

Business Rates Retention Pilot 2018/19

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service/Lead Director	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

The Council is due to receive additional business rates income, initially estimated as £640,000, for one year only in 2018/19 as a result of its participation in the Kent and Medway 100% Business Rates Retention pilot. Policy and Resources Committee agreed parameters for allocation of the funding at its meeting on 24 January 2018. This report describes the individual projects that it is now proposed to fund.

This report makes the following recommendations to this Committee:

It is recommended that the Committee:

1. Agrees the projects to be funded from proceeds of the Business Rates Retention Pilot set out in Appendix A.
2. Delegates authority to the Director of Finance and Business Improvement, in consultation with the Chairman of the Policy and Resources Committee, to release funds for individual projects.

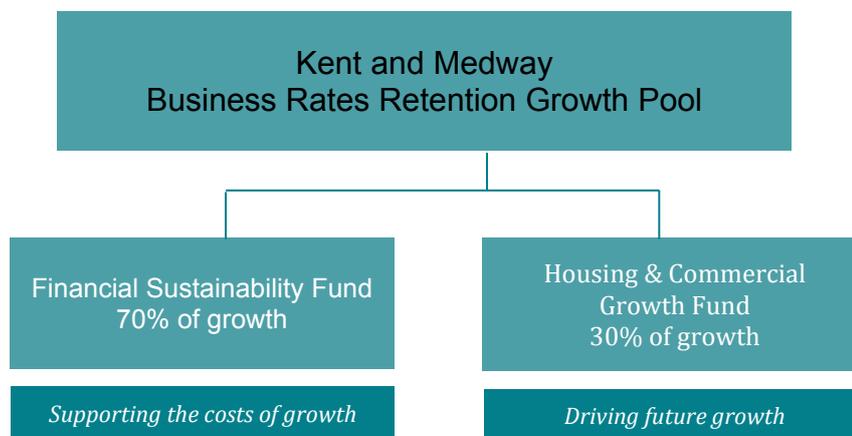
Timetable

Meeting	Date
Policy and Resources Committee	28 March 2018

Business Rates Retention Pilot 2018/19

1. INTRODUCTION AND BACKGROUND

- 1.1 Kent County Council, Medway Council, and all twelve districts within the Kent county area successfully applied last year to become a 100% Business Rates Retention pilot. This means that the Government will allow 100% of business rates growth to be retained within the local area. The consequent financial gain across the whole area was estimated to be £24.7 million in 2018/19, to be split between a Financial Sustainability Fund and a Housing and Commercial Growth Fund.



- 1.2 A report to the meeting of Policy and Resources Committee on 24 January set out proposals for how Maidstone's share of the Financial Sustainability Fund(FSF), estimated as being £640,000, be allocated. The report noted that the money is a one-off sum: it is possible that the Business Rates Retention pilot will be extended to 2019/20, but the Government has made no commitment to doing this. Accordingly, whilst the funds are intended to support the costs of growth, they will not be available on a recurring annual basis, and it would be inappropriate for them to be used to support regular annual outgoings. Instead, it was suggested that a more appropriate use would be to identify projects where an initial investment from the FSF will equip the Council to manage growth on a self-sustaining basis in the future.
- 1.3 The Committee agreed the following criteria for allocation of the fund.

Optimising impact of FSF expenditure

In order to achieve maximum impact from the FSF, it is proposed that it is focused on a small number of discrete projects, distinct from existing agreed revenue and capital expenditure. A greater number of projects would risk spreading management input into individual projects too thinly, and would lead to relatively small budgets for each project, thus limiting their potential to make an impact.

Alignment with strategic objectives

The projects will respond to the Council's corporate priorities. In general, therefore, they will promote social, economic and environmental wellbeing. They are likely to relate to one or more of the three action areas – A Home for Everyone, Town Centre Regeneration and Clean, Safe and Green. They must also be consistent with relevant Council strategies such as the Economic Development Strategy. Performance against corporate priorities is evaluated regularly through public engagement, eg through Resident Surveys, so it would be appropriate to consider projects that residents are likely to see as improving their quality of life.

Leveraging benefit of expenditure

The FSF provides a relatively limited sum of money, and is only available on a one-off basis. Accordingly, it is important that any investment of the FSF exploits the opportunities for leveraging additional income, either by creating a future income stream or by attracting a matching contribution in cash or through partnership working, eg with external organisations like central government or Kent County Council.

- 1.4 Officers developed proposals for a number of discrete projects which would meet the criteria set out above. These twelve projects were included amongst the budget proposals considered by Policy and Resources Committee at its meeting on 14th February 2018.
- 1.5 At their meeting on 14th February, Members asked for more information on the projects and requested that the Committee be given a further opportunity to consider their prioritisation and scope. Accordingly, more details are included at Appendix A of this report and an informal briefing was held on 8th March, to which all councillors were invited, at which project sponsors described their projects and answered questions on them.
- 1.6 An additional project has been included that focuses on air quality, which was specifically mentioned as a top priority at the meeting on 14th February. This has been funded by reducing the financial allocations for a number of the other projects. It is considered that the other projects can still be delivered within the reduced allocations.
- 1.7 To give an indication of prioritisation, the projects have been divided into three tranches, as follows.

	£000
<u>Tranche 1</u>	
Housing First and Rough Sleepers	80
Regeneration Opportunity Areas	80
Property Asset Review	55
Members' Community Grant	60

Tranche 2

Predictive analytics and preventing homelessness	80
Housing Delivery Partnership	40
Community Environmental Engagement Initiative	90
Maidstone Business capital of Kent – marketing strategy	35
Staplehurst Village Centre Masterplan	15

Tranche 3

Maidstone Housing Design Guide	40
Electric vehicle charging points	20
Bus Station improvement - feasibility study	10
Data analytics for Inclusive Growth	35

TOTAL

640

- 1.8 Taken together, these projects will allow the Council to progress a number of important initiatives that support its core strategies, and will help it respond to growth in a way that benefits the borough and quality of life for its residents.
- 1.9 The Council has robust project management processes that will be applied with these projects. Progress with each project will be monitored and financial controls will be in place to ensure that expenditure is contained within the authorised amounts.
- 1.10 It is expected that business rates income monitoring will allow an ongoing assessment to be made as to the availability of funding for these projects from business rates growth. Funding will be released for each tranche as and when it is appropriate to do so. In order not to delay projects unnecessarily, funding will be released as soon as it is considered prudent to do so. A recommendation is accordingly included in this report to delegate authority to the Director of Finance and Business Improvement, in consultation with the Chairman of the Policy and Resources Committee, to release funding as appropriate during the course of the year.

2. AVAILABLE OPTIONS

- 2.1 **Option 1:** To agree the projects set out in Appendix A.
- 2.2 **Option 2:** To propose changes to the projects and/or the prioritisation set out in Appendix A.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 Option 1 is the preferred option. The projects listed meet the criteria agreed by the Committee at its meeting on 24 January 2018. They help to

further the Council's corporate objectives and are likely to generate benefits over the longer term.

4. RISKS

- 4.1 As with any projects, those described in this report could fail to be delivered, or could be delivered but exceed their budget allocations. This risk is mitigated in several ways. There is a strong project management culture in the Council. Monitoring arrangements will be put in place for all the projects, to ensure that they deliver within budget and to the agreed timetable. Finally, post project reviews will be carried out to evaluate the outcomes and to derive any lessons learned from the projects.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Policy and Resources Committee received an initial report on Business Rates Retention pilot projects at its meeting on 24 January 2018. A draft set of projects was included within the budget proposals considered by the Committee at its meeting on 14 February 2018. The Committee requested that further consideration be given to the priority and scope of the projects. All Members were therefore invited to a briefing on 8 March 2018 at which project sponsors discussed their proposals and responded to questions. The feedback received has been reflected in the current report.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The projects described in this report will be delivered in tranches during 2018/19 as set out above.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The projects described in this report support the Council's strategic plan objectives.	Section 151 Officer & Finance Team
Risk Management	See section 4 above.	Section 151 Officer & Finance Team

Financial	Set out in report.	Section 151 Officer & Finance Team
Staffing	None.	Section 151 Officer & Finance Team
Legal	The Council has a statutory obligation to set a balanced budget. Allocation of resources in the way set out in this report supports achievement of a balanced budget.	Section 151 Officer & Finance Team
Privacy and Data Protection	None.	Section 151 Officer & Finance Team
Equalities	Where appropriate, Equalities Impact Assessments will be carried out for specific projects.	Section 151 Officer & Finance Team
Crime and Disorder	None.	Section 151 Officer & Finance Team
Procurement	Procurement of services in the course of delivering the projects will be in accordance with the procurement provisions within the Council's constitution.	Section 151 Officer & Finance Team

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Projects to be funded by Business Rates Retention Pilot.

9. BACKGROUND PAPERS

There are no background papers.