

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 exceeded original expectations with the “Financial Sustainability Fund” (FSF) eventually accumulating total funding of £1,130,000 compared to the £640,000 initially anticipated.

The Policy and Resources Committee (the Committee) opted to fund 13 (one-off) projects aimed at enhancing the Council’s strategic objectives from the originally assumed FSF funding of £640,000.

The surplus in the FSF – supplemented by a 2018/19 budget surplus – has subsequently allowed the Committee (at its June 2019 meeting) to approve an additional 16 (one-off) projects aimed at further enhancing the Council’s strategic objectives.

The Committee has received a series of updates on the original 13 projects and the purpose of this report is to provide a further update on the original (“2018/19”) projects as well as informing the Committee of early progress in the additional (“2019/20”) projects.

Paragraph 2.5 shows that positive progress continues with the 2018/19 projects. As at 30th September 2019, spending of £398,000 had been incurred against the original budget of £640,000. Final expenditure of £621,000 is forecast, resulting in a surplus of £19,000 (anticipated in funding the 2019/20 projects). Updated detail is included at **Appendix 1**.

Paragraph 2.14 shows that – as expected (with projects receiving approval 26th June 2019) – as at 30th September 2019, spending on the 2019/20 projects has been limited (at £22,000). Nevertheless positive early progress has been made across all 16 projects (which is summarised in **Appendix 2**).

This report makes the following recommendations to this Committee:

1. That the Committee notes the further progress with the 2018/19 BRR pilot projects (Paragraph 2.5, including **Appendix 1**).
2. That the Committee notes the early progress with the 2019/20 BRR pilot projects (Paragraph 2.14, including **Appendix 2**).

Timetable	
Meeting	Date
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 (update)
Policy & Resources Committee	23 October 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	The delivery of some of the projects in the report requires the recruitment or procurement of additional staff resources. In recognising that the funding source does not form part of the Council's core funding and is 'one-off' in nature, the financial risk is being balanced through the recruitment of temporary posts and/or alternative ways of procuring additional staff resources (e.g. through flexible working by existing members of staff).	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

Issue	Implications	Sign-off
Privacy and Data Protection	None.	Director of Finance & Business Improvement
Equalities	Where appropriate, Equalities Impact Assessments (EIAs) have been carried out.	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.	Director of Finance & Business Improvement
Crime and Disorder	A range of projects could have an indirect impact on crime and disorder (e.g. community and development-related initiatives often include 'in-built' positive crime and disorder 'spin offs'). More directly, the Domestic Abuse Awareness project is directly aimed at reducing a specific area of crime.	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 September 2019) on those original projects (further detail is provided at Appendix 1).

MBC Business Rates Retention/FSF Projects 2018/19 (@ 30 September 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	78.4	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	23.5	40	0
7	Go Green, Go Wild	90	29.8	90	0
8	Maidstone Business Capital of Kent – marketing strategy	35	35	35	0
9	Staplehurst Village Centre Masterplan	15	0.4	15	0
10	Maidstone Housing Design Guide	40	18	40	0
11	Electric Vehicle Charging Points	20	20	20	0
12	Bus Station Improvement – feasibility study	10	10	10	0
13	Data analytics for Inclusive Growth	35	3.6	30	5
Totals		640	397.7	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. Further detail on progress is summarised in **Appendix 1**.

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 made 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 13th 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.
- 2.13 The 16 finally approved projects entailed a total budget requirement of £676,700 (£167,700 in excess of the FSF surplus); as reported to the Policy and Resources Committee on 23rd July 2019, the necessary additional funding was identified by the Director of Finance and Business Improvement from the 2018/19 Budget Surplus and the unused Business Rates Pool Safety Net.

2.14 The table below summarises the latest (financial) position (as at 30th September 2019) on the additional (2019/20) projects.

MBC Business Rates Retention/FSF Projects 2019/20 (@ 30 September 2019)					
Ref.	Project	Budget	Spend	Forecast	Variance
		£000's	£000's	£000's	£000's
1	Arterial Route Improvements (A20)	74	22	74	0
2	CCTV Live Monitoring (Waste Collection)	30	0	30	0
3	Go Green Go Wild (Community Fund)	20	0	20	0
4	Lower High Street Master Plan	80	0	80	0
5	Archbishop's Palace Options Appraisal	60	0	60	0
6	Phoenix Park Regeneration	75	0	75	0
7	Invicta Park Planning Guidance	15	0	15	0
8	Inclusion Through Enterprise	67.5		67.5	0
9	Cycle Parking Infrastructure	60	0	60	0
10	Floodlighting for Jubilee Field, Staplehurst	36	0	36	0
11	Domestic Abuse Awareness	6.2	0	6.2	0
12	Climate Change Commission	40	0	40	0
13	Urban Trees	50	0	50	0
14	St Philips Community Centre	17	0	17	0
15	Conservation Area Plans	24	0	24	0
16	'A Sense of Place'	22	0	22	0
Totals		676.7	22	676.7	0

2.15 The table above shows that project expenditure to date has been limited, which reflects that approval to proceed was given by the Policy and Resources on 26th June 2019. Nevertheless there has been significant progress in developing the approved projects, which is summarised in **Appendix 2**.

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 (recommending a further 13 projects) to the Policy and Resources Committee on 26th June 2019.

6.4 The Policy & Resources Committee held on 26th June 2019, 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.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The projects described in this report will continue to 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 September 2019)*
 - **Appendix 2:** *Business Rates Retention (BRR) Pilot Projects 2019/20: Early Progress (projects approved 26th June 2019)*
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9. BACKGROUND PAPERS

9.1 There are no background papers.

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

Ref.	Project	Commentary
1	Housing First and Rough Sleepers	<p>The project successfully delivered 6 tenancies providing a Housing First approach during 2019/20 with Golding Homes.</p> <p>The project has been shortlisted for this year's 'Excellence in Partnership Award' by Kent Housing Group.</p> <p>Building on the success of the initial project, the scheme has been enlarged and now includes Medway Housing Society.</p> <p>Project effectively completed (residual funding available to cover potential landlord losses at the end of current tenancies).</p>
2	Regeneration Opportunity Areas	<p>Draft planning briefs have been drawn up for the five opportunity area sites identified as having potential for regeneration. The briefs were considered by the Strategic Planning and Infrastructure Committee (SPI) at its meeting in September 2019 and a further report will be brought to SPI in November 2019, addressing points raised.</p>
3	Property Asset Review	<p>The Gen2 Property Asset Review was carried out last year, with progress regularly reported to members on the implementation of the recommendations. The balance of the funding will now be used to prepare an Asset Management Strategy (AMS) that will guide the management of the Council's asset portfolio going forwards, and to implement 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>The project delivered on the targets, with the predictive analytics module becoming live during 2019/20.</p> <p>The toolkit is now providing information to the Housing Team to enhance their ability to assist homeless clients and to enable contact to be made with those most at risk of becoming homeless.</p> <p>Project completed.</p>

Ref.	Project	Commentary
6	Housing Delivery Partnership	<p>The proposal to fund the Housing Delivery Partnership (HDP) was approved by the Policy and Resources Committee on 12th February 2019.</p> <p>Soft market consultation with Registered Providers (RPs) has since been carried out and the feedback reported to the Communities, Housing and Environment (CHE) Committee on 17th September 2019. CHE opted to stall the creation of the HDP for the time being until such time as a garden community becomes a firmer proposition, but instead seek a Secretary of State direction to acquire up to 200 new social rented homes on smaller developments (at a value of not more than £30m over the 5-year MTFS period), whilst utilising the services of an RP as a managing agent.</p> <p>The draft Affordable Housing Supplementary Planning Document has been completed. The proposal to agree the draft document and accompanying consultation statement for public consultation was agreed by the Strategic Planning and Infrastructure (SPI) Committee on 10th September 2019.</p> <p>The current (5-year) Capital Programme was approved by the Council in February 2019. It includes provision of £15 million for the delivery of Affordable Housing. A further £15 million will be required to fully fund the new proposal to deliver social rented housing. This will be the subject of a bid within the (2020/21) Budget preparation and (2020/21 to 2024/25) Medium-Term Financial Strategy process, which is now commencing.</p>
7	Go Green, Go Wild	<p>Wide ranging 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 (CPO) 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> <p>The website is now available in BETA form and is being tested. It has been shared with Members to gain feedback.</p>

Ref.	Project	Commentary
8	Maidstone Business Capital of Kent – marketing strategy	A series of initiatives are scheduled for September, October and November 2019, including the production of an Inward Investment video by October 2019, presentations to be delivered at Construction Expo on the 4th October and MIPIM 13th-14th October, as well as Expo stand presence. The team is also hosting a Business Forum on 28 th November 2019.
9	Staplehurst Village Centre Masterplan	<p>Economic Development Officer (EDO) met with councillors Brice and Perry. Understanding of action needed confirmed:</p> <ol style="list-style-type: none"> 1) Priority to get supermarket into village 2) Station improvements not acceptable as not in line with local community needs 3) Increase in housing in the local area has stimulated need for increased commercial space to generate jobs. <p>To achieve this, the EDO will be progressing dialogue with:</p> <ol style="list-style-type: none"> 1) Sainsburys to gain clarification of intentions on identified site going forward. 2) Network Rail regarding amendments to station improvements and surrounding land 3) Land owners of potential commercial space to understand situation 4) Chancery Gate to draft commercial proposals. <p>The EDO is to keep councillors Brice and Perry updated on situation.</p>
10	Maidstone Housing Design Guide	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 and a member design tour (along with Medway Council) of developments in south London and Ebbsfleet has recently taken place.
11	Electric Vehicle Charging Points	<p>Survey work by UK Power Networks was completed following procurement where PodPoint were identified as the preferred supplier.</p> <p>Electric Vehicle (EV) unit installations commenced in July 2019 and all EV units have now been installed.</p>

Ref.	Project	Commentary
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> <p>Topographic, site and drainage surveys completed.</p> <p>Permission from Capital and Regional carry out Asbestos, M&E and Structural surveys still awaited (originally due July 2019); this could potentially lead to project delay.</p> <p>Stage 2 Stakeholder Design review due end of October 2019, with Planning Application expected to be submitted by the end of November 2019 (estimated on site date 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) was originally appointed and created a Central Data Repository, as well as compiling detailed thematic reports and case studies to identify particular themes/problems to be addressed in the borough relating to inclusive growth. Findings have been presented to the Project Board and Wider Leadership Team (WLT)</p> <p>The DAO also completed a data mapping exercise as well and has begun the development of metrics to measure project progress.</p> <p>The original DAO has now been recruited to a permanent role within the Council and will share future project responsibilities with a newly recruited (interim) DAO.</p>

Business Rates Retention (BRR) Pilot Projects 2019/20

Early Progress (projects approved 26th June 2019)

Ref.	Project	Early Progress
1	Arterial Route Improvements (A20) (renamed "Maidstone Approach Improvements" project).	The project is now called the "Maidstone Approach Improvements". Work has commenced with the removal of detritus along Mote Park wall and the footpath opposite Turkey Mill. Traffic management is scheduled to take place during the week commencing 21st October 2019 to enable the installation of a new bus shelter, along with other street furniture including bollards and signage. A presentation on the proposals is scheduled for the Communities, Housing and Environment Committee (CHE) on 15th October 2019, followed by a report seeking final approval to CHE in November 2019.
2	CCTV Live Monitoring (Waste Collection)	The commitment has been given to Biffa and they have placed the order for the equipment. There is a 6-8 week lead time on the cameras so it is expected that they will be installed in the New Year (i.e. January 2020).
3	Go Green Go Wild (Community Fund)	The launch of this funding source is scheduled to take place at an event held at Maidstone Museum in November 2019. Invitations are being sent to all community groups.
4	Lower High Street Master Plan	Initial discussions held about linking up with work on Town Centre Opportunity Sites and Lockmeadow acquisition.
5	Archbishop's Palace Options Appraisal	Specification drawn up for options appraisal. Work due to be commissioned Autumn 2019.
6	Phoenix Park Regeneration	Works is underway to prepare a specification to tender for the external works.
7	Invicta Park Planning Guidance	Initial meeting with Ministry of Defence consultants due to take place October/November 2019.
8	Inclusion Through Enterprise	<p>Negotiations are progressing well to identify a suitable venue for the project. Discussions are taking place with the client group to explore options for the scheme.</p> <p>An officer has been appointed to lead the project and is now in post. This will help to stimulate the initiative and provide the capacity to rapidly make progress.</p>

Ref.	Project	Early Progress
9	Cycle Infrastructure Parking	<p>A scoping has been arranged “Sustrans” (a sustainable transport charity) to identify the appropriate elements to include within the survey of locations.</p> <p>Alongside this, initial meetings have been held with bike hire companies to understand costs and different approaches, as well as employers such as Maidstone Hospital, to understand the potential uptake of bike hire at these locations.</p>
10	Floodlighting for Jubilee Field, Staplehurst	<p>The funding is being used as match funding for a larger bid to the Football Foundation. The Football Club and Parish Council are scheduled to submit the finished bid by Friday 18th October. All relevant contractor quotes for the work have been received and support from the Kent FA has been given.</p> <p>If the bid is not successful there are other rounds of funding in early 2020 that can be applied for.</p>
11	Domestic Awareness Abuse	<p>The first conference to raise awareness amongst keyworkers is set for the evening of 28th October 2019, along with a daytime meeting in November. Local businesses are being engaged to help promote the events and the initiative is being well received by those establishments.</p> <p>The outreach One Stop Shop is due to commence on 24th November 2019, with the first venue being in Headcorn. This marks an important development in delivering domestic abuse services by providing a range of services directly into rural areas.</p>
12	Climate Commission Change	<p>A Councillor Working Group has been set up to lead the project and work is underway. A newly appointed officer (on a one-year fixed-term contract) to support the initiative is scheduled to start on 4th November 2019.</p>
13	Urban Trees	<p>The Urban Tree Challenge Fund (UTCf) is available for two years (2019/20 and 2020/21). Year 1 funding is only available for ‘block bids’ for which Maidstone does not qualify. Year 2 applications are aimed at local authority and community group applications.</p> <p>An expression of Interest form was submitted to the Forestry Commission on 25th July 2019. Confirmation of receipt has been received. The Council is now waiting for further clarification on the fund for individual bids.</p>
14	St Philips Community Centre	<p>Initial meeting held with Vicar and Cllr Joy, who are now preparing match funding bid from Church of England.</p>
15	Conservation Area Plans	<p>Work on the project commenced early October 2019 and is being resourced through extending the working hours of a (temporary) Conservation Officer.</p>

Ref.	Project	Early Progress
16	'A Sense of Place'	<p>The project is a key action in the updated Arts and Cultural Strategy, which is scheduled to be presented to the Economic Regeneration and Leisure Committee (ERL) in October 2019.</p> <p>A Culture & Arts Officer has been allocated lead responsibility for project delivery and the ('Sense of Place') report is expected to be commissioned circa January 2020.</p>