

**100% Business Rates Retention Pilot - Update**

<b>Final Decision-Maker</b>	Policy and Resources Committee
<b>Lead Head of Service/Lead Director</b>	Mark Green, Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Mark Green, Director of Finance and Business Improvement
<b>Classification</b>	Public
<b>Wards affected</b>	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 13 projects for funding from this additional income at its meeting on 28 March 2018. This report describes progress with these projects.

**This report makes the following recommendations to this Committee:**

1. That progress with the Business Rates Retention pilot projects be noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	24 July 2018
Further progress reports will be submitted to the Committee each quarter.	

# 100% Business Rates Retention Pilot - Update

## 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 Policy and Resources Committee on 24 January agreed the following criteria for use of Maidstone's share of the Financial Sustainability Fund(FSF), estimated as being £640,000.

### *Optimising impact of FSF expenditure*

In order to achieve maximum impact from the FSF, it was proposed that it be 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.

- 1.3 Officers developed proposals for a number of discrete projects which would meet the criteria set out above. An informal briefing was held on 8 March, to which all councillors were invited, at which project sponsors described their projects and answered questions on them. The Committee then formally agreed thirteen projects at its meeting on 28 March.

- 1.4 To assist with 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
<u>Tranche 2</u>	
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
<u>Tranche 3</u>	
Maidstone Housing Design Guide	40
Electric vehicle charging points	20
Bus Station improvement - feasibility study	10
Data analytics for Inclusive Growth	35
<b>TOTAL</b>	<b>640</b>

- 1.5 In order not to delay projects unnecessarily, funding has been released as soon as it is considered prudent to do so. So far, funding for tranches 1 and 2 has been released.
- 1.6 Progress to date is set out in Appendix 1. Work has commenced on six of the nine projects in tranches 1 and 2. In total, £232,000 has been spent or committed.

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## **2. AVAILABLE OPTIONS**

- 2.1 This report is to note only.

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## **3. RISKS**

- 3.1 As with any projects, the Business Rates Retention Pilot projects 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 have been

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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#### **4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

4.1 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. An informal briefing was held on 8 March, to which all councillors were invited, at which project sponsors described their projects and answered questions on them. The Committee then formally agreed thirteen projects at its meeting on 28 March.

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#### **5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

5.1 Progress with the pilot projects is being reported to Policy and Resources Committee on a quarterly basis during the course of the year.

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#### **6. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The projects described in this report support the Council's strategic plan objectives.	Section 151 Officer & Finance Team
<b>Risk Management</b>	See section 3 above.	Section 151 Officer & Finance Team
<b>Financial</b>	Set out in report.	Section 151 Officer & Finance Team
<b>Staffing</b>	None.	Section 151 Officer & Finance

		Team
<b>Legal</b>	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.	Legal Team
<b>Privacy and Data Protection</b>	None.	Section 151 Officer & Finance Team
<b>Equalities</b>	Where appropriate, Equalities Impact Assessments will be carried out for specific projects.	Section 151 Officer & Finance Team
<b>Crime and Disorder</b>	None.	Section 151 Officer & Finance Team
<b>Procurement</b>	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

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## 7. REPORT APPENDICES

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

- Appendix 1: Project updates.

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## 8. BACKGROUND PAPERS

There are no background papers.