

Business Rates Retention (Pilot) – Update

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

Executive Summary

Income generated from Business Rates growth and retained locally as part of the Business Rates Retention (BRR) pilot in 2018/19 has exceeded initial projections, with total funding of £1,130,000 accumulating in the "Financial Sustainability Fund" (FSF) compared to the £640,000 initially anticipated, which has been used to fund a number of projects aimed at furthering the Council's corporate objectives.

The enhanced FSF allocation for MBC has provided an opportunity to fund additional (one-off) projects in further support of the Council's strategic priorities, including potentially new priorities contained within the updated Strategic Plan (2019-2045).

Net additional resources of £509,000 are available from the FSF to fund additional projects. Policy & Resources Committee considered proposals to fund 13 new projects at its meeting on 26th June 2019, along with three further projects proposed at the meeting. Total additional investment has been agreed of £676,700, of which £509,000 can be funded from the FSF. Authority was delegated to the Director of Finance and Business Improvement, in consultation with the Chairman of the Policy and Resources Committee, to identify funds to cover the shortfall.

This report makes the following recommendations to this Committee:

That:

1. The progress with the 2018/19 BRR pilot projects (Paragraph 2.5, including Appendix 1) be noted.
2. The application of the funding sources identified by the Director of Finance & Business Improvement for financing the 2019/20 (additional) BRR pilot projects (Paragraph 2.13) be noted.

Timetable

<i>Meeting</i>	<i>Date</i>
Policy & Resources Committee	24 January 2018
Policy & Resources Committee	28 March 2018 (approval of 2018/19 projects)
Policy & Resources Committee	24 July 2018 (update)
Policy & Resources Committee	23 January 2019 (update)
Policy & Resources Committee	24 April 2019 (update)
Member Briefing	13 June 2019
Policy & Resources Committee	26 June 2019 (approval of 2019/20 additional projects)
Policy & Resources Committee	23 July 2019

Business Rates Retention (Pilot) - Update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will continue to improve the Council's ability to achieve its corporate priorities (with each individual project tailored and focussed on a minimum of at least one of the Strategic Plan's four objectives).	Director of Finance & Business Improvement
Cross Cutting Objectives	The projects in the report support the achievement of the Council's cross-cutting objectives (e.g. the "Go Green, Go Wild" project will help to ensure that "Biodiversity and Environmental Sustainability is respected").	Director of Finance & Business Improvement
Risk Management	See Section 5 below.	Director of Finance & Business Improvement
Financial	The subject of the report.	Director of Finance & Business Improvement
Staffing	None.	Director of Finance & Business Improvement
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.	Director of Finance & Business Improvement
Privacy and Data Protection	None.	Director of Finance & Business Improvement

Equalities	Where appropriate, Equalities Impact Assessments (EqIAs) have been carried out for existing projects and will be carried out for additional projects.	Director of Finance & Business Improvement
Public Health	A number of Business Rates Retention Pilot projects are having a positive impact on the population's health or that of individuals. Further benefits can be expected from the additional projects.	Director of Finance & Business Improvement
Crime and Disorder	None.	Director of Finance & Business Improvement
Procurement	The procurement of services in the course of delivering the projects will continue to be undertaken in accordance with the Council's Procurement Procedure Rules.	Director of Finance & Business Improvement

2. BACKGROUND AND INTRODUCTION

- 2.1 Members of the Committee will recall that the Kent Business Rates Pool (joined by Medway, Dover and Sevenoaks) was successful in a bid to become a 100% Business Rate Retention (BRR) pilot for 2018/19, meaning that 100% of Business Rates growth could be retained in the area, with the Government Levy requirement removed completely.
- 2.2 Locally it was decided that additional income generated from Business Rates growth was to be split 70:30 between a "Financial Sustainability Fund" (FSF) and a "Housing and Commercial Growth Fund" (HCGF). This report covers the FSF.

Financial Sustainability Fund (FSF): Original Allocation

- 2.3 The overall FSF is shared between Pool/Pilot members (to spend as they wish) comprising a basic allocation, enhanced by relative population and historic Business Rates growth.
- 2.4 The original Maidstone Borough Council (MBC) share of the FSF assumed for 2018/19 was £640,000. Consequently – in March 2018 – the Policy and Resources Committee agreed to fund 13 (one-off) projects aimed at enhancing the Council's strategic objectives.
- 2.5 The projects were divided into tranches and funding for each tranche was released as soon as it was considered prudent to do so (as the level of Business Rates retained met or exceeded original forecasts) with regular updates provided to this Committee throughout 2018/19. The table below summarises the latest (financial) position (as at 30th June 2019) on those original projects (further detail is provided at Appendix 1).

MBC Business Rates Retention/FSF Projects 2018/19 (@ 30 June 2019)						
Ref.	Project	Budget	Spend	Forecast	Variance	
		£000's	£000's	£000's	£000's	
1	Housing First and Rough Sleepers	80	10	80	0	
2	Regeneration Opportunity Areas	80	55	80	0	
3	Property Asset Review	55	43	55	0	
4	Members' Community Grant	60	46	46	14	
5	Predictive Analytics and Preventing Homelessness	80	80	80	0	
6	Housing Delivery Partnership	40	20	40	0	
7	Go Green, Go Wild	90	20	90	0	
8	Maidstone Business Capital of Kent – marketing strategy	35	35	35	0	
9	Staplehurst Village Centre Masterplan	15	0	15	0	
10	Maidstone Housing Design Guide	40	16	40	0	
11	Electric Vehicle Charging Points	20	0	20	0	
12	Bus Station Improvement – feasibility study	10	10	10	0	
13	Data analytics for Inclusive Growth	35	4	30	5	
Totals		640	339	621	19	

2.6 The table shows continued progress in delivering the initial (2018/19) projects, with a projected saving of £19,000 against the original budget of £640,000.

Financial Sustainability Fund (FSF): Additional Projects

2.7 As previously reported to this Committee, the level of Business Rates retained in 2018/19 consistently exceeded expectations throughout the year, with the MBC share of the FSF eventually reaching £1,130,000 by year end, rather than the original assumption of £640,000. The FSF shares for all Pool members was bolstered by the savings realised as a consequence of the 'nil Levy' requirement for 100% Pilot schemes.

2.8 The enhanced FSF allocation for MBC provided an opportunity to fund additional (one-off) projects in further support of the Council's strategic priorities, including potentially new priorities contained within the updated Strategic Plan (2019-2045) adopted in February 2019.

- 2.9 Based on April 2019 projections, net additional resources of £509,000 were available from the FSF to fund additional projects and senior officers considered up to 30 different projects, with a shortlist of 15 projects (total value of circa £700,000) eventually drawn up by the Corporate Leadership Team (CLT) and considered by councillors at a Briefing held on 13 June 2019.
- 2.10 A positive consensus emerged from the Briefing with all projects receiving at least some support from councillors. Consequently it was agreed that officers would further develop and prioritise the short-listed proposals, including giving consideration as to how the potential funding gap (due to a resource requirement in excess of £509,000) might be bridged.
- 2.11 The project list was reviewed and re-prioritised as requested by councillors with 'inward facing' projects removed from the FSF proposals and funded from other sources.
- 2.12 The Policy and Resources Committee – at its meeting on 26th June 2019 – subsequently considered proposals to fund up to 13 projects (total value £667,950), including the option to draw on additional funds to meet any potential shortfall in resources in the FSF (e.g. from the anticipated budget surplus for 2018/19). The Committee approved funding for all 13 projects (subject to reduced funding for one project – “Arterial Route Improvements/A20”), along with three further projects, that were proposed and debated during the meeting. The table below summarises 16 approved additional (2019/20) projects.

3. AVAILABLE OPTIONS

3.1 This report is for noting only.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 This report is for noting only.

5. RISK

5.1 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; and
 - Post project reviews will be carried out to evaluate the outcomes and to derive any lessons learned from the projects.
-

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 Following the conclusion of a member-consultation exercise – on 28th March 2018 – the Policy and Resources Committee approved the original funding of 13 (one-off) BRR projects with a total value of £640,000 from the Financial Sustainability Fund.

6.2 The Policy and Resources Committee received an update report on progress on the BRR initiative on 24th April 2019, which indicated that Business Rates growth had exceeded expectations and that additional resources would be available to fund additional projects in 2019/20.

6.3 All councillors were invited to attend a Briefing on 13th June 2019 to consider a short-list of project bids for additional resources of £509,000. Feedback from that Briefing was used to inform the content of a further report to the Policy and Resources Committee on 26th June 2019.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The projects described in this report will be delivered during 2019/20 with regular reports back to the Committee on progress.

8. REPORT APPENDICES

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

- **Appendix 1:** *Business Rates Retention (BRR) Pilot Projects 2018/19: Progress Commentary (@ 30th June 2019)*
 - **Appendix 2:** *Business Rates Retention (BRR) Pilot Projects 2019/20: Projects Proposed and Approved 26th June 2019 (Background and Objectives)*
-

9. BACKGROUND PAPERS

9.1 There are no background papers.

**Business Rates Retention (BRR) Pilot Projects 2018/19
Progress Commentary (@ 30th June 2019)**

Ref.	Project	Commentary
1	Housing First and Rough Sleepers	<p>An operational working group and a partnership has been established with Golding Homes, Porchlight and (the newly joined) MHS.</p> <p>Six individuals have so far been placed in Housing First properties with Golding Homes, with a further three in MHS properties.</p> <p>To date, there have been no major issues or incidents.</p>
2	Regeneration Opportunity Areas	<p>Draft planning briefs been drawn up for the five opportunity area sites identified as having potential for regeneration. These briefs have informed the Council's own submissions to the Local Plan Review call for sites. The briefs are due to be considered by the Strategic Planning and Infrastructure Committee at its meeting in September 2019.</p> <p>There remains £25,000 of funding available to take this project forward.</p>
3	Property Asset Review	<p>The information provided by the review has already been used to inform discussions and decisions on the future of some assets. It will now be used to prepare an Asset Management Strategy to guide the management of the Council's asset portfolio. It will also be used to support the development of a new Property Management system.</p>
4	Members' Community Grant	<p>2018/19 initiative concluded. Underspend (£14,000) utilised to fund additional FSF projects.</p> <p>2019/20 allocation (£60,000) funded from base budget.</p>
5	Predictive Analytics and Preventing Homelessness	<p>Project now entering operational phase, with the toolkit having been built with data available at the time.</p> <p>Some issues remain with receiving data from KCC's Troubled Families programme. Despite this setback, the project was due to go live on</p>

Ref.	Project	Commentary
		<p>15th July 2019 and begin to be used by the Housing Options Team.</p> <p>A new post has been created with funds from the Flexible Homelessness Grant and the post-holder will spearhead the new way of working. Once the learning has been collated and evaluated from this role, the predictive model will be rolled out across the service to help prevent future homelessness.</p>
6	Housing Delivery Partnership	<p>The proposal to fund a Housing Delivery Partnership was approved by Policy & Resources Committee at its meeting on 12 February 2019. It was recognised that provision of affordable housing would be improved with the introduction of Affordable Housing Supplementary Planning Guidance. Accordingly, £20,000 has been spent from this budget allocation on developing draft guidance, which is now due to go to the Strategic Planning and Infrastructure Committee in September 2019.</p> <p>There remains £20,000 of funding available to take this project forward.</p>
7	Go Green, Go Wild	<p>A wide range of activity has already taken place across the borough at sites including Mangravet Recreation Ground, Senacre Wood and Weaving Heath in partnership with a number of community groups.</p> <p>The proactive work of the Community Partnership Officer is set to continue in 2019/20, in particular making links between groups and understanding the potential for developing partnerships with regional partners in the voluntary and third sector.</p> <p>Notably, opportunities with Kent Reptile and Amphibian Group, Kent Wildlife Trust, Wild About Gardens & Medway Valley Countryside Partnership are being promoted.</p>
8	Maidstone Business Capital of Kent – marketing strategy	<p>A range of initiatives have been delivered to date including a Presentation and Exhibition at Business Vision, live Press Releases re the Innovation Centre, Maidstone East Railway improvements and Aylesford Business Park (with regional coverage of all three), a Marketing Campaign Plan for MIPIM Expo.</p>

Ref.	Project	Commentary
		<p>A series of initiatives are scheduled for later in 2019, including the production of an Inward Investment video by September, presentations and exhibitions to be delivered at Construction Expo and MIPIM (both October) and hosting a Business Forum (November).</p>
9	Staplehurst Village Centre Masterplan	<p>Project scope defined with Parish and Ward Members, which focuses on development proposals around the Railway Station and Industrial Estate.</p> <p>Dialogue continues with Cllr Brice.</p> <p>A report on landownership of the employment area has been produced.</p> <p>Employment land in multiple ownership. Landowners to be contacted to identify why site has not come forward for development.</p> <p>Parallel discussions with Sainsbury's ongoing but lack in interest in building out their planning permission becoming a source of local frustration that has been picked up in the media (letter to Chairman of Sainsbury's has been sent expressing the concern).</p> <p>Until land ownership and development interest has been explored, it is not possible to commission urban design work.</p>
10	Maidstone Housing Design Guide	<p>The Maidstone Design Guide is a collection of documents. The first ("Maidstone Building for Life 12") was completed and adopted in 2018/19. Work is now set to commence on the other design documents.</p>
11	Electric Vehicle Charging Points	<p>Survey work by UK Power Networks now complete following procurement where PodPoint were identified as the preferred supplier.</p> <p>Electric Vehicle (EV) unit installations scheduled to commence in July 2019, with all EV units expected to be live by end of August 2019.</p>
12	Bus Station Improvement – feasibility study	<p>RIBA Stage 1 report (Project Brief) prepared for stakeholder sign-off. Due to move into concept design stage during August and detailed design during Q3 2019.</p>

Ref.	Project	Commentary
		<p>Topographic, site and drainage surveys completed. Asbestos, M&E and Structural surveys due July 2019. Submit Planning application at end November 2019. Estimated on site June 2020.</p>
13	Data analytics for Inclusive Growth	<p>This project is part of the "Borough that works for Everyone" initiative which has a Project Plan and Project Board in place.</p> <p>A Data Analytics Officer (DAO) has been appointed and they has so far created a Central Data Repository. The DAO is now compiling detailed reports and case studies to identify particular themes/problems to be addressed in the borough relating to inclusive growth.</p>

Appendix 2

Business Rates Retention (BRR) Pilot Projects 2019/20

Projects Proposed and Approved 26th June 2019

Project Ref.	Description	Value (£'s)
14	St Philips Community Centre	17,000
Background		
<p>Part of St Philips Church in Waterloo Street, Maidstone, was divided off in 1967 to provide a Community Centre for local use. The Centre is a valuable facility for the town centre area, providing rooms for hire at a modest cost for a wide range of groups, regardless of faith. The rooms are used, amongst other things, for dance classes, a drama group, parties and community group meetings. The Community Centre operates as a separate entity from the Church.</p>		
Project Objectives		
<p>In order to maintain and enhance the Centre's service to the local community, the Friends of the Community Centre have identified a requirement for (a) repairs to the west wall of the Centre and (b) provision of disabled toilet facilities. The total cost is in the region of £50,000. Approximately £25,000 has been raised to date. A contribution of £17,000 has been sought from the Council, with the remainder of the funding coming from a range of other sources.</p>		

Project Ref.	Description	Value (£'s)
15	Conservation Area Plans	24,000
Background		
<p>Of Maidstone's 41 conservation areas, 12 have an adopted appraisal and 9 have a management plan.</p> <p>The most recent work programme was agreed by Members in October 2009 but was effectively put on ice due to reduced officer resources. Subsequent funding has identified for two specific projects since 2010 – the Boughton Monchelsea Conservation Areas Management Plan and Linton Conservation Area Boundary Review – which were undertaken by a consultant.</p>		
Project Objectives		
<p>The primary objective of the project is to re-establish the conservation areas works programme, and to undertake appraisals and management plans for those areas not yet covered and any high priority actions arising from the associated action plans, such as boundary revisions. Priority will be given to conservation areas subject to the highest development pressure and areas included on the Historic England Heritage at Risk Register, balanced against those with particular political interest.</p> <p>The work will be resourced from existing permanent and temporary council officer posts, funding from the Business Rates Retention Pilot, and local voluntary assistance. It is anticipated that four further conservation area appraisal and management plans may be able to be completed over a two year period, depending on the size of the Conservation areas in question and whether any appraisal work has already been undertaken.</p>		

Project Ref.	Description	Value (£'s)
16	'A Sense of Place'	22,000
Background		
<p>Maidstone Borough Council has adopted a number of cross cutting strategic priorities. These are intended to ensure that pride in our communities, heritage, biodiversity and environmental sustainability are respected.</p> <p>However, it is arguable that the council does not have a clear concept of what Maidstone is, and this hinders this committee and the wider council in working on strategies and interventions to engender pride and respect for heritage and the built and green environment.</p> <p>This quandary is not unique to Maidstone. It's likely that within the Borough there are multiple sense of places, between rural and urban, but between west and east of Maidstone town.</p> <p>For the communities across Maidstone Council identifying a sense of place will help people to celebrate their communities and shared heritage and will enable the Council to work services in conjunction with this shared approach.</p>		
Project Objectives		
<p>This funding would be used to commission work on developing a 'Sense of Place'. We would seek to identify partners with a successful track record who have worked with communities to identify a sense of place, working with councils, community groups and local businesses to involve the whole community.</p> <p>It is likely that in Maidstone there are a number of 'places' including Maidstone Town and the rural areas. This approach would help establish an identity for the borough, Maidstone Town and other communities within the borough.</p>		