

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.