

100% Business Rates Retention Pilot - Update

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	Chris Hartgrove, Interim Head of Finance
Classification	Public
Wards affected	All

Executive Summary

The Council is due to receive additional 'one-off' Business Rates income in 2018/19 (estimated to be in excess of £640,000) 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 28th March 2018. This report describes progress with these projects to the end of Quarter 4 of 2018/19.

A further update report to Committee will be presented on 26th June 2019, which will include the final Business Rates income received from this initiative alongside proposals for spending an anticipated surplus.

This report makes the following recommendations to the Committee:

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

Timetable

Meeting	Date
Policy and Resources Committee	23rd January 2019 (Quarter 3)
Policy and Resources Committee	24th April 2019 (Quarter 4)
Policy and Resources Committee	26th June 2019 (Outturn)

100% Business Rates Retention Pilot - Update

Background and Introduction

- 1.1 Kent County Council, Medway Council, and all 12 districts within Kent successfully applied in 2017 to become a 100% Business Rates Retention pilot for the financial year 2018/19. This meant that the Government allowed 100% of Business Rates growth to be retained within the local area, with an estimated financial gain of £24.7 million in 2018/19 expected across Kent as a consequence (to be split 70:30 between a "Financial Sustainability Fund" and a "Housing and Commercial Growth Fund").

Financial Sustainability Fund

- 1.2 Maidstone's share of the Financial Sustainability Fund (FSF) was originally estimated as being £640,000. Officers developed proposals for a number of discrete projects which would meet the criteria for the FSF and Policy and Resources Committee agreed 13 projects at its meeting on 28th March 2018, as follows:

	£000's
<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
Go Green, Go Wild	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	<u>35</u>
TOTAL	640

- 1.3 The projects were divided into tranches so that funding for each tranche could be released as soon as it was considered prudent to do so. Emerging projections during the year indicated that the £640,000 funding assumption would comfortably be met from the Pilot, so all three tranches of funding have been released.
- 1.4 Progress to date is set out in Appendix 1.
- 1.4.1 Work has either commenced/is well advanced or has been completed on all of the projects; and
- 1.4.2 In total, £621,000 has been spent or committed, with a small budget surplus of £19,000 anticipated.

Housing and Commercial Growth Fund

- 1.5 The Business Rates Retention Pilot bid specified that the Housing and Commercial Growth Fund would be allocated between three clusters of authorities, representing East, North and West Kent. Decisions about use of the fund are made using the established leaders' board arrangements in the respective areas. North Kent leaders (Dartford, Gravesham, Medway, Swale and Maidstone) have met and agreed a prospectus setting out proposals for use of the Fund. This includes a contribution of £750,000 towards Maidstone Council's Mall Bus Station redevelopment project.

Further Developments

- 1.6 As noted above in Paragraph 1.3, the proceeds from the Financial Sustainability Fund were originally estimated as being £640,000. As reported in Quarter 3, the indications are that the proceeds will be significantly in excess of this amount, but a final figure will not be known until the accounts for 2018/19 are closed. Accordingly, it is proposed that the Committee consider proposals for any balance of funding when the 2018/19 financial outturn is reported in June 2019.

2 AVAILABLE OPTIONS

- 2.1 This report is to note only.

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 24th January 2018. A draft set of projects was included within the budget proposals considered by the Committee at its meeting on 14th February 2018. The Committee requested that further consideration be given to the priority and scope of the projects. 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. The Committee then formally agreed thirteen projects at its meeting on 28th March and has reviewed progress on a quarterly basis since then.

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.

6 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	Section 3 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.	Legal Team

Privacy and Data Protection	None.	Section 151 Officer & Finance Team
Equalities	Equalities Impact Assessments (EIA) 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

7 REPORT APPENDICES

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

- Appendix 1: Project updates.

8 BACKGROUND PAPERS

8.1 There are no background papers.