000 rateable value).

Finally, the government should confirm that New Burdens funding will be available to meet local authority additional software / administration costs for the implementation of the new "Medium" category under the Transitional scheme.

Yours sincerely

COUNCILLOR TIM MITCHELL

CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES



Business, Planning and Transport Policy and Scrutiny Committee

Date: Monday 12th June 2017

Classification: General Release

Title: Update on work programme

Report of: Julia Corkey-Director of Policy, Performance and

Communications

Cabinet Member Portfolio Deputy Leader / Cabinet Member for Business,

Culture and Heritage

Cabinet Member for Planning and Public Realm

Cabinet Member for City Highways

Wards Involved: All

Policy Context: Building Homes and Celebrating neighbourhoods

World Class Westminster

Smart Council

Report Author and Muge Dindjer x2636

Contact Details: mdindjer@westminster.gov.uk

1. Executive Summary

This report provides an updated work programme and action tracker for the Committee.

2. Key Matters for the Committee's Consideration

Committee is asked:

- 1. Note the work programme
- 2. To feed back any comments in respect of the work programme
- 3. Note the Action Tracker.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact Muge Dindjer x2636

mdindjer@westminster.gov.uk

3. **Updated Work Programme**

The work programme takes account of the discussion at the last meeting. In order to help inform their decision the Committee requested an update as to when relevant data was likely to be made available on the night tube in order to effectively scrutinise the topic. Officers understand that this will be available from TfL in November 2017.

Appendix 1- Work Programme Appendix 2- Action Tracker **APPENDICES:**

Appendix1



	Work Programme 2017/18 ROUND ONE (12 JUNE 2017)	
Agenda Item	Reasons & objective for item	Represented by:
Cabinet Member Q&A	To hold to account and review the activity of the Cabinet Member.	Councillor Danny Chalkley- Cabinet Member for City Highways
Business rates	An examination of the impact of revaluation on Westminster businesses	Martin Hinckley

Work Programme 2017/18 ROUND TWO (13 SEPTEMBER 2017)			
Agenda Item Cabinet Member Q&A	Reasons & objective for item To hold to account and review the activity of the Cabinet Member.	Represented by: • Councillor Daniel Astaire - Cabinet Member for Planning and Public Realm	
Building Height: Getting the right growth for Westminster	To review the results of the consultation and consider policy proposals	Barry Smith Head of City Strategy and Policy	

Broadband update	To receive an update since the last appearance at Committee in February 2016	David Wilkins

Work Programme 2017/18 ROUND THREE (15 NOVEMBER 2017)		
Agenda Item	Reasons & objective for item	Represented by:
Cabinet Member Q&A	To hold to account and review the activity of the Cabinet Member.	Councillor Robert Davis MBE DL - Deputy Leader / Cabinet Member for Business, Culture and Heritage
Community Infrastructure Levy	Review of the first year's operation	Barry Smith Andrew Barrypurssell
The Transformation of Oxford Street	To inform committee of the plans	Graham King
Assets of Community Value/ Pubs	A follow up to update the committee since the last report in 2016.	Barry Smith Head of City Policy and Strategy
Place Shaping	A report outlining this new function and its work programme and priorities	Ed Watson Executive Director of Growth, Planning and Housing.
Street Markets		Stuart Love/ Ed Watson

Work Programme 2017/18 ROUND FOUR (8 FEBRUARY 2018) Agenda Item Reasons & objective for item Represented by:

Cabinet Member Q&A	To hold to account and review the activity of the Cabinet Member.	TBC
London's Local Plans- are they supporting Neighbourhood Planning		Barry Smith
The service provided to customers by the utilities	To include Thames Water and UK Power Networks	Graham King
Crossrail 2		Graham King

Work Programme 2017/18 ROUND FIVE (12 APRIL 2018)			
Agenda Item	Reasons & objective for item	Represented by:	
Cabinet Member Q&A	To hold to account and review the activity of the Cabinet Member.	TBC	

N.B. This meeting will be affected by Purdah	

	UNALLOCATED ITEMS	
Agenda Item	Reasons & objective for item	Represented by:
NINE ELMS BRIDGE		
PLANNING'S ROLE IN DELIVERING MORE AFFORDABLE HOUSING		
THE APPRENTICESHIP LEVY?		
The Night Tube-potentially November Tbc pending task group decision	To receive an update from Transport for London one year after launch of the night tube	Transport for London Colin Mann
Cycling Strategy	Update on delivery to include progress of the Cycling Superhighways	Stuart Love-No information from TfL until after the election

TASK GROUP

A joint task group with Adults, Health and Public Protection is being considered on the Evening and Nigh time Economy including the impact of the night tube. This could feed into the Council's vision and plans for the evening and night time economy.

Action Tracker March 2017		
Agenda Item	Reasons & objective for item	Follow Up
Item 4- Cabinet member Update	That a written response is provided to the Committee in relation to the questions 'how many planning	Completed
	committee decisions had been contrary to the officers' recommendations over the previous two years? How many cases were won on appeal?'	Response sent to Committee on 27.4.17
	That Councillor Astaire contacts Councillor Alexander about developments in the Marylebone Road area (Councillor Daniel Astaire, Cabinet Member for Planning and Public Realm and Madeleine Hale, Senior Cabinet Officer).	Requested
	That a response be sought from Councillor Chalkley in respect of Councillor Scarborough's question on the twenty mph trial scheme (Councillor Danny Chalkley, Cabinet Member for City Highways and Sion Pryse, Cabinet Officer) and the answer circulated to the Committee.	These will go live in May 2017 and run for 6 months. Suggested that committee be updated via the cabinet member report in the Autumn and the evaluation will be in Q4. Map of schools/zones distributed to committee.

Item 5- Planning Report	That planning officers write to the 2014 intake of Westminster Councillors to inform them of the planning training available	Completed
	That Councillor Astaire, Mr. Smith and Mr. Walker be requested to consider how often and in what format an update on progress regarding delivering housing, including affordable housing, through the planning process is provided to the Committee.	Requested
	The WPA to be consulted as to whether it might be willing to consider contributing financially towards the Council maintaining a record of the development management (planning application) process.	To be flagged at the next liaison meeting on 28.6.17
	That Councillor Scarborough is included in the list of councillors to receive a list of applications which were being considered at future planning committee meetings	Completed
Item 7- Work Programme	Councillor Chalkley and the relevant officers to be consulted as to whether it was appropriate timing to consider Baker Street Two Way and 20 miles per hour trial areas at the 7 June meeting	Baker Street two way system coming to May meeting. Officers are drafting a briefing note now on 20mph trial areas but evaluation of schemes won't be ready until Feb 2018 as not yet commenced and will run for 6 months.

Councillor Chalkley and the relevant officers to be consulted on the appropriate timing regarding an update on the Cycling Superhighways	Requested but TfL unable to provide any data until after the election.
Councillor Astaire and the relevant officers to be consulted as to the potential for a task group on parties which make representations in respect of planning applications being able to address the planning committees	Requested
Councillor Astaire, the relevant officers and Councillor Crockett to be consulted on the potential for a task group on assets of community value / pubs.	Officers have responded to say no longer appropriate Government has announced they will remove permitted development rights for pubs.
The Committee requested a document setting out the respective stages that the Neighbourhood Forums are at	Completed sent to Committee on 27.4.17
Councillor Glanz and the relevant officers to be consulted on progress on broadband.	Councillor Glanz has agreed to be a witness for the meeting considering this item in September
Those expert witnesses are invited to attend the May meeting in order to address the Committee on business rates.	Sir Peter Rogers has agreed to attend June meeting and this item has been moved to June.

Action Tracker 8 th May 2017		
Agenda Item	Reasons & objective for item	Follow Up
Item 4 Cabinet Member Update	That a response be sought form Councillor Chalkley on how many penalty notices had been issued to date by "Air Quality Champions"	Requested
Item 5- Work Programme	A follow up report be provided on assets of community value/pubs. Barry Smith	Programmed for November
	Investigate how best to take forward evening and night time economy item	Proposals made to Chairmen of this committee and Adults, Health and Public Protection Policy and Scrutiny Committee.
	Information to be provided to Committee as to when relevant data can be made available on the night tube.	Information sent to committee 1.6.2017. Data available from autumn 2017.