



## **NORTH AND WEST YORKSHIRE BUSINESS RATES JOINT COMMITTEE**

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**Meeting to be held in Wellington House, 40 - 50 Wellington Street, Leeds 1  
on Thursday, 16th January, 2020 at 11.00 am**

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### **MEMBERSHIP**

Susan Hinchcliffe - City of Bradford MDC

Tim Swift (Chair) MBE - Calderdale MBC

Richard Cooper - Harrogate Borough Council

Shabir Pandor - Kirklees Metropolitan Council

Judith Blake CBE - Leeds City Council

Denise Jeffery - City of Wakefield MDC

Keith Aspden - City of York

Carl Les - North Yorkshire County Council

Steve Siddons - Scarborough Borough Council

# A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p><b>APPEAL AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</b></p> <p>To consider any appeals in accordance with Procedure Rule 15.2 of the Access to Information Rules (in the event of an Appeal the press and public will be excluded)</p>	
2			<p><b>LATE ITEMS</b></p> <p>To identify items which have been admitted to the agenda by the Chair for consideration. (The special circumstances shall be specified in the minutes)</p>	
3			<p><b>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF PRESS AND PUBLIC</b></p> <p>To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p><b>RESOLVED –</b> That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-</p>	

4

#### **APOLOGIES FOR ABSENCE**

To receive apologies for absence (If any)

5

#### **DECLARATIONS OF INTEREST**

To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2000 and paragraphs 13 -18 of the Members' Code of Conduct. Also to declare any other significant interests which the Member wishes to declare in the public interest, in accordance with paragraphs 19 - 20 of the Members' Code of Conduct.

6

#### **MINUTES OF THE PREVIOUS MEETING**

7 - 12

To approve as a correct record, the minutes of the previous meeting held on 7<sup>th</sup> October 2019.

(Copy attached)

7

#### **MATTERS ARISING FROM THE MINUTES**

To consider any matters arising from the minutes (If any)

8

#### **WELCOME TO YORKSHIRE UPDATE REPORT**

13 -  
18

To consider a report by the Chief Executive, Kirklees Council which sets out the progress made since the first report, considered at the North and West Yorkshire Business Rates Joint Committee on 7th October 2019.

(Report attached)

**NORTH AND WEST YORKSHIRE BUSINESS RATES POOL FINANCIAL REPORT**

To consider a report of the Chief Officer Financial Services, Leeds City Council which sets out:

- a) The latest income estimate for the North and West Yorkshire Pool in 2019/20;
- b) The existing and proposed expenditure commitments for the Pool;
- c) The projected surplus position for the Pool;
- d) The allocation of projected surplus balances to member authorities;
- e) The position of the North and West Yorkshire Business Rates Pool beyond 31st March 2020.

(Please note that Appendix A to this report contains information classified as exempt and should not be shared with anyone outside the Joint Committee)

(Report attached)

**DATE AND TIME OF NEXT MEETING**

To note that the a further meeting be scheduled to take place mid to late March 2020, date and time to be confirmed later.

## THIRD PARTY RECORDING

### Third Party Recording

Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts named on the front of this agenda.

### Use of Recordings by Third Parties – code of practice

- a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title.
- b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete.

2

a)

b)

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## NORTH AND WEST YORKSHIRE BUSINESS RATES JOINT COMMITTEE

MONDAY, 7TH OCTOBER, 2019

**Present:** Councillor T Swift (Calderdale MBC) - Chair  
Councillor S Hinchcliffe (City of Bradford MDC), Councillor P Box (City of Wakefield MDC), Councillor R Cooper (Harrogate BC), Councillor J Blake (Leeds City Council), Councillor K Aspden (City of York Council), Councillor C Les (North Yorkshire County Council) and Councillor S Siddons (Scarborough Borough Council).

**In Attendance:** M McRae (City of Wakefield MDC), R Tuddenham (Calderdale MBC), M Greene (Scarborough Borough Council), G Fielding (North Yorkshire County Council), J Gedman (KMC) T Cooper (KMC) A Taylor (WYCA), M Pexton (LCC), R Ellis (LCC) and J Grieve (LCC)

### 10 APPEAL AGAINST REFUSAL OF INSPECTION OF DOCUMENTS

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

### 11 LATE ITEMS

The Chair accepted the inclusion of a late item onto the agenda "Options for Business Rates Pooling in 2020/21" (Minute No.21 referred). Members were informed that the information contained within the submitted report was not available at the time of agenda publication/ circulation and it was in the best interests of the Joint Committee and other parties concerned that the matter be considered without delay. The Chair also accepted the inclusion of an additional Appendix in respect of Agenda Item No. 9 - North and West Yorkshire Business Rates Pool Financial Report, which was accepted as Supplementary Information (Minute No.18 referred)

The Chair also acknowledged the receipt of an email from a York Citizen who had raised a number of issues in respect of the report relating to "Welcome to Yorkshire". The Chair requested that the email be circulated to all Members of the Joint Committee and asked that a draft response be prepared by officers.

### 12 EXEMPT INFORMATION - POSSIBLE EXCLUSION OF PRESS AND PUBLIC

That, in accordance with Regulation 4 of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting during Consideration of the following parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present there would be disclosure to them of exempt information so designated as follows:-

Appendix 1 & 2 to Agenda Item No.8 (Welcome to Yorkshire), Appendix C to Agenda Item No. 9 (North and West Yorkshire Business Rates Pool Financial Report and the Late Item (Options for Business Rates Pooling in 2020/21) in all cases these reports/ appendices were designated as exempt under Access to Information Procedure Rules 10.4 (3) because it contained information relating to the financial or business affairs of any particular person (including the authority holding that information) Minute Nos 17,18 and 21 referred.

### **13 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor S Pandor (Kirklees MC)

### **14 DECLARATIONS OF INTEREST**

Although there were no declarations of any pecuniary interest made at the meeting, Councillors: R Cooper and C Les brought it to the attention of the Joint Committee that they were Board Members of Welcome to Yorkshire, as Local Authority Funders. Councillor P Box informed the Joint Committee that he was a prospective Member of the Welcome to Yorkshire Board.

### **15 MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the Minutes of the previous meeting held on 27<sup>th</sup> June 2019, were approved as a true and correct record

### **16 MATTERS ARISING FROM THE MINUTES**

There were no issues raised under Matters Arising

### **17 Welcome to Yorkshire**

The Chief Executive, Kirklees Council submitted a report which sets out:

- a) The background to North and West Yorkshire Business Rates Pool Joint Committee funding of Welcome to Yorkshire (WtY).
- b) The current position of Welcome to Yorkshire and the key issues
- c) A report from the interim Chair of the Board of Welcome to Yorkshire
- d) A recommendation for future funding of Welcome to Yorkshire

In the discussion that followed Members were of the view that the region needs a successful strategic destination marketing organisation, but it must be one that upholds the same values and governance enshrined in the principles of spending public funds.

It was the view of the Joint Committee that it would only continue to support Welcome to Yorkshire if it was satisfied that significant progress had been made to strengthen its accountability, transparency and governance of public resources.

Draft minutes to be approved at the meeting  
to be held on Date Not Specified



Members acknowledged and thanked Keith Stewart as interim Chair of Welcome to Yorkshire Board.

**RESOLVED** – That approval be given to the release of Business Rates Pool funding for £1m in 3 tranches in October, December and February conditional on:

- (i) That a public report on progress of implementation of the recommendations be brought back to the Joint Committee in advance of future funding tranches being released
- (ii) Recruitment to the Welcome Yorkshire Board be carried out immediately and the interim Chair arrangements cease with immediate effect, and for a period of 12 months, a public sector appointee becomes interim Chair and the new Board is in place no later than the end of the financial year.
- (iii) A Chief Executive is recruited as soon as possible through a clear and transparent process.
- (iv) Until the recruitment of a Chief Executive is complete, Jacqui Gedman, Chief Executive, Kirklees Council be requested to provide strategic support to Welcome to Yorkshire, including authority to draw down the approved Business Rates Pool funding, as required.
- (v) Reports designated as exempt in respect of this item, be made available for public inspection, with the commercially sensitive information being removed in the first instance.
- (vi) That a four month consultation process, led by the public sector, about the future of regional tourism be carried out.

## **18 NORTH AND WEST YORKSHIRE BUSINESS RATES POOL FINANCIAL REPORT**

The Chief Officer Financial Services, Leeds City Council submitted a report which sets out:

- a) The latest income estimate for the North and West Yorkshire Pool in 2019/20;
- b) The existing and proposed expenditure commitments for the Pool;
- c) An allocation methodology for the remaining balance;
- d) Applications from member authorities, supporting the allocation of funding;

## **RESOLVED –**

- a) To note the latest estimated income to the Pool for 2019/20 at Paragraph 2 and Table 1 of the submitted report
- b) To approve the commitments listed at Paragraph 3.2 and summarised in Table 2, noting the remaining estimated balance;
- c) To approve the method used in allocating the remaining balance, as identified at Paragraph 4.2 and Appendix A of the submitted report;
- d) To note the application process described at Paragraph 4.3 and Appendix B;
- e) That the applications submitted by member authorities, referenced at Paragraph 4.4 and set out at Appendix C be agreed in principle, with final approval being delegated to the Chair

## **19 CLIMATE EMERGENCY EVIDENCE BASE**

The Chief Executive, West Yorkshire Combined Authority submitted a report which sought approval for the allocation of £100,000 from the North and West Yorkshire Business Rates Pool for the project Climate Emergency Evidence Base, to be managed by the West Yorkshire Combined Authority in consultation with the York, North Yorkshire and East Riding LEP

In the discussion that followed Members were supportive of the proposal suggesting the project was worthwhile, but it may be beneficial if the projects were prioritised as a collective “doing it together could add value”

### **RESOLVED -**

- (i) To approve the allocation of £100,000 from the North and West Yorkshire Business Rates Pool to the West Yorkshire Combined Authority for the North and West Yorkshire Climate Emergency Evidence Base.
- (ii) That following consultation with Members authority’s project be priorities with a view to achieving the largest benefits
- (iii) To endorse the proposed governance arrangements outlined in Appendix 1 of the submitted report

## **20 DATE AND TIME OF NEXT MEETING**

That the date and time of the next meeting be arranged in consultation with the Chair.

## **21 OPTIONS FOR BUSINESS RATES POOLING IN 2020/21**

Draft minutes to be approved at the meeting  
to be held on Date Not Specified

The Chief Officer Financial Services, Leeds City Council submitted a report which sets out:

- a) The current position with regards to the future of pool's piloting 75% business rates retention of funding;
- b) The characteristics of the 50% business rates retention scheme;
- c) Options available to authorities for pooling in 2020/21;
- d) Actions required if member authorities wish to change the Pool membership.

**RESOLVED –**

- (a) To note the actions and timescales required in Paragraph 6 of the submitted report
- (b) Members accepted that further consideration was necessary, but in view of the urgency required, final approval be delegated to the Chair following discussions with Members to identify an option for Business Rates Pooling in 2020/21

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Report: Welcome to Yorkshire Update Report  
Report to: North and West Yorkshire Business Rates Joint Committee  
Date: 16<sup>th</sup> January 2020  
Author: Jacqui Gedman, Chief Executive, Kirklees Council

## Purpose

This report sets out progress made since the first report, considered at the North and West Yorkshire Business Rates Joint Committee of 7<sup>th</sup> October 2019.

## 1. Introduction

### 1.1 Background

Welcome to Yorkshire (WTY) was established in 2009 and is the strategic Destination Marketing Organisation for the region which aims to promote Yorkshire regionally, nationally and internationally. It is a not for profit membership organisation, funded through income from membership, corporate membership, specific projects, sponsorship and public sector income through LA agreements. Currently WTY's funding consists of a 50:50 split of public and private sector funding.

At the Committee of 7<sup>th</sup> October the North and West Yorkshire Business Rates Joint Committee resolved:

*– That approval be given to the release of Business Rates Pool funding for £1m in 3 tranches in October, December and February conditional on:*

- (i) That a public report on progress of implementation of the recommendations be brought back to the Joint Committee in advance of future funding tranches being released*

PROGRESS – This report details the progress to date.

- (ii) Recruitment to the Welcome to Yorkshire Board be carried out immediately and the interim Chair arrangements cease with immediate effect, and for a period of 12 months, a public sector appointee becomes interim Chair and the new Board is in place no later than the end of the financial year.*

PROGRESS – In October the interim Chair of the WTY Board stood down and Peter Box was appointed by the Board as interim Chair of WTY.

A recruitment campaign for Non-Executive Directors was implemented in October and advertised in the Guardian, Sunday Times, Yorkshire Post and a range of on line recruitment sites. More than 50 applications were received and recruitment of the first tranche of Non-Executive Directors took place in December 2019 with a focus on those people with skills and experience in areas of finance and legal. Subject to due process two new Board members have now been recruited.

The second tranche of recruitment is planned for February 2020 and the new Board will be in place no later than the end of the financial year.

A review of governance arrangements is complete and initial findings will form the basis of discussions at the WTY Board meeting on 22 January 2020. Implementation of the agreed recommendations will follow thereafter.

*(iii) A Chief Executive is recruited as soon as possible through a clear and transparent process.*

PROGRESS – Following a robust recruitment process supported by a specialist recruitment agency a new Chief Executive has been appointed.

James Mason took up the post on 6th January. Bradford born Mr Mason, brings a great deal of experience in business growth, finance, marketing and public relations. He is a former Chief Operating Officer at Bradford City Football Club and held a similar role at global sports agency, First Point USA. James has a passion for Yorkshire and a clear vision for the organisation moving forward.

The board of WTY firmly believes that Mr Mason will be a strong, creative and inclusive leader of the organisation. Prior to his formal appointment, he met with staff and stakeholders throughout December 2019.

*(iv) Until the recruitment of a Chief Executive is complete, Jacqui Gedman, Chief Executive, Kirklees Council be requested to provide strategic support to Welcome to Yorkshire, including authority to draw down the approved Business Rates Pool funding, as required.*

PROGRESS – Jacqui Gedman has continued to provide strategic support to WTY. She will now revert back to her previous role as an observer on the WTY Board and Chief Executive regional link and be a support to the new Chief Executive.

The recommendations and actions contained within the Improvement Plan are being delivered at pace, some of which require the input of the new Chief Executive and a more detailed progress report will be provided in April.

The financial position of WTY continues to be a priority. The funding from the North and West Yorkshire Business Rates Joint Committee was factored in to the WTY baseline budget for 2019/20. The funding received to date has contributed to planned activities throughout the year, in addition to meeting the additional financial pressures that resulted from implementing the recommendations from the independent investigations and recruitment costs.

The publishing of the accounts, year ended 31st March 2019, was delayed due to the audit process being put on hold last year whilst independent investigations were carried out into the organisation's expenses, governance, culture and management.

Given the WTY Board structure has recently been refreshed, it is also important that new board members are given the appropriate time to fulfil their corporate governance responsibilities when approving these accounts. WTY is currently working with the auditors to complete the process as soon as possible.

A strategy to build upon income levels is the key priority for the WTY Board and new Chief Executive.

A Business Plan is in development and will be completed by the end of the financial year. A report on the development of the Business Plan is attached at Appendix A

- (v) *Reports designated as exempt in respect of this item, be made available for public inspection, with the commercially sensitive information being removed in the first instance.*

PROGRESS – All reports were published on the WTY website. A discussion will be held at the January WTY Board meeting on how the board can be more open and transparent, building on the immediate changes that were implemented in October 2019.

- (vi) *A four month consultation process, led by the public sector, about the future of regional tourism be carried out.*

PROGRESS - Qualitative in-depth interviews took place with a range of partners and stakeholders in November to help inform the development of an appropriate quantitative survey. Staff workshops were held in mid-December. The consultation survey is live from 13<sup>th</sup> January to 17<sup>th</sup> February and the findings and initial report will be available in March 2020, these findings will inform the future strategic objectives of WTY.

## **2. Summary**

There has been significant progress on each of the conditions that were set by the North and West Yorkshire Business Rates Joint Committee in October 2019.

Work to implement the recommendations and actions from the two independent reports that are contained within the Improvement Plan continues at pace, and a detailed report will be completed at the end of the financial year. An update report will come back to this meeting in April.

The new Chief Executive and WTY Board now require time to focus on working with stakeholders to establish the strategic direction for the forthcoming period. It is anticipated that one of the topics that Yorkshire Leaders will collaborate on in the coming year is tourism and the visitor economy; WTY has a vital role to play in that.

## **3. Recommendations**

Members are recommended:

To agree the release of the remaining tranches of Business Rates Pool funding

To request a further progress report in April from the new Chief Executive and WTY Board early in the new financial year.

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**Title: Progress report on the development of the Welcome to Yorkshire Business Plan 2020 +****Purpose**

The purpose of this report is to provide information on progress on the development of the Welcome to Yorkshire (WTY) Business Plan 2020 +.

**Background**

In 2019 WtY experienced much change and turbulence. This included –

- Financial pressures
- Cultural change moving from a “power” culture to a “people/task” centred model
- Reputational issues
- Governance changes

The need for a paradigm shift at WTY is recognised, understood and taking place. The beneficiaries of this will be the Yorkshire tourism industry in its widest sense. At the core of this will be people.

WTY’s people will drive this cultural change at the heart of the organisation in partnership with our private and public sector partners. The development of a Business Plan that takes us from 2020 onwards is part of that change.

In October 2019 the team at WTY, with support from public sector colleagues carried out an assessment of the current position. An assessment of internal Strengths and Weaknesses and of external Opportunities and Threats was used to recast draft objectives, plans and activities. This work highlighted what needs to change and the weaknesses identified are solvable and will be addressed and turned into strengths.

**Strategic Objectives 2020 & Beyond**

The new WTY Chief Executive is keen to take on board a wide range of views, and the business plan will be developed in consultation with our members, partners and stakeholders. Once developed the business plan will be taken to the WtY Board for approval

The following draft objectives were discussed with the WTY team and have been used to inform the development of the draft business plan.

1. Promote the Yorkshire Brand
2. Grow a successful, thriving tourism sector
3. Maximise the capacity for balanced, sustainable growth
4. WtY people are empowered, creative and confident, and have the necessary skills needed to grow a thriving tourism sector.

**Consultation**

In January WTY will deliver a robust consultation project with the Tourism Industry of Yorkshire to ensure the views of our members, partners and stakeholders are captured in order to help us shape our focus and strategy for the next 3 years. This will inform the Business Plan.

**WtY Business Plan**

The Business Plan is a document that will take WTY into 2023. Work to date has focussed on the financial year 2020/21 and includes:

- Marketing Plan which develops an offer that is both geographically representative of the County and plays to its strengths in terms of culture, heritage, arts and sports
- Membership schemes review
- Digital and Communications strategy
- Supporting regional inward investment
- People Strategy

**Next steps**

The findings from the consultation and work with stakeholders to establish the strategic direction for WTY will continue, and will inform the strategic objectives of WtY.

The following timeline is proposed.

Progress report to BRP	January
Progress report to WTY Board	January
Wider stakeholder engagement	February
Initial findings from consultation	March
Draft Business Plan completed	March
Final Business Plan to BRP & WTY Board	May 2020
Launch of Business Plan	May 2020

Originator: Victoria Bradshaw 0113 378 8540
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**Report to:** NORTH AND WEST YORKSHIRE BUSINESS RATES JOINT COMMITTEE

**Date:** 16<sup>th</sup> January 2020

**Subject:** NORTH AND WEST YORKSHIRE BUSINESS RATES POOL FINANCIAL REPORT

**(Appendix A of this report is classified as Exempt under Schedule 12A Local Government Act 1972 and Access to Information Procedure Rule 10.4 (3) because it contains Information relating to the financial or business affairs of any particular person (including the authority holding that information))**

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## **SUMMARY**

This report sets out:

- a) The latest income estimate for the North and West Yorkshire Pool in 2019/20;
- b) The existing and proposed expenditure commitments for the Pool;
- c) The projected surplus position for the Pool;
- d) The allocation of projected surplus balances to member authorities;
- e) The position of the North and West Yorkshire Business Rates Pool beyond 31<sup>st</sup> March 2020.

## **1. Introduction**

- 1.1. The North and West Yorkshire Pool was established on 1<sup>st</sup> April 2019, following a successful application to pilot 75% Business Rates Retention in 2019/20.
- 1.2. 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.

- 1.3. 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.
- 1.4. On 4<sup>th</sup> September 2019, the Chancellor of the Exchequer announced the Spending Round 2019, for the financial year 2020/21. Following this announcement and discussions with MHCLG (Ministry of Housing, Communities and Local Government) it was announced that business rates retention pilots at 75% were for one year only and therefore will not roll forward to 2020/21.

## 2. Latest Estimate Pool Income: 2019/20

- 2.1. Based on the latest available returns from member authorities, the estimated income figures for the 2019/20 Pool are shown in **Table 1** below:

**Table 1: Projected Pool Income 2019/20**

<i>Reported in:</i>	September 2018*	September 2019**	December 2019***
	£m	£m	£m
"Additional growth" generated by the 75% retention pool pilot	-23.6	-27.7	-26.2
Safety net payment from Pool to authorities in safety net	4.6	4.0	4.1
Balance to be shared between authorities and pool	-19.0	-23.7	-22.1
Balance redistributed to member authorities:			
Based on Population (1/3 of "balance to be shared")	6.3	7.9	7.4
Based on Growth (1/3 of "balance to be shared")	6.3	7.9	7.4
Balance retained by the Pool (1/3 of "balance to be shared")	6.3	7.9	7.4
	19.0	23.7	22.1

\* Based on projections during Pilot application

\*\* Based on NNDR1 returns

\*\*\* Based on Q2

- 2.2. As can be seen in **Table 1** above, whilst additional growth is projected to be higher than originally calculated during the Pilot application process, it is lower than calculated in September 2019. The effect of this on the balance retained by the Pool is that it has reduced from £7.9m to £7.4m, a decrease of £0.55m. This is due to additional safety net payment of £0.10m, with the balance being due to member authorities indicating that their net payments to the Pool will be lower than expected.
- 2.3. Pool members should remain aware that the additional growth is subject to business rates growth in member authorities being realised. As Members will appreciate, because of the inherent volatility of business rates income, the 2019/20 estimated income is tentative.

## 3. Existing and Future Commitments

- 3.1. The Joint Committee will recall that at the Pool meeting on 27<sup>th</sup> June 2019, commitments to the value of £1.71 million were agreed. These are detailed in **Table 2** below. At that meeting a further £1 million was noted for Welcome to Yorkshire's business plan and £0.18 million for a Screen Yorkshire grant application for 2020/21, these are covered in **Paragraphs 3.4-3.14** below.

3.2. At the Pool meeting on 7<sup>th</sup> October 2019 the Joint Committee agreed further commitments to the value of £2.92 million. **Table 2** below shows commitments of £2.64 million and £0.28 million for this meeting, totalling £2.92 million. Whilst the commitments of £0.28 million have been approved by the Joint Committee, they require further information from the relevant organisations prior to funding being released. These are: Screen Yorkshire grant application £0.18 million for 2021/22 and a commitment to WYCA for a scheme regarding Low Carbon to a value of £0.10 million. These are further covered in **Paragraphs 3.4-3.14** below.

**Table 2: North and West Yorkshire Pool Commitments and Remaining Balance**

North and West Yorkshire Pool		£m	£m
<b>2019/20 Estimated Income</b>			<b>-7.36</b>
<b>Commitments agreed 27/06/19</b>			
Welcome to Yorkshire subscriptions	2019/20	0.32	
Tour de Yorkshire	2019/20	0.55	
UCI Cycle Race	2019/20	0.60	
Secretariat Functions (NY)	2019/20	0.20	
Lead Authority Administration Costs	2019/20	0.03	
			<b>1.71</b>
<b>Commitments agreed 27/06/19 requiring further information</b>			
Welcome to Yorkshire draft business plan	2019/20	1.00	
Screen Yorkshire	2020/21	0.18	
			<b>1.18</b>
<b>Commitments agreed 07/10/19</b>			
Welcome to Yorkshire subscriptions	2020/21	0.32	
Secretariat Functions (NY+WY)	2020/21	0.82	
Combined Authority Transport Fund	2020/21	0.70	
Tour de Yorkshire starts/finishes (£100k x 7)	2020/21	0.70	
Tour de Yorkshire (NY CC)	2019/20	0.10	
			<b>2.64</b>
<b>Commitments agreed 07/10/19 requiring further information</b>			
Screen Yorkshire	2021/22	0.18	
Low Carbon	2019/20	0.10	
			<b>0.28</b>
<b>Remaining Balance to be allocated to member authorities</b>			<b>-1.56</b>

3.3. The Joint Committee will note the commitments requiring further information in **Table 2**. Specifically: Welcome to Yorkshire £1 million for 2019/20; Screen Yorkshire £0.18 million in 2020/21 and £0.18 million in 2021/22; and Low Carbon £0.10 million in 2019/20. Whilst these

have previously been committed, they will each require further Joint Committee consideration before funding can be released.

### **Welcome to Yorkshire**

- 3.4. £1 million funding for the Welcome to Yorkshire business plan was allocated in June 2019. The business plan was then presented at October's Pool meeting. Following this it was agreed that the first tranche of funding of £333,333 be passed to Welcome to Yorkshire, with subsequent tranches to be passed to the organisation subject to the approval of the Joint Committee. A Welcome to Yorkshire update report will be presented at **Agenda Item X** in order to progress the second payment of £333,333, with the remaining tranche of £333,334 anticipated to be approved and paid in March 2020.
- 3.5. No provision has been made from this Pool to fund Welcome to Yorkshire beyond 31st March 2020.

### **Screen Yorkshire**

- 3.6. Screen Yorkshire made an application to the Leeds City Region Pool to fund the Screen Industries support programme. The Screen Yorkshire funding ties in to a three year match funding agreement with the British Film Institute. The LCR Pool funded £0.18 million the first year (2019/20).
- 3.7. The Joint Committee of the North and West Yorkshire Pool agreed to commit monies from the 2019/20 pool pilot to fund £0.18 million for the second year (2020/21) and £0.18 million for the third year (2021/22), at the June and October meetings respectively.
- 3.8. Whilst this funding had been committed, a formal request had not previously been received by the North and West Yorkshire Business Rates Pool. Screen Yorkshire have now submitted a formal application request in order that the Joint Committee can evaluate the request, ensuring compliance with the Pool's aims, and to maintain an audit trail for the future. This application is at **Appendix A**.
- 3.9. As lead authority Leeds City Council have sought advice from our internal Legal Services. A verbal update will be given in the meeting.
- 3.10. The Joint Committee are requested to note the comments above and approve release of these funds to Screen Yorkshire.

### **Low Carbon**

- 3.11. At the Joint Committee meeting on 27<sup>th</sup> June Members agreed that funding should be made available to meet the Pool's Strategic Aim of Low Carbon. Colleagues at West Yorkshire Combined Authority were requested to identify an appropriate piece of work.
- 3.12. Subsequently, at the Joint Committee meeting on 7<sup>th</sup> October, the Chief Executive, WYCA, submitted a report seeking approval for the allocation of £0.10 million for the project Climate Emergency Evidence Base. Members were supportive and requested further consultation to prioritise the projects with a view to achieving the largest benefits.

- 3.13. This piece of work is ongoing and expected to be resolved prior to the next meeting of the Joint Committee, which is proposed for March 2020. It is possible that work undertaken against this project will therefore occur in the financial year 2020/21.
- 3.14. Members are asked to note that a paper will be presented in March and that this allocation will most likely be forward funding a project in 2020/21.

#### **4. Allocation of Remaining Balance**

- 4.1. Taking into account the above commitments, this leaves a remaining projected balance of £1.56 million to be allocated to member authorities. This remaining balance is subject to business rates growth in member authorities being as expected. There is always an inherent risk around the volatility of business rates, and the actual income to the Pool could fall below the values we are estimating. Should that happen, and if the Pool's commitments exceed the Pool's income, member authorities will be required to fund the difference in accordance with the governance agreement.
- 4.2. At the Joint Committee meeting on 7<sup>th</sup> October the Joint Committee agreed that the remaining balance would be allocated to member authorities, based on population and growth and in accordance with the Pool's governance agreement. The estimated allocated balances based on the projected surplus position of £1.56 million are as shown at **Appendix B**.
- 4.3. In order to recognise that Pool funding should be used to meet the Pool's Strategic Aims, member authorities completed proforma applications, which were included in the papers for October's meeting. At this meeting Members agreed these applications in principle, with final approval delegated to the Chair. The values ultimately allocated to member authorities will be dependent on the outturn position of the Pool. This will not be fully known until after July 2020, following the audit of NNDR3 returns.
- 4.4. The Joint Committee are asked to note the projected outturn position of £1.56 million, the potential risks identified at **Paragraph 4.1** above, and the effect of any variance in outturn on the remaining balances allocated to member authorities.

#### **5. Position of the North and West Yorkshire Business Rates Pool after 31<sup>st</sup> March 2020**

- 5.1. The North and West Yorkshire 75% Business Rates Retention pilot concludes on the 31st March 2020. After the one year Spending Round announced on 4th September 2019, it became clear that 75% Business Rates Retention nationally would be delayed by a further year to 2021/22. As such, pools will return to the rules under 50% retention.
- 5.2. As the proposed lead authority, Leeds City Council submitted an application on behalf of 13 of the members of the current North and West Yorkshire Pool to form a pool operating under the national 50% scheme in 2020/21: the advantage of forming a business rate pool is the retention of levy payments within the region that would otherwise have to be made to Central Government.

- 5.3. Member authorities of the new Pool were advised of the successful outcome of this application on 19th December 2019 in an email from MHCLG. Further discussions about the governance and financial administration of this new Pool will be held outside of this Joint Committee meeting.
- 5.4. The existing North and West Yorkshire Pool will be revoked on 31<sup>st</sup> March 2020 and the remaining balances treated in accordance with the Pool's Governance Agreement (see **Appendix C**).

## **6. Recommendations**

- 6.1. Members are recommended:
- a) To note the latest estimated income to the Pool for 2019/20 at **Paragraph 2** and **Table 1**;
  - b) To note the commitments listed at **Paragraph 3** and summarised in **Table 2**, noting the remaining estimated balance;
  - c) To approve the payment of the second tranche due to Welcome to Yorkshire, pending approval of **Agenda Item X** (Welcome to Yorkshire Update Report) referred to at **Paragraph 3.4**;
  - d) To note and approve the Screen Yorkshire grant application at **Appendix A** and to approve the release of funds to Screen Yorkshire, as referred to in **Paragraphs 3.6-3.10**;
  - e) To note the projected Pool surplus position at **Paragraph 4.1** and the potential risks also identified;
  - f) To note the projected balances allocated to member authorities including the effect of any variance in outturn on those balances, as referred to at **Paragraphs 4.1-4.4**;
  - g) To note that the North and West Yorkshire Business Rates Pool will be revoked on 31<sup>st</sup> March 2020, and that any residual benefit or liability will be treated in accordance with the Pool's Governance Agreement, as noted at **Paragraph 5** and **Appendix C**.



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**Estimated Allocation of Surplus to Member Authorities**

**Based on Growth + Population:**

1	North and West Yorkshire Pilot Authorities	Bradford £	Calderdale £	Kirklees £	Leeds £	Wakefield £	York £	North Yorkshire Area * £	Total £
	<b>Balance to be shared between Authorities</b>								<b>-1,558,000</b>
	Balance redistributed to member authorities:								
	Based on Growth (1/2 of "balance to be shared")	-86,538	-39,757	-37,957	-266,869	-144,273	-64,035	-139,571	-779,000
	Based on Population (1/2 of "balance to be shared")	-133,703	-52,495	-109,370	-195,630	-84,292	-52,144	-151,367	-779,000
	<b>Total to member authorities</b>	<b>-220,240</b>	<b>-92,252</b>	<b>-147,328</b>	<b>-462,499</b>	<b>-228,565</b>	<b>-116,178</b>	<b>-290,937</b>	<b>-1,558,000</b>

2	* 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 £
	<b>Balance redistributed to NY member authorities:</b>									<b>-290,937</b>
	Based on NY 2-tier split (County share)								-145,469	-145,469
	Based on Growth (1/2 of District share)	-10,625	-7,587	-18,905	-8,029	-6,695	-20,894	0	0	-72,734
	Based on Population (1/2 of District share)	-6,771	-10,887	-18,796	-6,461	-6,432	-12,966	-10,422	0	-72,734
	<b>Total to member authorities</b>	<b>-17,396</b>	<b>-18,474</b>	<b>-37,701</b>	<b>-14,490</b>	<b>-13,126</b>	<b>-33,860</b>	<b>-10,422</b>	<b>-145,469</b>	<b>-290,937</b>

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## 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
  - Carbon Reduction

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. 31<sup>st</sup> 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.

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