

## **BERKSHIRE LOCAL TRANSPORT BODY (BLTB)**

**REPORT TO:** BLTB

**DATE:** 15 November 2018

**CONTACT OFFICER:** Joe Carter, Director of Regeneration, Lead Officer to the BLTB

### **PART I**

#### **Item 9: Business Rates Retention Pilot – Revenue Support and New Bid**

##### ***Purpose of Report***

1. In March 2018 you agreed to issue calls for bids for funding via the Business Rates Retention Pilot (BRRP) and the associated re-prioritisation of schemes in the Growth Deal 3 list; in July 2018 you agreed to “top-slice” the £25m BRRP allocation by £600,000 in order to establish a scheme for providing revenue support to local authorities for the development of a strong pipeline of future infrastructure schemes.
2. Led again by Bracknell Forest Council, the six Berkshire authorities, supported by the LEP, have made a bid to MHCLG for another year of funding under the BRRP. If approved, a further c.£10m will be allocated to BLTB for investment in priority Infrastructure schemes.
3. This report recommends the first payments under the revenue support scheme, and that you note the decision to extend the revenue top-slice by £90,000 to allow the LEP to draw down revenue funding for the preparation of the Berkshire Local Industrial Strategy, and approve consequential amendments as follows:
  - i. to BRRP approvals to keep overall spending at £25m
  - ii. to Local Growth Fund (LGF) approvals to maintain the cash value of scheme funding approvals

##### ***Recommendation***

You are recommended to:

4. Approve the revenue support proposals and the drawdown of BRRP funds by Reading, West Berkshire, Windsor and Maidenhead and Wokingham set out in appendixes 1-4; and
5. Note the revenue support arrangements set out in appendix 5 and the drawdown of £90,000 from BRRP funds by TVB LEP; and
6. Approve the consequential switch of £90,000 support for South Reading MRT phases 3 and 4 from BRRP to LGF, thereby reducing the unallocated LGF funds from £360,000 to £240,000; and
7. Approve the following priorities for the allocation of BRRP funds in the event that the application for a second pilot in 2019-20 is successful:
  - i. Slough MRT Phase 2 £3.058m
  - ii. Maidenhead Housing Sites Enabling Works Phase 1 £1.068m

- iii. Subject to Planning Permission, East Reading MRT Phases 1 and 2 (and failing planning permission, South Wokingham Distributor Road – Eastern Gateway) £5.000m
- iv. Further revenue support for the future infrastructure business cases, the balancing amount (£0.874m based on a £10m overall approval)

**Other Implications**

Financial

- 8. The lead authority for BRRP and the process of operating the Business Rates element (agreeing baseline amounts, managing the pool of retained funds) is Bracknell Forest Council. The planning figure of £25m for 2018-19 is based on current estimates of business rates collection in 2018-19, and no revisions are anticipated.
- 9. The lead authority for the control of Local Growth Funds allocated to infrastructure or regeneration projects is the Royal Borough of Windsor & Maidenhead, the LEP’s Accountable Body.
- 10. The BRRP has been approved for a single financial year (2018-19); MHCLG has issued a call for bids to operate the pilot programme in 2019-20, and the Berkshire authorities, supported by the LEP, have agreed to bid again. This is a fresh call for bids, and if successful, a planning number of c.£10m has been calculated for new infrastructure investment.
- 11. At your meeting in July, you prioritised the following schemes:

| Scheme                                    | £'000's |
|---|---------|
| Slough Mass Rapid Transit (SMaRT) Phase 2 | 10.242  |
| South Reading MRT Phases 3 and 4          | 7.898   |
| Wokingham Winnersh Relief Road Phase 2    | 6.260   |
| Revenue Support for Scheme Development    | 0.600   |
| Total                                     | 25.000  |

Risk Management

- 12. The risks associated with large scale infrastructure investments are well known, and the BLTB has established risk management arrangements for the LGF transport capital programme (£111m over 6 years), referred to as the [Assurance Framework](#)<sup>i</sup>.
- 13. As part of the LGF oversight, government officials have reviewed this assurance framework and found it fit for purpose.
- 14. The Berkshire authorities have identified the LEP and its associated processes as an appropriate framework for managing the BRRP sums available; in this instance this means programme management by the BLTB and ultimate sign-off by the LEP Forum. The LEP Forum ratified this approach on 27 March 2018.

15. The implication is that promoters of infrastructure projects seeking funding from the BRRP will need to follow the same assurance framework as for LGF. This means acceptance at “programme entry” stage, followed by submission and independent assessment of a WebTAG compliant Full Business Case before being considered for financial approval.

#### Human Rights Act and Other Legal Implications

16. Slough Borough Council will provide legal support for the BLTB should any questions arise on the application of the BRRP.

#### **Supporting Information**

##### Revenue Support for Business Case Preparation

17. In July 2018 you agreed that the £25m BRRP allocation for major capital schemes should be “top-sliced” by £600,000, which should then be allocated to the six Berkshire authorities. This would be a contribution to the development costs associated with major infrastructure projects identified in each of the emerging Local Plans.
18. The revenue support proposal has the following details:
  - a. £100,000 of BRRP funds in 2018/19 be allocated to each of the six Berkshire Unitary Authorities for the purpose of developing major infrastructure projects identified in the emerging Local Plans, subject to:
  - b. The money being spent on the development outline business cases for transport infrastructure projects which support or enable the development of housing, employment, leisure or retail projects
  - c. BLTB approving the timetable and list of projects before the money is released
19. It is now proposed that following details be added to the revenue support scheme:
  - a. When seeking BLTB approval, an Authority should identify the lead officer contact; timetable start and end date for developing the specified schemes; and also propose a schedule of progress reports to BLTB
  - b. Where known, for each infrastructure project the Authority should identify
    - i. Name of the project
    - ii. Local Plan (or emerging Local Plan) references
    - iii. Approximate Capital Value of the project
      - a. up to £2m
      - b. £2m-£5m
      - c. £5m-£10m
      - d. £10-£20m
      - e. over £20m
    - iv. The housing, employment, leisure or retail development to be enabled

- v. Partner organisations involved (if any)
  - vi. Brief Description of Project (100 words max)
  - vii. How the resource will be used to develop the outline business case (in-house? Retained consultant? Other?)
- c. Where specific schemes are not yet identified, and the intention is to use the revenue resource to fund the investigation of specific schemes that are consequent on the Local Plan (or emerging Local Plan) requirements, then the application should be adapted to reflect this. A specific commitment to reporting back as and when named schemes are identified should be included.
20. The proposals from Reading (appendix 1), West Berkshire (appendix 2), Windsor and Maidenhead (appendix 3) and Wokingham (appendix 4) are attached. Proposals from Slough and Bracknell Forest are expected in March 2019.

#### Revenue Support for Berkshire Local Industrial Strategy and consequential amendments

21. Discussions earlier this year between the local authorities and the LEP reached agreement on the need to support the development of the Berkshire Local Industrial Strategy (BLIS). This led to the appointment of SQW (who advised the LEP and Berkshire authorities during the preparation of the Strategic Economic Plan). See appendix 5.
22. The budget for the necessary revenue support (value £90,000) was agreed by the Berkshire Chief Executives' Group on 8 March 2018 and it was intended this should come from the BRRP allocation of £25m. This requires an adjustment to the revenue top slice, previously agreed at £600,000; now proposed as £690,000.
23. An option for funding this by top-slicing £30,000 from each of the 3 previously approved major infrastructure schemes was explored. This met with objections from scheme promoters who had already reported the figures approved in July. A second option is set out below.
24. Under the this option, two consequential amendments are required to allow this revenue support for the BLIS to happen. The first is to reduce the BRRP approval for Reading South Reading MRT Phases 3 and 4 by £90,000, and the second is to award £90,000 for this scheme from the LGF as-yet-unallocated amount.
25. The reason for recommending that the consequential adjustments be applied to the South Reading MRT phases 3 and 4 scheme is that this is the only scheme already in receipt of both LGF and BRRP. It has been chosen for reasons of administrative convenience.

| Scheme                                     | July 2018 | Change proposed | Nov 2018 |
|--|-----------|-----------------|----------|
|  | £m        |                 |          |
| Slough Mass Rapid Transit (SMaRT) Phase 2  | 10.242    | 0               | 10.242   |
| South Reading MRT Phases 3 and 4 from BRRP | 7.898     | -0.090          | 7.808    |
| Wokingham Winnersh Relief Road Phase 2     | 6.260     | 0               | 6.260    |
| Revenue Support for Scheme Development     | 0.600     | +0.090          | 0.690    |
| Total                                      | 25.000    | 0               | 25.000   |
| South Reading MRT Phases 3 and 4 from LGF  | 2.250     | +0.090          | 2.340    |
| LGF Unallocated                            | 0.360     | -0.090          | 0.270    |

Priority for Allocation of funds in Second Pilot bid is Successful

26. The bid for pilot status for 2019-20 currently under consideration by MHCLG envisages that a further c.£10m will be allocated to infrastructure schemes. This bid responds to a new call for bids from MHCLG and there is no presumption that the success of last year's bid will aid this year's bid.
27. Whilst there is no expectation that the new bid will be successful, there is a need to confirm the priority projects. The process carried out in July 2018 identified the priority among the schemes not funded in 2018-19 as follows

| Rank | Scheme  | £m     | Cumulative |
|------|---|--------|------------|
| 1    | Top-up of Slough MRT Phase 2  | 3.058  | 3.058      |
| 2    | M Maidenhead Housing Sites Enabling Works Ph 1 (20% own funds contribution) | 1.068  | 4.126      |
| 3    | East Reading MRT Phases 1 and 2 (20% own funds contribution)                | 5.000  | 9.126      |
| 4    | South Wokingham Distributor Road – Eastern Gateway                          | 5.000  | 14.126     |
| 5    | North Wokingham Distributor Road – West of Old Forest Road                  | 5.000  | 19.126     |
|      |   | 19.126 |            |

28. You are recommended to approve the following allocations, subject to MHCLG's approval of the 2019-20 pilot, and subject to confirmation of the c.£10m planning figure:
- i. Slough MRT Phase 2 £3.058m
  - ii. Maidenhead Housing Sites Enabling Works Phase 1 £1.068m
  - iii. Subject to Planning Permission, East Reading MRT Phases 1 and 2 (and failing planning permission, South Wokingham Distributor Road – Eastern Gateway) £5.000m
  - iv. Further revenue support to future infrastructure business cases, the balancing amount (£0.874m based on a £10m overall approval)

## **Conclusion**

29. There is an imperative to invest some of the BRRP £25m in the development of a BLIS and the pipeline of major infrastructure or regeneration schemes, which will support emerging local plans and be eligible for funding in future years.

## **Background Papers**

30. The Business Rates Retention Pilot bid and approval letters.

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<http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum>