

Business Rates Retention in North and West Yorkshire – Background

The 50% business rates retention scheme

1. Under the 50% business rates retention scheme a mixed group of top up and tariff authorities could form a business rates pool. Such a pool could eliminate levy payments that would otherwise have to be paid by tariff authorities to the Government.
2. In 2013/14 the Leeds City Region business rates pool comprising Bradford, Calderdale, Harrogate, Kirklees, Leeds, Wakefield and York was established and continued in operation until 2018/19 when the 100% Business Rates Pilot commenced.
3. In 2014/15 The North Yorkshire business rates pool was formed by North Yorkshire County Council and Craven, Hambleton, Richmondshire, Ryedale and Scarborough District Councils.
4. Selby District Council was not included in either pool because it received a safety net payment from Government. The payment from government would have been lost if Selby have been included in the North Yorkshire Pool under pooling arrangements, constituting a financial loss to the region.

2018/19 - The 100% business rates retention pilot

5. In December 2017 Leeds City Region business rates pool's application to become a 100% retention business rates retention pilot in 2018/19 was successful.
6. The main financial gain to the area was that the member authorities got to retain 100% of growth above the baseline instead of 50%, with the additional funding being shared equally between the member authorities and the Pool.
7. The Pool committed its share of the funding to regional projects principally designed to promote economic growth. The net gain to the region, both member authorities and the Pool, was £68.7m including levy payments.

2019/20 - The 75% business rates retention pilot

8. In 2019/20 the pilot programme was reduced only allowing successful applicants to retain 75% of the business rates growth instead of 100%. These pilots foreshadowed the introduction of 75% business rates retention nationally in 2020/21. The two pools in North and West Yorkshire agreed to join forces in an application to Government and were successful.
9. The new North & West Yorkshire pilot also agreed to include Selby District Council and pay the authority's safety net payment to demonstrate how the increased risks of higher retention could be met by the increased control of local taxation. The net gain to the region, after the safety net payment, is estimated to be £35.8m.