

Business Rates Pilot Projects Update

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance
Classification	Public
Wards affected	None

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) element eventually accumulating total funding of £1,130,000 compared to the £640,000 initially anticipated.

Having originally identified 13 on-off projects to be funded from the FSF totalling £640,000 during 2018/19, this committee subsequently identified 16 additional projects to be funded from the surplus during 2019/20. All projects were focussed on supporting the delivery of one or more of the council's strategic objectives, as set out in the Strategic Plan.

The committee has received a series of updates on the progress made towards delivery of these projects. This report updates the committee on the position as at 31st March 2020.

The report shows that progress towards the delivery of the agreed projects has continued, with total spend of £453,169 against 2018/19 projects and £157,310 against the additional 2019/20 projects.

Resources of £426,074 are stated by project leads to be required in order to progress the agreed projects. Given the financial position facing the Council, it is proposed that these projects be put on hold until the outturn for 2019/20 is considered at the June meeting of this Committee.

Funding totalling £280,147 has been identified as no longer required due to projects which have been delivered under budget, or which can no longer progress as originally envisaged.

Purpose of Report

Committee members are asked to note the progress made with the identified projects and agree to defer consideration of the proposal to agree funding to complete these projects.

This report makes the following recommendations to this Committee:

1. That the progress towards delivering the projects set out in Appendix 1 be noted.

2. That the proposed carry forward of £426,074 funding, as set out in Appendix 1, be considered at the June meeting of Policy and Resources Committee.
3. That the proposal to allocate funding of £280,147 no longer required to fund agreed projects to general balances be agreed.

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)
Policy & Resources Committee 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	Committee 23 October 2019
Policy & Resources Committee	22 January 2020
Policy and Resources Committee (virtual meeting)	29 April 2020 (update)

Business Rates Pilot Projects 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).	Ellie Dunnet, Head of Finance
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").	Ellie Dunnet, Head of Finance
Risk Management	See Section 5 below.	Ellie Dunnet, Head of Finance
Financial	Financial implications are detailed within the report.	Ellie Dunnet, Head of Finance
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).	Ellie Dunnet, Head of Finance
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 identified.	Ellie Dunnet, Head of Finance
Equalities	Where relevant, Equalities Impact Assessments (EIAs) have been carried out for individual projects.	Equalities Officer
Public Health	A number of Business Rates Retention Pilot projects are having a positive impact on the population's health or that of individuals.	Ellie Dunnet, Head of Finance
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.	Ellie Dunnet, Head of Finance

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.	Ellie Dunnet, Head of Finance
--------------------	---	-------------------------------------

2. INTRODUCTION AND BACKGROUND

- 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 concerns 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 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. The agreed projects and amounts allocated are summarised in table 1 below:

Project	Funding
Go Green, Go Wild	£90,000
Housing First and Rough Sleepers	£80,000
Regeneration Opportunity Areas	£80,000
Predictive Analytics and Preventing Homelessness	£80,000
Members' Community Grant	£60,000
Property Asset Review	£55,000
Housing Delivery Partnership	£40,000
Maidstone Housing Design Guide	£40,000
Maidstone Business Capital of Kent - marketing strategy	£35,000
Data analytics for inclusive growth	£35,000
Electric Vehicle Charging Points	£20,000
Staplehurst Village Centre Masterplan	£15,000
Bus Station Improvement - Feasibility Study	£10,000
	£640,000

Table 1: 2018/19 Projects to be funded from the business rates pilot Financial Sustainability Fund.

- 2.5 The table attached at Appendix 1 to this report sets out, for each project, the amounts spent against the sum allocated in both 2018/19 and 2019/20, the budget remaining and, where relevant, details of any proposed carry forward of resources into 2020/21 or budget no longer required. There are also comments from the lead officer for each

project which summarise the status of the project, and provide justification for any proposed carry forward of resources.

- 2.6 The table within Appendix 1 shows that of the total funding allocation of £640,000, £453,169 (71%) had been spent at 31 March 2020 (this comprises total spending of £301,886 for 2018/19 and £151,283 for 2019/20). 7 of the 13 projects are now complete, and for the remaining 6, carry forward of resources totalling £110,046 into 2020/21 has been requested in order to deliver commitments made against the project objectives.

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 At its meeting on 26th June 2019, Policy and Resources committee approved 16 additional projects with a combined total value of £676,700. This total exceeded the FSF surplus by £167,700, therefore the committee subsequently approved the allocation of the additional funding required from the 2018/19 revenue budget surplus and unused Business Rates Pool Safety Net at its meeting on 23rd July 2019. The additional agreed projects and amounts allocated are summarised in table 2 below:

Project	Funding
Lower High Street Master Plan	£80,000
Phoenix Park Regeneration	£75,000
Arterial Route Improvements	£74,000
Inclusion Through Enterprise	£67,500
Archbishop's Palace Options	£60,000
Cycle Parking Infrastructure	£60,000
Urban Trees	£50,000
Climate Change Commission	£40,000
Floodlighting for Jubilee Field	£36,000
CCTV Live Monitoring	£30,000
Conservation area plans	£24,000
'A Sense of Place'	£22,000
Go Green Go Wild (Y2)	£20,000
St Philips Community Centre	£17,000
Invicta Park Planning Guidance	£15,000
Domestic Abuse Awareness	£6,200
	£676,700

Table 2: 2019/20 Projects to be funded from the business rates pilot Financial Sustainability Fund.

2.10 Appendix 1 summarises the financial position as at 31 March 2020 on the additional (2019/20) projects.

2.11 The table within Appendix 1 shows that of the total funding allocation of £676,700 £157,310 (23%) had been spent at 31 March 2020. Progress against the 16 projects agreed by this committee is summarised below:

- The following projects are either complete, or progressing as planned with funding commitments fully allocated. Carry forwards have been requested for some of these projects where resources are required to fund ongoing commitments such as staff costs:

Arterial Route Improvements
CCTV Live Monitoring
Go Green Go Wild (Y2)
Floodlighting for Jubilee Fields
Climate Change Commission

- The following projects have progressed to a limited degree during 2019/20, although further work is planned for 2020/21, subject to the committee's agreement to carry forward resources. The expenditure projections have been updated for some of the above projects, and where the initial amount allocated exceeds this, the residual budget can be released back into general balances:

Archbishop's Palace options
Phoenix Park regeneration
Inclusion through enterprise
Cycle parking infrastructure
Domestic abuse awareness
St Phillip's Community Centre
Conservation area plans
A sense of place

- The following projects are no longer expected to proceed as initially planned, and resources can therefore be released back into general balances:

Lower High Street Master Plan
Invicta Park Planning Guidance
Urban Trees

2.12 Carry forward of resources totalling £110,046 into 2020/21 has been requested in order to deliver commitments made against the project objectives.

Residual Budgets

2.13 Appendix 1 identifies a residual budget totalling £280,147 which is no longer required to progress the projects previously agreed by this committee.

2.14 At this stage, it is proposed that these amounts be allocated to general balances to support the council's overall financial resilience in response to the current challenge and uncertainty presented by the COVID-19 measures.

3. AVAILABLE OPTIONS

- 3.1 Approve the proposed carry forward of resources into the 2020/21 financial year.
- 3.2 In light of the challenging financial position in which the Council finds itself as a result of the Covid 19 pandemic, the Committee could put the projects for which resources are requested on hold until the position becomes clearer, subject to fulfilling any existing contractual commitments. An opportunity to consider the matter again will arise when the financial outturn for 2019/20 is considered at the Committee's meeting in June.
- 3.3 The committee could elect to return all unspent monies to general balances. This would however mean that there would be no resources to complete the projects concerned.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The option set out at 3.2 above is preferred, as it leaves open the opportunity to proceed with these projects, but is a more prudent course of action than the first option given the current financial position.
-

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 If the proposed recommendation is agreed, Committee will review the position at its meeting in June.
-

8. REPORT APPENDICES

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

- Appendix 1: Business Rates Pilot Projects as at 31.3.2020
-

9. BACKGROUND PAPERS

None