

<b>Committee(s):</b>	<b>Date(s):</b>
Policy and Resources Committee	4 October 2018
<b>Subject:</b> London Business Rates Pool - Strategic Investment Pot	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Decision</b>
<b>Report author:</b> Craig Spencer, Policy Advisor and Executive Officer, Town Clerk's Department	

### Summary

The Greater London Authority (GLA) and the 33 London billing authorities are piloting 100% business rates retention, and this has allowed an estimated £349m of extra funding across London. As part of the agreed pilot, 15% of this extra funding (c.£52m) is being used for the Strategic Investment Pot (SIP). The City of London Corporation is the lead authority and Members are therefore required to approve bids to the SIP with matters regarding this fund referred to the Policy and Resources Committee. 22 bids for SIP funding were received from 15 accountable boroughs for a total of £123.4m, with all authorities represented.

London Councils and the City of London Corporation, as lead authority, convened a Panel of Chief Officers from across London to evaluate the bids, and a recommendation was made to award funding to eight bids, totalling £46.83m. The Lead Authority consulted on the recommendation over the summer, achieving the broad support required to allocate funds. The report outlines our role as lead authority and asks for an agreement to the bids outlined in the SIP Consultation Report under Appendix 1.

### Recommendation(s)

The Policy and Resources Committee is asked to:

- Approve the recommendations set out in the SIP Consultation Report which is attached under Appendix 1.
- Allocate the SIP funds according to the outcome of the consultation with London Boroughs and the GLA which totals at £46.83m in the City of London Corporation's role as lead authority for the pot.

### Main Report

#### Background

1. For 2018/19, the Greater London Authority and the 33 London billing authorities are piloting 100% business rates retention. This allows London to retain an estimated £349m of extra funding. Of this, approximately 50% will be used for strategic investment. This includes 15% (approximately £52m) which will be allocated to a Strategic Investment Pot (SIP) to be allocated by agreement by London government.

2. The Lead Authority (City of London Corporation) is responsible for the operation of the SIP. As agreed by Court of Common Council in January, Officers have made arrangements for inviting bids, evaluation, and the preparation of a recommendation report for consultation.
3. The call for bids was issued in April 2018 to the Leaders of the 33 London billing authorities, this included a bid form and bidding guidance. The deadline for submissions was the end of May 2018. The bidding guidance explained the Lead Authority's intention that the evaluation would be carried out by a Panel of senior finance, regeneration, and service directors from the London authorities and GLA, and London Councils. The report of that Panel has been issued to the 33 billing authorities and the GLA, who have responded to its recommendation.
4. The formal decision must be taken by the Members of the Lead Authority (the City of London Corporation) due to the absence of a statutorily recognisable mechanism for joint decision-making by the 33 billing authorities and the Mayor of London.
5. Matters relating to governance of the strategic investment fund were agreed to be referred to the Policy and Resources Committee, and this report requests the decision be taken, in accordance with the Consultation outcome. The detailed financial administration arrangements were referred by the Court to the Finance Committee, and these are being prepared for approval under a future report.

#### **Current Position**

6. The City of London Corporation, the Lead Authority for the pilot pooling arrangement, have led an evaluation process, convening a Panel (called the SIP Panel) of senior finance, regeneration, and service directors from the London authorities, the GLA, and London Councils to carry out this process.
7. The Chamberlain chaired the SIP Panel which was designed to ensure that appropriate expertise and pan-London engagement was obtained for the evaluation. This consisted of senior directors and Chief Executives of London Boroughs and the GLA:
  - a. Guy Ware, Director Finance, Performance & Procurement, London Councils
  - b. Andy Donald, Chief Executive, Redbridge
  - c. Shifa Mustafa, Executive Director Place, Croydon
  - d. James Rolfe, Executive Director Finance, Resources & Customer Services, Enfield
  - e. Amar Dave, Strategic Director Regeneration & Environment, Brent
  - f. Debbie Jackson, Assistant Director Regeneration and Economic Development, GLA
  - g. Richard Simpson, Executive Director Resources, Croydon
  - h. Duncan Whitfield, Strategic Director Finance & Governance, Southwark
  - i. Gerald Almeroth, Strategic Director Resources, Sutton

8. There were 22 bids received for a total of £123.4m. The expected value of SIP funds available is £52m, though this is subject to the final outturn on business rates in 2018/19 and is spent at risk until such time as that outturn is confirmed. The Panel recommend that, at this stage and given the risk, 90% of the estimated amount is allocated (£46.83m) to bids that fit the criteria agreed with the Government and pilot authorities. The SIP aims to fund projects that will
- a. contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
  - b. leverage additional investment funding from other private or public sources; and
  - c. have broad support across London government in accordance with the agreed governance process.

9. The SIP Panel considered the bids and recommended the below:

<b>Bid</b>	<b>Amount (£m)</b>
South Dock Bridge	7.00
Productive Valley (South Tottenham Employment Area/Investment Fund /Rigg Approach)	5.75
South London Innovation Corridor	8.00
Open Data Standard for Planning	0.25
Euston Recruitment Hub	3.00
West London Alliance (Skills & Productivity/ Investment in Digital)	11.13
Local London Investment in Fibre	7.70
South London Multi-Purpose Internet of Things Platform	4.00
<b>Total Recommended Package</b>	<b>46.83</b>

### **Consultation Process**

10. London Authorities were asked to confirm to the City of London Corporation, via their own decision-making processes, their support for funding each of the projects.
11. The bids were subject (as set out in a Memorandum of Understanding signed by all authorities) to the agreement of two-thirds of the authorities and the Mayor of London, and in the absence of any sub-regional veto, the formal decision will be taken by the City of London Corporation as the lead authority, in the Autumn and the SIP funds allocated.
12. Consultation responses supporting the recommendation were received from the Mayor of London, from all of the sub-regions identified in the MOU, and from the following boroughs:
  - i. Barking & Dagenham
  - ii. Barnet
  - iii. Bexley
  - iv. Brent
  - v. Camden
  - vi. Croydon
  - vii. Ealing
  - viii. Enfield
  - ix. Greenwich

- |                           |                          |                             |
|---------------------------|--------------------------|-----------------------------|
| x. Hackney                | xi. Hammersmith & Fulham | xii. Haringey               |
| xiii. Harrow              | xiv. Havering            | xv. Hillingdon              |
| xvi. Hounslow             | xvii. Islington          | xviii. Kensington & Chelsea |
| xix. Kingston upon Thames | xx. Lambeth              | xxi. Merton                 |
| xxii. Newham              | xxiii. Redbridge         | xxiv. Richmond upon Thames  |
| xxv. Southwark            | xxvi. Sutton             | xxvii. Tower Hamlets        |
| xxviii. Waltham Forest    | xxix. Wandsworth         |                             |

The threshold of two-thirds therefore have supported the recommendations and the funding decision is now required to be taken by the City of London Corporation as the lead authority.

13. Westminster, Enfield and Lewisham have not yet taken the formal decision, although Officers have confirmed that their recommendation is to support the recommendation of the SIP Panel. Bromley have indicated that they will not be able to support the recommendation.
14. The precise amount of funds will be confirmed once the 2018/19 accounts are closed and will be rolled into the 2019/20 SIP if the pilot is extended or allocated in another round if not.

### **Proposals**

15. Members are asked to approve recommendations set out in the SIP Consultation Report which is attached under Appendix 1.
16. The City of London Corporation, as the Lead Authority, are to make the formal decision to allocate the funds as per the recommendation, that has resulted out of the recent consultation.

### **Conclusion**

17. The City of London Corporation as Lead Authority will now make arrangements for the agreed funding agreements, including application of funding conditions relating to the outputs and match funding in the bid.

### **Appendices**

Appendix 1 - London Business Rates 2018/19 100% Pilot Pool Strategic Investment Pot Consultation Report

### **Supporting Documents**

Report to Court of Common Council, 11 January 2018 – Business Rates Pool Pilot Scheme

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