

Local Government North Yorkshire and York**28 June 2019****Business Rates Pilot – North Yorkshire considerations****1.0 Background**

- 1.1 To update LGNYY on progress on the new North and West Yorkshire Business Rates Pilot and to also advise of residual issues from the North Yorkshire Business Rates Pool.

2.0 Progress

- 2.1 There is a scheduled meeting of the North and West Yorkshire Business Rates Pool on 27 June and a copy of the report is attached. This report sets out all of the key issues including governance, distribution of funding and suggestions for Leaders to consider supporting from the top slice.
- 2.2 Hopefully those in attendance at the meeting on the 27 June will be able to update LGNYY verbally on progress and any relevant matters.

3.0 Residual North Yorkshire Business Rates Pool Issues

- 3.1 The NY BR Pool has supported Welcome to Yorkshire for the last 3 years by using the top-slice of £250k to aid their financial recovery plan. The last year of this was 2018/19 although it is clear that financial issues remain – see the attached report. If the new N & WY BR Pilot supports the funding of Welcome to Yorkshire then it is likely that the NY Business Rates Pool will have a surplus of £250k in 2019/20 (derived from the position in 2018/19) which is available for economic priorities.
- 3.2 It should be noted that the surplus of £250k still requires clarification and is subject to decisions of the N & WY BR Pilot so no firm commitments should be made yet. It should also be noted that the surplus relates to the NY Business Rates Pool and the geography of the Pool in North Yorkshire excluding Harrogate and Selby Districts as they were not in this Pool.

4.0 Recommendations

- 4.1 That LGNYY note progress on the North and West Yorkshire Business Rates Pilot and consider any issues raised at the meeting on the 27 June and
- 4.2 Consider possible uses of the £250k top slice for the North Yorkshire Business Rates Pool arising from the outturn position in 2018/19.

Report prepared by –

Gary Fielding - Corporate Director, Strategic Director
North Yorkshire County Council
21 June 2019

Originator: Victoria Bradshaw 0113 378 8540

Report to: NORTH AND WEST YORKSHIRE BUSINESS RATES JOINT COMMITTEE

Date: 27TH JUNE 2019

Subject: NORTH AND WEST YORKSHIRE BUSINESS RATES POOL FINANCIAL REPORT

SUMMARY

This report sets out:

- a) The context in which the North and West Yorkshire Business Rates Pool has been set up;
- b) The governance arrangements and agreement for the North and West Yorkshire Pool;
- c) The current position of the North and West Yorkshire Pool, including the estimated 2019/20 financial position and the latest income projections;
- d) The proposed spending commitments for 2019/20;
- e) Further potential commitments for 2019/20;
- f) The proposed approvals required for funding provided by the Pool, including the proposed Accountability Framework for funding applications.

1. Introduction

- 1.1. As a precursor to the introduction of 75% business rates retention nationally in 2020/21, the Government released its business rate pilot prospectus for 2019/20 on 24th July 2018 inviting authorities to submit applications to pilot 75% business rates retention. It was also announced that the 2018/19 pilots would not continue to pilot 100% retention but that they could participate in this bidding process. 2017/18 devolution pilots will continue to pilot 100% business rates retention and the Greater London pilot will continue but this was reduced to 75% for 2019/20.
- 1.2. The opportunity to bid for pilot status in 2019/20 presented the potential for significant additional funding for authorities in comparison to reverting to the standard 50% retention scheme. Following discussions between authorities in Leeds City Region, North Yorkshire County Council and North Yorkshire Districts, a joint 2019/20 pilot was submitted.
- 1.3. At the Provisional Financial Settlement for 2019/20 the Secretary of State announced that our application to pilot 75% business rates retention as a North & West Yorkshire business rates pool

in 2019/20 has been successful, alongside 14 other pilots across England. Without the successful bid we would have each returned to only 50% retention in 2019/20.

1.4. The North and West Yorkshire Pool aims to benefit the individual members and further the aims of the region as a whole. The Pool has two complementary objectives:

- To support regional economic growth by providing support to and working in collaboration with regional partners;
- To support the financial stability of the member authorities, both at an individual and a regional level.

1.5. Overall, the pilot application estimated that it would bring additional funding to the Region of £29m, of which £6.3m would be used by the pool to fund regional projects with the remaining growth being returned to member authorities to enhance their financial sustainability.

2. Structure of the North and West Yorkshire Business Rates Pool

2.1. Membership of the North and West Yorkshire Business Rates Pool is as follows:

- City of Bradford Metropolitan District Council
- The Metropolitan Borough Council of Calderdale
- Craven District Council
- Hambleton District Council
- Harrogate Borough Council
- Kirklees Council
- Leeds City Council
- North Yorkshire County Council
- Richmondshire District Council
- Ryedale District Council
- Scarborough Borough Council
- Selby District Council
- The Council of the City of Wakefield
- City of York Council

3. Governance of the North and West Yorkshire Business Rates Pool

3.1. The Pool will be led by a Joint Committee comprising of representatives of the member Authorities making up the Pool. The initial Joint Committee representation will be as follows:

- City of Bradford Metropolitan District Council
- The Metropolitan Borough Council of Calderdale
- Harrogate Borough Council

- Kirklees Council
- Leeds City Council
- North Yorkshire County Council
- Scarborough Borough Council
- The Council of the City of Wakefield
- City of York Council

3.2. The draft Governance Agreement for a North and West Yorkshire 75% Retention Pilot is attached at **Appendix A** and the Terms of Reference for the Joint Committee at **Appendix B**.

3.3. The draft Governance Agreement and Terms of Reference were initially presented at the informal meeting of Leaders of the North and West Yorkshire Business Rates Pool on 11th April 2019. At that meeting the Leaders suggested some amendments to the Governance Agreement and, as a consequence, the Terms of Reference. With an additional section added at **Appendix A, Paragraph 10** to note responsibilities at the point when the Pool is dissolved. These amendments are included in the attached documents.

3.4. The Joint Committee are therefore requested to formally approve the Governance Agreement and Terms of Reference, as attached at **Appendices A and B**.

4. Estimated Pool Income 2019/20

4.1. Based on authorities' own estimates at the time of the pilot application process, the North and West Yorkshire Business Rates Pool Pilot was estimated to bring additional income to the region of £29.0m. This includes the additional growth generated by 75% retention of business rates, projected to be £23.6m. However, additional growth is only one revenue stream affected by business rates, multiple income streams change because of higher retention. Some examples of this include member authorities financially benefitting from: funding from the multiplier cap compensation; additional income received for business rates reliefs received at 75% retention, compared to 50% retention, and; savings on accounting adjustments for appeals provisions. **Appendix C** shows the outcome of these calculations, the detail off which was shared with member authorities at the time of the pilot application.

4.2. Since the pilot application process last summer, member authorities have completed their NNDR1 estimates of Business Rates income for the year 2019/20. This has led to an updated, latest estimate. The additional income to the region is now projected to be £35.8m. The additional growth generated by the Pool is now estimated to be £27.7m, with £7.9m of this to be used by the Pool to fund regional projects. The forecast remaining growth would be returned to member authorities to enhance their financial sustainability. A summary of the split of additional growth is shown at **Table 1**, the redistribution of this to member authorities is shown at **Appendix D**, the detail of which has been provided to member authority Chief Financial Officers.

Table 1: Summary Distribution of Additional Income

	£m
"Additional growth" generated by the 75% retention pool pilot	-27.7
Safety net payment from Pool to authorities in safety net	4.0
Balance to be shared between authorities and pool	-23.7
Balance redistributed to member authorities:	
Based on Population (1/3 of "balance to be shared")	7.9
Based on Growth (1/3 of "balance to be shared")	7.9
Balance retained by the Pool (1/3 of "balance to be shared")	7.9
	23.7

5. Proposed Commitments for the North and West Yorkshire Business Rates Pool

- 5.1. The Joint Committee will recall that at the informal meeting on 11th April 2019, Leeds City Council, as lead authority, presented a number of commitments for Members to consider spending in 2019/20. It was not possible for Members to formally agree items of expenditure at that time as it was an informal meeting.
- 5.2. These proposed commitments are re-presented in **Table 2**, with amendments or additions to the original list noted in the comments in **paragraphs 5 and 6 below**:

Table 2: Proposed commitments for consideration in 2019/20

North and West Yorkshire Pool	£m	£m	Paragraph reference
2019/20 Estimated Income		-7.91	
Proposed Commitments:			
Welcome to Yorkshire subscriptions	0.32		5.2.1.
Tour de Yorkshire	0.55		5.2.2.
UCI Cycle Race	0.60		5.2.3.
Secretariat Functions	0.20		5.2.4.
Combined Authority Transport Fund	0.70		5.2.5.
Lead Authority Administration Costs	0.30		5.2.6.
Subtotal Proposed Commitments:		2.67	
Other Potential Commitments			
Welcome to Yorkshire draft business plan *	1.00		6.1.1.
Screen Yorkshire	0.18		6.1.2.
Subtotal Potential Commitments		1.18	
Remaining Balance to fund activities		-4.06	

* Indicative value up to £1m to reflect first year of new business plan

5.2.1. Welcome to Yorkshire

Subscriptions for 2019/20 of £323k – In 2018/19 the LCR Pool funded member subscriptions of £167k, the North Yorkshire Pool (with the addition of Selby) funded member subscriptions of £156k.

Assuming the same level of member subscription in 2019/20, a value of £323k is included in **Table 2** above, to be discussed by the Joint Committee.

5.2.2. Tour de Yorkshire

The LCR Pool contributed to member authorities that have hosted starts or finishes of the Tour de Yorkshire. In 2018/19 this was £100k for each of the three start/finish authorities, and an additional £121k funding for additional costs, in total £421k.

If the North and West Yorkshire BRP chose to follow a similar proposal, the 2019 Tour de Yorkshire has 5 starts and finishes in the North and West Yorkshire region, plus two starts and finishes for the women's race (an addition to the potential commitments since the meeting in April). Without funding from the Pool, these costs would fall to the individual authorities. Thus a potential commitment of £550k included above.

5.2.3. UCI Cycle Race

Authorities have identified a potential commitment for the 2019 UCI Cycle Race. Whilst the former LCR Pool committed £0.673m to Harrogate as the main host of the event, there are additional starts across the region including: Bradford, Hambleton, Leeds (including Wetherby), Richmondshire and Selby. The North and West Yorkshire Pool Joint Committee may wish to consider providing funding for these events. As an estimate, each start event could cost in the region of £0.075m-£0.1m. Thus a potential commitment of £0.6m included above.

5.2.4. Secretariat Function

The LCR Pool have historically made a payment to the West Yorkshire Combined Authority for the Leeds City Region Secretariat function on behalf of member authorities. The funding for this is £0.62m per year. This funding will now be provided from the 2018/19 LCR Pool surplus, subject to LCR Pool Authorities approval. Therefore the table above has been amended since the informal meeting in April, and the value excluded.

North Yorkshire County Council have similarly identified a payment to the LEP Secretariat of £0.20m per year. This is included on **Table 2** above.

5.2.5. Transport Fund

There has been an ongoing commitment from the LCR Pool to reimburse the member authorities for their Transport Fund payments to the Combined Authority. The funding each year, since 2015/16, has been £0.7m. Given that WYCA is giving a £2m refund to authorities, there may be an option for authorities to pick up this cost. However, authorities may have taken this into account in their base 2019/20 budget, and it would therefore be an additional cost to those authorities.

The Transport Fund payment has been included in **Table 2** above.

5.2.6. Lead Authority Administration Costs

This is an additional proposed area of expenditure since the informal meeting on 11th April 2019. It has become apparent that there is an additional burden on officer time when acting as lead authority in a Pool pilot arrangement. Having made an assessment of officer time, covering Finance, Legal and Governance services, we propose that a charge of £30,000 would cover the cost of time incurred by Leeds City Council officers.

5.3. Whilst it may not be possible to approve each item at this point, we welcome the views of the Joint Committee as to whether these remain appropriate areas of expenditure and should remain on this list or be removed for future consideration.

5.4. As shown in **Table 2** above, the **Proposed Commitments** total £2.67m, against a latest estimated income of £7.91m. This would leave a remaining balance of £5.23m, however, other **Potential Commitments** are discussed in **Paragraph 6** below.

6. Other Potential Commitments for the North and West Yorkshire Business Rates Pool

6.1. In addition to the areas of expenditure proposed above, there are further potential commitments that have previously been presented to the Joint Committee, but which may still require a formal discussion and business plan or application for funding.

These potential commitments are included in **Table 2** above:

6.1.1. Welcome to Yorkshire Grant

Historically each Pool has made an annual grant payment to Welcome to Yorkshire. The LCR grant was £663k and the North Yorkshire grant £250k. These grant agreements have now concluded. We are aware that Welcome to Yorkshire are working on a three year business plan (2019/20 – 2021/22) and anticipate a bid for future funding will be made to the North and West Yorkshire Business Rates Pool, to replace the grants previously made by the two separate Pools.

As such **Table 2** above, earmarks an indicative value up to £1m to reflect the first year of this new business plan. However, any grant amount would not be payable until a successful application process and grant agreement were complete. It may also be appropriate to include a sub-group monitoring arrangement as part of the grant process.

6.1.2. Screen Yorkshire Grant

The grant agreement between LCR Pool and Screen Yorkshire ended on 31st March 2019. The LCR Joint Committee have previously provisionally approved funding to Screen Yorkshire for 2019/20, pending further information to be presented to the Chair. This utilises £175k of the 2018/19 LCR Pool surplus.

We anticipate a bid for future funding may be made to the North and West Yorkshire Business Rates Pool, possibly in the region of £175k per year. However, given that the

LCR Pool have already agreed funding for 2019/20, any funding provided from the North and West Yorkshire Pool would most likely be for 2020/21 or beyond.

We have therefore included a potential commitment of £175k in **Table 2** above which would be used to fund 2020/21. Again, any grant amount would not be payable until a successful application process and grant were complete.

6.2. The total potential commitments, as shown in **Table 2** come to £1.18m. Total proposed and potential commitments together come to £3.85m. Against an estimated income of £7.91m, this would leave a remaining balance of £4.06m for Leaders to consider and potentially identify additional projects as appropriate.

7. Applying for funding

7.1. Assuming that some, or all, of the areas of expenditure noted in paragraphs 5 and 6 are agreed by the Joint Committee, these fall into the following areas:

- Subscriptions;
- Payments made to member authorities for costs incurred, e.g. Tour de Yorkshire/UCI Race;
- Payments made to non-member organisations, e.g. WYCA, Welcome to Yorkshire, Screen Yorkshire;
- Additional projects to be agreed by Leaders in order to utilise the remaining balance.

7.2. The basis on which the Joint Committee give authority and approve funding for these four areas of expenditure may differ depending on the type of expenditure. We therefore propose the following and welcome the views of the Joint Committee as to whether this is deemed appropriate:

7.2.1. Subscriptions – Proposed payments made by the Pool on behalf of the member authorities to be recommended for approval in the Finance report to the Joint Committee and recorded as approved (or otherwise) in the minutes of the meeting;

7.2.2. Payments made to member authorities for costs incurred (e.g. Tour de Yorkshire/UCI Race) to be recommended for approval in the Finance report to the Joint Committee and recorded as approved (or otherwise) in the minutes of the meeting;

7.2.3. Payments made to non-member organisations (e.g. WYCA; Welcome to Yorkshire; Screen Yorkshire) – these organisations to submit a robust business case to support an application process to be managed by an independent body, for example, the West Yorkshire Combined Authority;

7.2.4. Additional projects to be agreed by Leaders in order to utilise the remaining balance – the lead authority(s) to follow an application process to be managed by an independent body, for example, the West Yorkshire Combined Authority.

7.3. At the informal meeting on 11th April 2019 the Joint Committee discussed the need for an accountability framework. As such we have developed the framework attached at **Appendix E** for the attention and approval of the Joint Committee. Whilst this framework would work in

conjunction with the application process referred to in **Paragraphs 7.2.3 and 7.2.4**, it should also be considered by member authorities receiving funding for costs incurred (**Paragraph 7.2.2** above).

8. Recommendations

8.1. Members are recommended:

- a) To note the context and structure of the North and West Yorkshire Business Rates Pool as described in **Paragraphs 1 and 2**;
- b) To approve the Governance Agreement at Terms of Reference set out in **Paragraph 3 and Appendices A and B**;
- c) To note the projected Pool income for 2019/20 as shown in **Paragraph 4 and Appendices C and D**;
- d) To note, and approve if applicable, the proposed items of expenditure at **Paragraph 5**;
- e) To note the potential areas of expenditure at **Paragraph 6**;
- f) To note the different areas of expenditure described in **Paragraph 7.1**, and approve, or recommend changes to, the proposed funding processes as laid out in **Paragraph 7.2**; and
- g) To approve, or recommend changes to, the Accountability Framework noted in **Paragraph 7.3**, and set out in **Appendix E**.

NORTH AND WEST YORKSHIRE BUSINESS RATES POOL
GOVERNANCE AGREEMENT

1 Title

1.1 The North and West Yorkshire Business Rates Pool.

2 Membership

2.1 City of Bradford Metropolitan District Council, The Metropolitan Borough Council of Calderdale, Craven District Council, Hambleton District Council, Harrogate Borough Council, Kirklees Council, Leeds City Council, North Yorkshire County Council, Richmondshire District Council, Ryedale District Council, Scarborough Borough Council, Selby District Council, The Council of the City of Wakefield and City of York Council.

3. Commencement

3.1 This governance agreement comes into force on 1st April 2019 and will continue until the Pool is dissolved, either by Government or because any one of the members formally leaves the Pool (see “Dissolving the Pool”, below).

4. Rationale and Objectives

4.1 The North and West Yorkshire Pool exists to benefit the individual members and to further the aims of the North and West Yorkshire region as a whole. The Pool has two key objectives:

- To support the financial sustainability of the member authorities, both at an individual and a regional level;
- To support regional economic growth by providing support to and working in collaboration with regional partners, with a focus on the following themes:
 - Reducing Digital Isolation
 - Inclusive Growth
 - Culture, Sport and Major Events
 - Business Support, Trade and Investment
 - Enabling Housing Growth

4.2 Member authorities will retain 75% of growth above business rates baseline income, with the remaining 25% being paid to government. The Pool will receive from members one third of the 75% of growth above business rates baseline income.

4.3 This Pool income will be shared out so that member authorities receive two thirds of the additional income generated through 75% business rate retention, one third in proportion to their share of total growth achieved above the 75% baseline and one third in proportion to population, the remaining third of additional income being retained by the Pool. The only exceptions to this are set out in Section 8, below.

4.4 Any variation to the arrangements set out in 4.2 and 4.3, above, will require the formal agreement of the North and West Yorkshire Business Rates Pool Joint Committee.

5. Leadership and Accountability

5.1 The Pool will be led by a Joint Committee comprising of representatives of the member Authorities making up the Pool. Joint Committee representation will be as follows:

Five representatives from West Yorkshire:

- City of Bradford Metropolitan District Council
- The Metropolitan Borough Council of Calderdale
- Kirklees Council
- Leeds City Council
- The Council of the City of Wakefield

Four representatives from North Yorkshire, the initial representatives being:

- North Yorkshire
- City of York Council
- Harrogate Borough Council
- Scarborough Borough Council

5.2 The Joint Committee will direct expenditure and shall be responsible for:

- Allocating any excess income arising from the one third Pool share as set out in 4.2 and 4.3 above;
- any changes to the purposes for which the income received by the Pool should be used, but the principle that no authority should receive less than they would if not in the 75% Pool pilot, shall be maintained;
- agreeing the expenses to be deducted by the lead authority administering the Pool;
- considering any applications for other councils to join the Pool;
- any variations to the membership of the Joint Committee; and
- any other matters relating to the administration and governance of the Pool including replacement of the lead authority.

5.3 The members of the Joint Committee will elect a chairperson.

5.4 The Joint Committee will meet as and when required but no less than twice each year.

5.5 The quorum for the meetings will be no less than 5 members. Representatives of the member authorities will be able to nominate substitutes. This may be from their own authority or substitution from a different member authority that is not one of the representatives listed at 5.1.

5.6 Member voting rights will be one vote for each member of the Joint Committee. Voting will be by simple majority. In the event of a tie, the chair of the meeting will have a casting vote.

5.7 The Joint Committee will be supported by officers drawn from the lead authority.

5.8 The Joint Committee may establish any sub-groups or any officer forums that they believe to be appropriate.

5.9 Minutes of Joint Committee meetings will be published as required by law.

6. Lead Authority

6.1 The current lead authority responsible for the administration of the Pool shall be Leeds City Council.

6.2 The lead authority will normally act as such for a full year and may only be replaced at the year end. A lead authority wishing to relinquish the role at the financial year end (i.e. 31st March) must give a minimum of four months' notice.

6.3 Each member of the Pool will be jointly and severally liable for any payments required to the Ministry of Housing, Communities and Local Government but, notwithstanding that, the lead authority will take responsibility for all matters in relation to the administration of the Pool including (but not limited to):

- all liaison with MHCLG and other government departments including the completion of all forms and returns associated with the Pool;
- administration of payments to and from the Pool and all calculations relating to the collection fund for the Pool;
- producing an annual report showing how income has been distributed and preparing periodic monitoring reports for Pool members;
- calculation of the costs of administering the Pool which are to be deducted from the rewards of the Pool. If the excess income generated by the Pool was insufficient to cover the administrative costs of the Pool in any year, then the shortfall would be shared between the Pool members in proportion to their spending baselines;
- The lead authority will ensure that the pooling arrangements, annual reports and other financial information is published and is freely available on the lead authority's website or elsewhere as appropriate.

7. Dissolving the Pool

7.1 This Pool may be revoked by Government after one year.

7.2 If any member decides to leave the Pool the regulations require that the Pool will be dissolved.

7.3 Any authority seeking to leave the Pool should inform MHCLG and all other members of the Pool as soon as possible. Once the Pool has been established, this must be by 30th September in any year, to allow the remaining members time to seek designation of a new Pool for the following year (see 7.5, below).

7.4 The lead authority will make the necessary calculations and submit the required returns associated with the dissolving of the Pool.

7.5 The remaining members of the Pool may choose to form a new Pool and, if they wish, include new members for the following year (subject to new designation by MHCLG).

8. Safety Net and 'No Detriment'

- 8.1 The Pool will have a single safety net threshold set at 95% of its baseline funding level. Authorities not participating in pooling arrangements who suffer reductions in business rates income exceeding the safety net threshold would be entitled to safety net payments. If an authority is a member of a business rates pool, the safety net payment to that individual authority could be lost because the loss across the pool may not be as much as the 5% required to reach the safety net threshold.
- 8.2 Authority(s) that would otherwise have qualified for safety net(s) will have their share of Pool proceeds calculated so as to include what they would have received as a safety net payment. However in doing so, no Authority in receipt of a safety net payment shall financially benefit, taking all income streams into account, above what they would have received under the 50% retention scheme.
- 8.3 Authority(s) that would have been better off under the 50% retention scheme will have their share of Pool proceeds calculated so as to include what they would have received in a 'no detriment' arrangement, i.e. under the 50% retention scheme.

9. Treatment of Potential Losses in Income and Residual Benefits or Liabilities

- 9.1 There is also a risk that authority(s) participating in the Pool will be worse off as a result of their participation when compared with what their financial position would have been under the 50% Business Rate Retention Scheme, including receipt of Revenue Support Grant and Rural Services Delivery Grant.
- 9.2 Authority(s) that would have been better off under the 50% retention scheme will have their share of Pool proceeds calculated so as to include what they would have received in a 'no detriment' arrangement, i.e. under the 50% retention scheme.
- 9.3 Loss in income to Pool members in the circumstances set out above will be met proportionately from the Pool's one third share of the additional income generated by the authorities within the Pool and the member authorities' two thirds share of that income. If that income is insufficient then the net loss will be shared amongst all members of the Pool in proportion to their spending baselines for the year to which the safety net(s) would have applied.
- 9.4 Once such losses in income are resolved, any residual benefits or liabilities arising in regard to the Pool's one third share of additional income will be shared amongst all the members of the Pool in proportion to their two thirds share of the additional income received from the Pool. Any residual benefits or liabilities arising in regard to the two thirds share of additional income apportioned to local authorities must be dealt with by the authorities themselves.
- 9.5 Any financial benefits committed in 2019/20 for future years' expenditure shall remain under the authority of the Joint Committee until expenditure is either incurred or the Joint Committee agree to treat as "residual benefit" (see 9.4 above).

10. Authority following the dissolution of the Pool

- 10.1 At the point when the Joint Committee ceases to exist, they will authorise the lead authority to make any remaining payments on their behalf.
- 10.2 Any financial benefit committed to future years shall be transferred to the appropriate, sponsoring member authority who would then be responsible for delivering the funding for the schemes in accordance with the original approval. Should the value of funds transferred be greater than the actual cost, the member authority will ensure spend is consistent with the Pool's strategic aims.
- 10.3 Where the financial benefit committed to future years cannot be allocated to a single member authority, the funds shall be transferred to the lead authority who would then be responsible for delivering the funding for the schemes in accordance with the original approval. Should the value of the funds transferred be greater than the actual costs, the lead authority will treat as "residual benefit" (see 9.4 above).
- 10.4 At the point when the Joint Committee is dissolved, their authority as a decision making group is no longer binding. Any decisions made after this point would be made by the Leaders representing their authority and will be subject to that authority's internal governance processes.

**NORTH AND WEST YORKSHIRE BUSINESS RATES POOL JOINT COMMITTEE
TERMS OF REFERENCE
TO BE AGREED**

The North and West Yorkshire Business Rates Pool Joint Committee is authorised to:

- Allocate any excess income arising from the one third Pool share in accordance with the North and West Yorkshire Business Rates Pool governance agreement;
- Determine any changes to the purposes for which any such excess income should be applied, subject to the principle that no authority should receive less than they would if not in the 75% Pool pilot;
- Determine the expenses to be deducted by the lead authority administering the Pool;
- Consider any applications for other authorities to join the Pool;
- Determine any variations to the membership of the Joint Committee; and
- Determine any other matters relating to the administration and governance of the Pool including replacement of the lead authority.

The Joint Committee will elect a chairperson.

The Joint Committee will meet as and when required but no less than twice each year.

The quorum for meetings of the Joint Committee will be no less than 5 members. Members will be able to nominate substitutes either from their own authority or from a different member authority that is not a “representative” listed in the Governance Agreement.

Member voting rights will be one vote for each member of the Joint Committee. Voting will be by simple majority. In the event of a tie, the chair of the meeting will have a casting vote.

Estimated Pool Income to Member Authorities based on Pilot Application

North and West Yorkshire Pilot Authorities	Bradford £	Calderdale £	Kirklees £	Leeds £	Wakefield £	York £	North Yorkshire Area * £	Total £
Total growth retained by authorities under 50% retention	5,319,871	3,002,431	2,783,924	12,973,869	9,274,624	3,970,768	10,320,636	47,646,124
Total growth retained by authorities under 75% retention	8,034,091	4,534,284	4,204,294	19,593,190	14,006,574	5,996,670	14,883,377	71,252,481
Additional Growth retained by the Pool at 75% retention	2,714,220	1,531,853	1,420,370	6,619,321	4,731,951	2,025,902	4,562,741	23,606,358
Less Safety Net payment to authorities in safety net								- 4,613,910
Balance to be shared between authorities and Pool								18,992,448
Balance redistributed to member authorities:								
Based on Population (1/3 of "balance to be shared")	1,086,580	426,616	888,836	1,589,856	685,030	423,763	1,230,135	6,330,816
Based on Growth (1/3 of "balance to be shared")	727,907	410,816	380,919	1,775,187	1,269,027	543,312	1,223,648	6,330,816
Total to member authorities	1,814,487	837,432	1,269,755	3,365,043	1,954,057	967,074	2,453,783	12,661,632
Balance retained by the Pool								6,330,816

* North Yorkshire Area: The two tier system requires an additional calculation	Craven £	Hambleton £	Harrogate £	Richmondshire £	Ryedale £	Scarborough £	Selby £	North Yorkshire County £	Total North Yorkshire Area £
Total growth retained by authorities under 50% retention	871,590	1,361,099	2,341,533	923,822	921,175	2,658,796	-	1,242,620	10,320,636
Total growth retained by authorities under 75% retention	1,143,963	1,786,443	3,073,262	1,212,516	1,209,043	3,489,670	-	2,968,482	14,883,377
Additional Growth retained by the Pool at 75% retention	272,372	425,344	731,729	288,694	287,867	830,874	-	1,725,861	4,562,741
Balance redistributed to member authorities:									
Based on NY 2-tier split (County share)	-	-	-	-	-	-	-	1,241,738	1,241,738
Based on Population (1/2 of District share)	56,416	90,710	156,611	53,835	53,588	108,030	86,833	-	606,023
Based on Growth (1/2 of District share)	58,185	90,863	156,314	61,672	61,495	177,494	-	-	606,023
Total to member authorities	114,601	181,573	312,925	115,507	115,083	285,524	86,833	1,241,738	2,453,783

Estimated Pool Income to Member Authorities based on Latest Estimates (NNDR1s)

North and West Yorkshire Pilot Authorities	Bradford	Calderdale	Kirklees	Leeds	Wakefield	York	North Yorkshire Area *	Total
	£	£	£	£	£	£	£	£
Additional Growth retained by the Pool at 75% retention	2,554,451	1,355,683	1,331,823	10,541,450	5,259,200	2,360,440	4,341,192	27,744,239
Less Safety Net payment to authorities in safety net								- 4,023,319
Balance to be shared between authorities and Pool								23,720,920
Balance redistributed to member authorities:								
Based on Growth (1/3 of "balance to be shared")	728,006	386,363	379,563	3,004,262	1,498,847	672,714	1,237,219	7,906,973
Based on Population (1/3 of "balance to be shared")	1,357,102	532,829	1,110,126	1,985,675	855,579	529,265	1,536,397	7,906,973
Total to member authorities	2,085,108	919,192	1,489,690	4,989,937	2,354,426	1,201,979	2,773,616	15,813,947
Balance retained by the Pool								7,906,973

* North Yorkshire Area: The two tier system requires an additional redistribution calculation	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	North Yorkshire County	Total North Yorkshire Area
	£	£	£	£	£	£	£	£	£
Additional Growth retained by the Pool at 75% retention	281,869	459,800	834,045	73,568	271,081	698,000	-	1,722,830	4,341,192
Balance redistributed to member authorities:									
Based on NY 2-tier split (County share)	-	-	-	-	-	-	-	1,397,249	1,397,249
Based on Growth (1/2 of District share)	74,083	120,849	219,212	19,336	71,248	183,455	-	-	688,183
Based on Population (1/2 of District share)	64,064	103,008	177,843	61,133	60,853	122,676	98,605	-	688,183
Total to member authorities	138,148	223,857	397,055	80,469	132,101	306,131	98,605	1,397,249	2,773,616

NORTH AND WEST YORKSHIRE BUSINESS RATES POOL JOINT COMMITTEE ACCOUNTABILITY FRAMEWORK TO BE AGREED

This Accountability Framework has been developed by the North and West Yorkshire Business Rates Pool (BRP). The BRP is made up of 14 authorities:

- City of Bradford Metropolitan District Council
- The Metropolitan Borough Council of Calderdale
- Craven District Council
- Hambleton District Council
- Harrogate Borough Council
- Kirklees Council
- Leeds City Council
- North Yorkshire County Council
- Richmondshire District Council
- Ryedale District Council
- Scarborough Borough Council
- Selby District Council
- The Council of the City of Wakefield
- City of York Council.

The BRP is a voluntary arrangement between the member authorities made possible by the Business Rates Retention scheme which allows local authorities to retain locally 75% above the baseline of its business rates growth income.

This Accountability Framework has been produced in order to provide clarity on the relationship between the North and West Yorkshire Business Rates Pool and those organisations to which it provides funding. Specifically, the requirements that will be placed on those organisations and the expectations of the North and West Yorkshire Business Rates Pool from the organisations.

In 2019/20 the BRP will make funding available to support projects which meet the five strategic aims of the Pool:

The aims of the BRP are as follows:

- Reducing Digital Isolation
- Inclusive Growth
- Culture, Sport and Major Events
- Business Support, Trade and Investment
- Enabling Housing Growth

Only local authorities of the North and West Yorkshire Business Rates Pool can apply to the BRP. Should an applicant who is not a local authority wish to apply for funding they must do so with a local authority Leaders support as the lead sponsor. Henceforth the organisation(s) making the application for funding shall be known as the “Organisation(s)”, regardless of whether a local authority or not.

Roles and Responsibilities of the Organisation applying for funding

This Accountability Framework has been developed to establish a set of protocols and demonstrate the expectations of the BRP in relation to those to whom it is providing funding. Organisations in receipt of funding from the BRP must assume that they will be expected to abide by the following rules:

Relevance: Funding provided must be spend on achieving the organisations strategic aims.

Accountability: Organisations must be able to explain to the BRP how the funding provided meets the strategic aims of the Pool. This may include senior management of the Organisation attending a meeting of the Pool or recognised sub-group, as agreed by the Joint Committee.

Transparency: The funding provided by the BRP is, in essence, public funds, as such the Joint Committee expect that funds should be spent in accordance with Local Authority practices.

Decision Making and Flexibility: We recognise that organisations may need to respond to their changing environment, and that the context in which funding is provided can change. Future decisions taken will meet the strategic aims of the North and West Yorkshire BRP, where necessary, with the active involvement of the Joint Committee.

Responsibility: Accountability is the obligation to take responsibility. Organisations applying for funding should understand relevant policies, best practices, laws and regulations in Local Government, as well as the BRP’s strategic aims, and ensure that their processes are compliant.

Applications for funding

Applications for funding should made using the WYCA coordinated process.

Applications will include:

- Funding request summary
- Project details, including key activities to be funded
- Project outputs and outcomes
- Project funding details
- Project timetable

Successful application for funding

Where organisations make a successful application for funding, the details in the application, including performance measures, will be encompassed in a grant agreement, prepared by the lead authority’s Legal Services and signed by the lead authority’s Chief Financial Officer on behalf of the North and West Yorkshire BRP.

Performance will be measured against the grant agreement, reverting back to the application form if required.

During the period of funding, or for an agreed period following the end of the project, the Organisation may be called upon to report back to the North and West Yorkshire BRP. The North and West Yorkshire BRP also require open governance and decision making processes are in place. This may include providing minuted meetings around project decision making or the attendance of the Organisation’s senior management at a Pool meeting.