

## Cabinet

30 June 2025

## Part 1 - Public

## Executive Key Decision



Cabinet Member

Cllr Robin Betts

Responsible Officer

Damian Roberts, Chief Executive

Report Author

Jeremy Whittaker, Strategic Economic Regeneration Manager

## Business Rates Pool (Shared Growth Fund) Programme

### 1 Summary and Purpose of Report

- 1.1 This report seeks agreement on a proposed programme of activity to support our local economy using funding through the Business Rate Pool (Shared Growth Fund).

### 2 Corporate Strategy Priority Area

- 2.1 Investing in our local economy to help support residents and businesses and foster sustainable growth.
- 2.2 This report sets out an approach to using the Business Rates Pool (Shared Growth Fund) that will help contribute towards the delivery of a number of priority actions set out in the Annual Service Delivery Plan 2025/26, and in the Economic Development Strategy 2023-2027. On a county-wide basis, these activities will also support the implementation of the Kent and Medway Economic Framework.

### 3 Recommendations

- 3.1 That the proposed Business Rates Pool (Shared Growth Fund) Programme, as set out in Annex 1 **BE APPROVED**.

### 4 Introduction and Background

- 4.1 Under the national business rates retention scheme, local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wide economic area.
- 4.2 The Borough Council was part of the Kent Business Rates Pool (Kent Pool) but in 2015, with the closure of Aylesford Newsprint (who were the largest ratepayer in

the borough at the time), the Borough Council fell below the baseline and went into what is known as a 'safety net'. This meant that at the time it was no longer in the interests of Kent as a whole to retain the Borough Council within the pool and as such, in collaboration with the other partners, we exited the Kent Pool.

- 4.3 Since this time, with progress on proposals such as Panattoni Park Aylesford, Click Ayesford and Tonbridge Trade Park, the potential for business rates income to grow well above our baseline greatly improved the attractiveness of the Borough Council as a partner within the Kent Pool.
- 4.4 In October 2022, an information report notified Members that an urgent decision had been made about a bid by the Council to re-join the Kent Pool with effect from 01 April 2023. The partners within the Kent Pool subsequently agreed to make a proposal to the Secretary of State to revoke the existing arrangement and submit a new proposal including the Borough Council.
- 4.5 This bid was ultimately successful and since becoming a partner within the Kent Pool, the Borough Council has seen positive growth in its business rates income as major commercial developments have been built out.
- 4.6 A portion of the pooled business rates income is earmarked for the Shared Growth Fund. This fund is managed collaboratively with Kent County Council (KCC) to support specific projects that benefit the entire county. Projects funded by the Shared Growth Fund are typically those that align with both the borough council and KCC's strategic goals and benefit the wider community. Examples include infrastructure improvements, place-making initiatives and projects that support the local economy.
- 4.7 Due to recent growth in business rates income, it has been calculated that, by the end of 2025/26, the amount of funding available through the Shared Growth Fund is likely to be in the region of £1.125m. Due to the impending business rate reforms affecting local government finance, it is currently unknown as to what level of growth (if any) will be retained through the Pool after 2026/27.

## **5 Proposal**

- 5.1 The proposed Business Rates Pool (Shared Growth Fund) Programme is set out in Annex 1. This programme has been pulled together by officers from the Borough Council and KCC in order to ensure that the projects that make up the programme reflect the strategic priorities of each organisation. These discussions have been productive, and the programme has secured the approval of KCC.
- 5.2 The starting point has been the Corporate Strategy 2023-2027 (and the Annual Service Delivery Plan 2025/26), along with the Economic Development Strategy 2023-2027, from a borough-wide perspective, and the Kent and Medway Economic Framework from a County-wide context.
- 5.3 As shown in Annex 1, the following projects are proposed for inclusion:

- UK Shared Prosperity Fund/REPF Continuation Pot: the aim of this fund is to support the continuation of successful projects (especially those covering employability and skills) within these existing programmes that are delivering tangible benefits to the community but will have no allocated funding post-March 2026.
- Economic Development Officer: to allocate some funding to provide staffing to help with the delivery of the programme. It is proposed that this would be used to retain the current externally-funded Economic Development Officer post beyond the existing fixed term which, at present, goes up to December 2026.
- Green Business Grant Scheme: to provide additional rounds of this popular scheme to support the decarbonisation of our local economy. The scheme has so far supported over 50 businesses over the course of 5 rounds with the implementation of PV panels, air source heat pumps, EV charging points, LED lighting and improved insulation.
- Town Centre Regeneration Pot: would be used to cover some of the costs of the Tonbridge East of High Street project, along with the Riverside Walk Lighting Project. This fund would be used to cover existing commitments as set out in our strategic plans, rather than for the creation of new projects.
- Larkfield Leisure Centre Carbon Reduction Plans: to support the further investment into de-carbonising the leisure centre and ensuring the continued provision of good quality leisure services that support the well-being of our residents.
- Tonbridge Castle (and broader tourism promotion): to support the plans for the Castle following the ultimate closure of Kent County Council's Gateway Service, and to help fund initiatives that promote the Castle and other visitor attractions across the borough as a whole.
- Bid Preparation Pot: Often announcements from Government regarding funding opportunities occur with little forewarning and have very tight deadlines. With current uncertainty about what future funding opportunities will arise after 2025/26, the aim of this pot would be to help resource the development of an evidence base that supports external funding investment in our strategic projects (be it at the West Kent or local level) so that when funding announcements do occur, much of the initial preparation work has either already been undertaken or can be done at speed.

## 6 Other Options

- 6.1 The programme set out in Annex 1 is the preferred option due to its strategic alignment with the economic priorities of both the borough council and KCC.

- 6.2 An alternative approach would be to look to fund other economic projects. However, there is no guarantee at this stage that doing so would meet with the agreement of KCC. In addition, by aligning this programme with our own strategic priorities as proposed, the borough council is able to meet some of its existing funding commitments through the Shared Growth Fund and therefore reduce its own funding liabilities

## **7 Financial and Value for Money Considerations**

- 7.1 There are limited financial and value for money implications for the council as the report relates to existing external funding. However, the use of the Business Rates Pool (Shared Growth Funding) to part-fund existing corporate priorities does have a positive impact on Council budgets.

## **8 Risk Assessment**

- 8.1 There are a number of potential risks across the programme, which will be reviewed on an ongoing basis. These include:
- The impact of Local Government Reorganisation on resources and timescales.
  - Loss of staffing to oversee and deliver the programme.
  - Lack of demand for grant schemes or engagement on skills initiatives.
  - Impact of wider socio-economic issues (e.g. recession, inflation or pandemics).
- 8.2 Most of these risks can be mitigated against, and plans will be put in place to ensure that the impact and likelihood of them are minimised where feasible.

## **9 Legal Implications**

- 9.1 The matters set out in this report are not considered to have direct legal implications and as such a legal opinion has not been sought.

## **10 Consultation and Communications**

- 10.1 As the programme progresses, there will be numerous opportunities to communicate the benefits of the programme and to promote and encourage applications to our grant schemes, through our website and social media activity.

## **11 Implementation**

- 11.1 The Business Rates Pool (Shared Growth Fund) Programme will be overseen by the Economic Regeneration team, with individual projects being delivered by officers from across the Borough Council. Although this will involve regular liaison between officers, it is not proposed that there will be a formal structure put in place specifically for the programme due to effective existing structures already being in place.

## 12 Cross Cutting Issues

### 12.1 Climate Change and Biodiversity

12.1.1 Some impact on reducing emissions in support of carbon neutral by 2030 or enhancing the natural environment.

12.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

12.1.3 Whilst the main focus of the programme is on supporting the local economy and delivering infrastructure improvements, carbon reduction plays a key part as well. This is most apparent in initiatives such as the Green Business Grant Scheme and the Larkfield Leisure Centre Carbon Reduction Plans which have a direct impact on decarbonisation, but other projects, such as Tonbridge Town Centre Regeneration Pot will also include elements of improved sustainability.

### 12.2 Equalities and Diversity

12.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

### 12.3 Other If Relevant

- Healthy Lifestyles

12.3.1 The Larkfield Leisure Centre Carbon Reduction Plans have a direct impact on supporting healthy lifestyles. It should be noted that there is a strong link between healthy lifestyles and having a workforce that is work-ready, and this is recognised in the Kent and Medway Economic Framework (Ambition 4 - Placing economic opportunity at the centre of community renewal and prosperity (developing a new partnership for health and the economy).

Background Papers	None
Annexes	Annex 1 - TMBC/KCC Business Rates Pool (Shared Growth Fund) Programme