

Joint Executive (Cabinet) Committee

Forest Heath & St Edmundsbury councils

West Suffolk
working together

Title of Report:	Suffolk 100% Business Rates Retention Pilot – West Suffolk Placed Based Projects Update	
Report No:	CAB/JT/18/029	
Report to and date:	Joint Executive (Cabinet) Committee	4 September 2018
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Purpose of report:	To receive an update on the West Suffolk place based projects under the 2018/19 100% Business Rates Retention Pilot for Suffolk, along with an update on the government's intentions regarding pilots for 2019/20 and the new 75% retention scheme from 2020.	
Recommendation:	The Joint (Executive) Cabinet is requested to <u>note</u> the report.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		Leadership Team, the Leaders and Portfolio Holders for Resources and Performance have been consulted with on the projects set out in this update report	
Alternative option(s):		See paragraph 3.3 in respect of the Suffolk Business Rates Pilot for 2018/19. The Councils could choose to not submit a proposal for the 2019/20 pilot.	
Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • As set out in the body of the report	
Are there any staffing implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • As set out in the body of the report	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> • None as a direct result of this report	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • As set out in the body of the report	
Are there any equality implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> • None as a direct result of this report, each project will consider equality implications as part of its implementation plan.	
Risk/opportunity assessment:		<i>Risks are assessed and monitored in detail as part of each individual project. These risk relate to this paper only.</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Agreement on the West Suffolk place based projects is not reached	Low	Early engagement and agreement in principle received	Low
Agreement is not reached on future West Suffolk place based projects	Low	Early engagement with Leaders including Suffolk County Council on future proposals. Spending principles have been agreed to manage expectations of the fund.	Low
Ward(s) affected:		All wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		SEBC - COU/SE/18/004 - 2018-19 Budget and Council Tax Setting Report - item 327 FHDC - COU/FH/18/006 - 2018-19 Budget and Council Tax Setting Report - item 295	
Documents attached:		None	

1. Key issues and reasons for recommendation(s)

- 1.1 Suffolk councils were successful in becoming a pilot area for 100% business rate retention. Suffolk is the only pilot of its type in the country to be placed based to more successfully target issues and seize local opportunities. This is an approach being championed by West Suffolk. Since the announcement West Suffolk Councils have been working, with partners, to identify several projects to benefit from the one-off funding allocation for West Suffolk (expected to total £2.6m).
- 1.2 The principles Suffolk authorities set out as part of the pilot submission to Government for funding projects align with our own strategic aims and are:
- Doing what's right for Suffolk
 - Better outcomes with less money
 - Integrated Suffolk System
 - More resilient people and communities
 - Delivering our Inclusive growth agenda
- 1.3 West Suffolk already has ambitious priorities and strategic projects in train aimed at driving our local economy, creating jobs, managing growth, improving health and wellbeing as well as transforming how public services work together. Therefore, it seemed sensible to concentrate on those projects which not only meet the principles highlighted in 1.2 but we also know will make a difference and help us deliver our strategic priorities and wider ambitions while at the same time making sure we have the capacity to deliver them well. The projects West Suffolk are looking to support initially are those that already exist in some form as part of our plans linked to public sector reform – section 4 provides further details of these projects for noting by Joint Cabinet.
- 1.4 In summary we have identified projects that:
- would enable us to support wider challenges and opportunities within a place i.e. Brandon Leisure Centre;
 - give us the opportunity to extend what we are already doing well, for example our very successful social prescribing project in Haverhill and the surrounding villages, to more areas within West Suffolk; and finally
 - need some additional funding in order to unlock their potential i.e. Western Way Development;
 - deliver the capacity we already recognise we need and have, in principle, signed up to around supporting our growth agenda in the form of highways capacity working with our County colleagues to add to the capacity that exists within the strategic highways department.
- 1.5 This report also sets out future proposals for the Business Rates Retention Scheme from 2020, the Suffolk 100% business rates pilot for 2018/19 and the Government's invitation for pilot bids for 2019/20.

2. Background – Business Rates Retention Scheme (BRR)

- 2.1 BRR was introduced in April 2013 as part of a fundamental review of local government funding. Prior to 2013, business rates were pooled nationally and distributed back to local authorities on the basis of need. This current system

allows local authorities to retain 50% of business rates (known as the local share) with the remaining 50% paid over to the Government.

- 2.2 The new system was introduced to incentivise local authorities to boost economic growth in their areas by allowing authorities to keep part of the business rate income they raise and collect locally. Previously there was no real incentive for local authorities to take actions to increase business rates because of the national pooling mechanism in place. Since its inception in 2013, Suffolk authorities have formed a Business Rates pool under the current BRR scheme, enabling additional business rates growth to be retained within Suffolk.
- 2.3 The government announced its intention to introduce 100% Business Rates Retention (BRR) for all local authorities in 2015 (up from the current 50% local retention). This proposal is a further significant change to the way local government is funded and has been supported by the Local Government Association and most local authorities.
- 2.4 The original plan was to introduce 100% BRR from April 2019 with an announcement in the Queens Speech in June 2017. No announcement was made in June 2017 and, at the time, no firm date set as to when the new system would be fully introduced however the government confirmed it intended to introduce 100% BRR.
- 2.5 As part of the Provisional Local Government Finance Settlement in December 2017, the government said its aim is for 75% of all business rates to be retained by local government from 2020/21.
- 2.6 The implementation towards the new 75% Business Rates Retention (BRR) scheme and the review of the needs based assessment/formula that underpins our financial needs settlement from central government are both planned to be implemented from April 2020. Both changes create significant uncertainty to the council's medium term financial planning assumptions.
- 2.7 The worst case scenario for the review of the BRR scheme could be to completely re-set (although government has now proposed a partial re-set) the baseline position to our current level of business rate income, thus removing the majority of the growth Forest Heath has generated since 2013 under the current 50% BRR scheme. This would remove a significant amount of income (worst case approximately £1m) from the budget in 2020/21. At this stage it is not possible to model the outcome of the needs based assessment review. However, this could have a further impact on the income assumptions currently in the medium term financial plans. This situation will be monitored and reviewed as information becomes available with a further update to be provided as part of the 2019/20 budget setting process. We will continue to lobby and input into government consultations in order to make our position clear.

3. Suffolk 100% Business Rates Retention Pilot - 2018/19

- 3.1 In preparation for the introduction of BRR, in September 2017 the government invited all interested local authorities to submit an application to be a pilot scheme. On 19 December 2017 the Suffolk bid was chosen as one of the 10 successful pilots in a competitive process. This reflected the quality of the bid submission and builds upon the excellent partnership working by all Suffolk

local authorities, including successful operation of the Suffolk Business Rates Retention pool since 2013.

- 3.2 In all pilot areas, the councils within the pool have to forego the funding streams of revenue support grant and rural services delivery grant in return for higher shares of business rates. The Suffolk pilot is based on a no detriment to each of the councils and therefore the risk to the Council's budget of not achieving the business rates anticipated in the 2018/19 budget is low. Any additional business rates collected in Suffolk will be invested in inclusive growth. This is unique nationally and reflects our 'place based' way of working which better supports both the urban and rural areas.
- 3.3 Based on the proposal submitted, West Suffolk is anticipated to receive a one off benefit in 2018/19 of approximately £2.6m (this is an estimated figure and is regularly reviewed to ensure it continues to be realistic) as a result of the pilot. The detailed agreement with our partners across Suffolk means that the Leaders in West Suffolk will first need to endeavour to reach agreement on the activities to be funded from that pot with the Leader of Suffolk County Council. However if agreement cannot be achieved then the District will retain 75% of the funding allocated to the West Suffolk area and the County Council 25% of the allocation.
- 3.4 This is a one off, one year pilot (at this stage). For budgetary purposes it was agreed as part of the 2018/19 Budget and Council Tax report (Report numbers COU/FH/18/006 and COU/SE/18/004), that the benefit of the pilot (estimated £2.6m across West Suffolk) is transferred to a new earmarked reserve, where its utilisation will be determined through agreement of the West Suffolk District/Borough and County Leaders. The actual benefit value of the pilot won't be known until completion of the 2018/19 end of year statutory NNDR3 return (submitted in summer 2019). It was therefore agreed as part of that same budget report that the West Suffolk councils assume the £2.6m is available during 2018/19 and underwrite the cash flow and receipt risk within its overall prudent reserves assessment.

4. West Suffolk 'Placed Based' projects under the 2018/19 pilot

- 4.1 In line with the Suffolk pilot agreement (and as described in 3.3 above), the West Suffolk projects below have been shared with the County's leadership. We have received informal support and agreement (formal agreement expected early September 2018) that they deliver against the principles agreed by Suffolk authorities. (See 1.1).
- 4.2 The projects outlined below total £1.65m of the £2.6m fund. Further project proposals from the fund are in development and an update will be provided to members in due course. For noting - officers are currently in the process of approaching Suffolk Public Sector Leaders for funding from the Suffolk Business Rates Pool Benefit towards the delivery of our adopted Town Centre masterplans.

Public Sector Reform - Supporting national and local strategies for health and wellbeing

- 4.3 The **£500k - £700k** investment, will contribute to the further development of the **Brandon Health and Leisure Centre**. This investment will support the established capital fund in Forest Heath for leisure centre improvements, enabling further investment that seeks to:
- integrate a GP surgery and community health into the current leisure centre and deliver a new sports hall;
 - create a local "health & wellbeing hub".
 - support people to move from inactive to active;
 - increase footfall to the leisure centre site;
- 4.4 The detail of this project is being developed and will be agreed after local engagement with partners and the local community is completed. A full business case will be produced in late Autumn 2018 as part of the wider utilisation of Forest Heath District Council's £3.5m Leisure Investment Fund.

Public Sector Reform – Integrated system working

- 4.5 **Expanding social prescribing in West Suffolk.** Social Prescribing is a non-medical intervention which can help address social needs and issues of individuals. Not only can it support individuals who are reliant on statutory and health services to become more independent and resilient it is also one of the main routes to prevention. A system wide/multi agency project to drive public sector reform and will build on our experience of what works in Haverhill to expand our offer to town and rural areas (**£500k**).
- 4.6 There are a number of outcomes that can be achieved through social prescribing and which support the delivery of the councils' strategies, along with partner strategies such as health and wellbeing. These outcomes can be broken down into four key areas:

Individuals/families	Statutory Services
<ul style="list-style-type: none"> • Improvement in how people feel and their sense of wellbeing • Increased opportunities for local people in employment, volunteering and training/education • Increased support and connections within the community • Reduced social isolation and feelings of loneliness 	<ul style="list-style-type: none"> • Reduced demand on a primary healthcare, e.g. GP visits, A&E visits • Reduced medication and prescriptions • Reduced demand on secondary care, e.g. mental health, physios • Reduced demand on social care • Reduced dependency on benefits • Reduced costs across the entire public sector system
Voluntary and community sector	Other
<ul style="list-style-type: none"> • Increased number of volunteers • Increased numbers of community/support groups • Improved sustainability for existing community and voluntary groups and organisations • Increased use and strengthening of the voluntary and community sector 	<ul style="list-style-type: none"> • Improved connections and partnership working across the locality • Improved support networks leading to more resilient communities • Increase in employment figures within each locality

- 4.7 West Suffolk councils and One Haverhill Partnership commenced Haverhill LifeLink in August 2017. This project was funded through Public Health and the DCLG. It was developed by local people and organisations in order to address current needs and assets within the town. We currently have two LifeLink Coordinators who operate within the town. Referrals from the two GP practices within the town and open to self-referrals. The next step in the process is to commence with referrals from Social Care.
- 4.8 West Suffolk councils along with partners have identified the strength of social prescribing within the community of Haverhill and would like to build upon that within the town and look at developing social prescribing projects within other parts of the West. We propose that Newmarket and Brandon would be the next appropriate locations to start having those conversations and developing a model which suits the localities needs and assets.
- 4.9 To do this we would need to increase the delivery headcount in Haverhill to 3 FTE and introduce 2 FTE in Newmarket and 1 FTE in Brandon. This equates to approx. 10,000 residents per coordinator. In addition we would need a project manager to set up, recruit, manage relationships across partners, manage the budget and report on outcomes. They would also be responsible for sourcing future funding and bringing partners into that conversation. The expansion and development of social prescribing within West Suffolk amounts to circa. £800k over a 3 year period. A sum of £500,000 is to be funded from the Suffolk 100% Business Rates fund and we have commenced conversations with West Suffolk CCG with regards to further funding with a view to expanding into Mildenhall.
- 4.10 The community and stakeholder engagement and co-design of Haverhill LifeLink contributed to the success of the project to date. It is therefore key that time is invested in this stage before the recruitment process can commence.
- 4.11 The above proposal has been based on the Haverhill LifeLink model (see link below at 4.12 for further info). Although models and style of delivery could change in each locality there are key principles that can be applied. The core principles are:
- Keep it local – utilise the existing community assets and coproduce the project
 - Aim to reduce reliance on statutory and health services
 - Build resilience within the community by equipping people with the tools they need
 - Ensure support services and community groups are accessible
 - Improve the wellbeing and general happiness of individuals and families
- 4.12 For more information about Haverhill social prescribing see:
<http://www.onehaverhill.co.uk/lifelink>
- 4.13 **To increase Suffolk County Councils highways officer capacity** to support the delivery of major infrastructure and growth schemes in West Suffolk - 4 year funding for a West Suffolk placed based post (**£250k**).

- 4.14 The importance of infrastructure is acknowledged as a key priority in the West Suffolk Strategic Framework in both underpinning growth and supporting housing delivery. We recognise that infrastructure is a strategic issue and that a partnership approach is critical to achieving its effective planning and delivery. Working together across our organisations enables insights, activities and expertise to be knitted together throughout the County, via the Growth Programme Board and at a local level in understanding and responding to local characteristics. With good infrastructure planning we can work together to connect our Places and maximise the many opportunities they present across Suffolk and beyond.
- 4.15 However, capacity in our teams is consistently quoted as a barrier to driving forward our Growth. When reviewing capacity within our growth team here at West Suffolk, it was highlighted we needed additional highways expertise and rather than the Council's seeking to appoint its own in-house or external highways expertise, in the spirit of our system wide working and on the principles of recognising our individual statutory roles, the value we can bring and ensuring value for money, the proposal is that West Suffolk Placed Based Fund, allocates a four year provision for additional capacity to be available within the Suffolk Highways Team locally delivered here in West Suffolk. The expectation being the individual would predominantly sit within the West Suffolk growth team, but would be able to access and would still be part of the wider Suffolk Highways system, practices, support and overall resilience.
- 4.16 **Western Way Development – Feasibility funding** to consider options to deliver the agreed sites Masterplan vision and to unlock various public assets sites (**£200k**).
- 4.17 The Western Way mission statement, endorsed by the public sector partners, is:
- ❖ Our mission is to create a vibrant flagship destination that enhances Bury St Edmunds and confirms West Suffolk as an area supporting and investing in business, public services and local communities, including health and education, to create prosperity and a high quality of life.
 - ❖ We will do this by bringing public and private organisations together in an innovative, dynamic and complementary way to achieve exemplary social and economic benefits for local communities beyond what would could be done as separate organisations.
- 4.18 Following the adoption of the Western Way Masterplan late 2016, work has been progressing on seeking public sector partner's interest in the site alongside site development options. Western Way development is a One Public Estate supported programme and is overseen by the West Suffolk Property Board. Key partners for the site have committed (through a declaration of intent), including putting in their own resources and leadership, to the development of a joint strategic business case. The allocation of £200k will be towards the feasibility costs for the creation of the joint strategic business case due in Winter 2018 along with the production of suitable materials to promote the development/scheme to external funding partners/pots.

5. 75% Business Rates Retention Pilots 2019/20

- 5.1 On 24 July 2018, the Government published the 2019/20 business rates retention pilot prospectus inviting local authorities in England to apply to become 75% business rates retention pilots in 2019/20. The government has previously announced the aim of introducing a 75% business rates retention system in 2020/21, and the pilots will aid government's understanding of how local authorities can best transition into the new system in 2020.
- 5.2 Applications for the 2019/20 piloting programme are now open and will close on 25 September 2018. West Suffolk continues to work across Suffolk looking at whether there is an opportunity to further extend the Suffolk Business Rates Pilot into 2019/20.