

LEEDS CITY REGION BUSINESS RATES POOL JOINT COMMITTEE

FRIDAY, 17TH MARCH, 2023

PRESENT: Councillor S Hinchcliffe in the Chair

Councillors: P Davies (Kirklees MC)
S Dacre (Calderdale MBC)
J Lewis (Leeds CC)
and Mr N Warren (Wakefield MDC)

In Attendance: R Colley (LCC), D Moore (LCC) R Ellis (LCC) and H Gray (LCC)

20 Election of the Chair

Nominations were sought for the position of Chair.

Councillor S Hinchcliffe was nominated for the position of Chair, the nomination was seconded. Upon being put to the vote it was **RESOLVED** – That Councillor S Hinchcliffe be elected as Chair for the duration of the meeting.

21 Appeal against refusal of inspection of documents

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

22 Late Items

There were no late items of business.

23 Exempt Information - Possible Exclusion of the press and public

The agenda contained no exempt information.

24 Apologies for absence

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

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

Councillors P Davies (Kirklees MC), S Dacre (Calderdale MBC), and N Warren (Wakefield) were in attendance as substitutes.

Apologies were also received from Councillor R Cooper (Harrogate BC) and Councillor P Widdowson (City of York), R Tuddenham, J Gedman, T Riordan, V Bradshaw and D Mitchell.

25 Declarations of Interest

No declarations of interest were made.

26 Minutes of the Previous Meeting

RESOLVED – That the minutes of the previous meeting held on 16th September 2022 be agreed as a correct record.

27 Leeds City Region Business Rates Pool Financial Report

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 set up;
- The current position of the Leeds City Region Pool, including the provisional 2021/22 financial outturn and the latest income projections for 2022/23;
- The proposed allocation of funding for 2021/22 and 2022/23;
- The process required to close down the 2021/22 and 2022/23 Leeds City Region Business Rates Pools following the winding up of the current Joint Committee.

Additionally, the Joint Committee was reminded of the following matters:

- The contents of the Memorandum of Understanding (MoU)
- That retained funding was used at the direction of the Joint Committee seeking to promote inclusive growth in the region, with residual benefit returned to member authorities based on the following formula for 2022/23
 - 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 report contained the following information:

- The projected levies as at 31st March 2022 were based on the provisional NNDR 3 returns detailing outturns for 2021/22 at £4.289m.
- During the application process to continue the Business Rates Pool into 2022/23, the estimate of additional funding that could be retained was estimated at £5.1m, however this had been updated as at January 2023 to £6.279m.
- The impact of the continued risks to the economy in the form of the cost of living crisis, risks to growth, Empty Rate Relief and bad debt costs which pose a risk to business rates and general fund income streams.
- Noted the MoU reflected the Government's pooling prospectus which stated the nature of the pooling arrangement was to provide a safety net at 92.5% for authorities who see significant reductions from the rates retention scheme. The MoU therefore reflects that if an authority falls into the safety net position, the loss of income should be met by the retained levies from other authorities.

- The final audited position would become known when all 2021/22 member accounts are audited.
- For the 2022/23 Pool, the provisional NNDR3 returns will be submitted in June 2023.

The Joint Committee received assurance that whilst some authorities are close to the safety net threshold, no authority is currently forecast to breach the threshold.

The report also acknowledged that the 2021/22 and 2022/23 Leeds City Region Business Rates Pools will close on 31st March 2023, with Harrogate Borough Council withdrawing from the Pool following a Local Government Re-organisation in North Yorkshire. The intention to form a new 2023/24 Leeds City Region Business Rates Pool from 1st April 2023 comprising of the six remaining members was noted.

Additionally, as the new Joint Committee will not have authority to dispose of the funds generated in 2021/22 or 2022/23, the report outlined proposals to give delegated authority to the Chief Officer (Financial Services), Leeds City Council, as the lead authority, to ascertain any surplus or deficit generated by the 2021/22 and 2022/23 business rates pools and to distribute, or require payment, from the member authorities of those pools, or their successor organisations, in order to distribute any residual benefit or meet any outstanding liabilities in accordance with the respective MoU and with the agreement of the section 151 officers of those authorities.

RESOLVED -

- a) That 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 be noted;
- b) That the provisional outturn Pool income for 2021/22 and projected Pool income for 2022/23 as shown in Paragraphs 4 and 5 of the report be noted;
- c) To note the risks to retained income and of breaching safety net as detailed in Paragraph 6 of the report;
- d) To note the provisional outturn re-distribution of residual benefits from the 2021/22 Pool and the projected re-distribution of 2022/23 Pool income to member authorities as detailed at Paragraph 7 of the report;
- e) That approval be given to the payment of the £30,000 administration costs of the lead authority, Leeds City Council for 2022/23 as detailed in the Memorandum of Understanding and illustrated at Table 5 of the report;
- f) That approval be given for the Chief Officer, Financial Services at the lead authority, Leeds City Council, to have delegated authority to finalise the final income and expenditure account of the 2021/22 and 2022/23 Leeds City Region Business Rates Pools and distribute any surplus or deficit between member authorities or their successor authorities in accordance with the respective Memoranda of Understanding and with the agreement of the section 151 officers of

the member authorities or their successor organisations as explained in Paragraph 8 of the report.