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LEEDS CITY REGION BUSINESS RATES POOL JOINT COMMITTEE

FRIDAY, 16TH SEPTEMBER, 2022

PRESENT: Councillor J Lewis in the Chair

PRESENT: Councillors: P Davies (Kirklees MC)
L Shaw (Wakefield MDC)
S Dacre (Calderdale MBC)
P Widdowson (City of York)
and Mr A Cross (City of Bradford MDC)

In Attendance: E Croston (Kirklees), N Warren (Wakefield), R Colley (LCC), D Moore (LCC) R Ellis (LCC) and H Gray (LCC)

11 Election of the Chair

Nominations were sought for the position of Chair.

Councillor J Lewis was nominated for the position of Chair, the nomination was seconded. Upon being put to the vote it was

RESOLVED – That Councillor J Lewis be elected as Chair for the duration of the meeting.

12 Appeal against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents.

13 Late Items

No formal late items of business were added to the agenda, however the Joint Committee had received the following supplementary information prior to the meeting:

Item 8 LCR Business Rates Pool Financial Report -

- addendum to the financial report providing an updated projected forecasts for Pool income
- additional submission from City of York Council

14 Exempt Information - Possible Exclusion of Press and Public

The agenda contained no exempt information.

15 Apologies for Absence

The following apologies for absence and notifications of substitutes were reported:

Councillor S Pandor (Kirklees MC), T Swift (Calderdale MBC), S Hinchliffe (City of Bradford MDC) and D Jeffery (City of Wakefield MDC)

Councillors: P Davies (Kirklees MC), S Dacre (Calderdale MBC), and L Shaw (Wakefield) and Mr A Cross (Bradford) were in attendance as substitutes.

Apologies were also received from Councillor R Cooper (Harrogate), W Sampson; R Tuddenham, J Gedman, T Riordan, V Bradshaw and K England.

16 Declarations of Interest

No declarations on interest were made.

17 Minutes of the Previous Meeting

RESOLVED – The minutes of the previous meeting held 10th August 2022 were agreed as a correct record.

18 Matters Arising from the Minutes

There were no matters arising from the minutes.

19 Leeds City Region Business Rates Pool Financial Report

Further to Minute 9 of the meeting held 10th August 2022, the Chief Officer, Financial Services Leeds City Council, submitted a report for consideration which set out the following:

- The context in which the 2022/23 Leeds City Region Business Rates Pool was established,
- The current position of the Leeds City Region Pool, including the provisional 2021/22 financial position and the latest income projections for 2022/23, and
- The proposed allocation of funding for 2021/22 and 2022/23.

The report provided the latest information from member authorities indicating that income to the pool will rise slightly to £4.4m (from the previous forecast of £4.1 m).

The supplementary documents provided updated income projections for 2022/23 (an updated table 2) showing £5.2 m levy payments and forecast redistribution for 2022/23 (an updated table 5).

The report referenced the decision of the Joint Committee on 10th August 2022 to approve the Memorandum of Understanding (MOU) between the member authorities of the Leeds City Region Business Rates Pool for 2022/23 and its Terms of Reference.

The approved MOU stated that retained funding can be used at the direction of the Joint Committee to fund regional projects seeking to promote inclusive growth in the region. Any residual benefit, after these payments are made, will then be returned to member authorities using the agreed formulation: -

- 25% in proportion to population, to recognise the most significant driver of need,
- 25% in proportion to growth above the baseline, to continue to incentivise growth in the business rates tax base in the region,
- 25% in proportion to the levy payments made to the pool, to recognise the contribution of the 3 levy-paying authorities to the income of the pool,

- 25% to the 4 top-up authorities in proportion to the top-ups they receive from Government, to recognise that without the participation of top-up authorities levy payments could not be retained within the region.

The 2022/23 distribution methodology in force is different to that of 2021/22 which set the distribution of residual benefits using a formulation of 50% in proportion to population and 50% in proportion to growth above the baseline.

The Joint Committee was also reminded of the advantages and risks associated with the operation of the pool –

- The retention in the region of levy payments that would otherwise have to be made to Central Government.
- The risk that if the retained business rates income and associated Section 31 grant income of a member authority falls below 92.5% of their assessed spending requirement, or Baseline Funding Level, the payment of a safety net payment from Central Government will not be forthcoming. This payment will have to be met by the pool and if income to the pool is not sufficient, by member authorities.

The Joint Committee noted that the date for submission of an application to continue to pool business rates in 2023/24 was 22nd September 2002.

RESOLVED –

- a) To note the context, structure and governance of the 2022/23 Leeds City Region Business Rates Pool as described in Paragraphs 1, 2 and 3 of the submitted report,
- b) To note the provisional outturn Pool income for 2021/22 and projected Pool income for 2022/23 as shown in Paragraphs 4 and 5 and set out in the updated Table 2 contained in the supplementary document,
- c) To note the risks to retained income and of breaching safety net at Paragraph 6, and
- d) To note the provisional outturn re-distribution of residual benefits from the 2021/22 Pool and the forecast re-distribution of 2022/23 Pool income to member authorities at Paragraph 7 and set out in the updated Table 5 contained in the supplementary document.

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