

## **NORTH AND WEST YORKSHIRE BUSINESS RATES POOL**

### **MEMORANDUM OF UNDERSTANDING**

#### **1. Title**

- 1.1. 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, The Council of the City of Wakefield, City of York Council.

#### **3. Commencement**

- 3.1. This Memorandum of Understanding will come into force on 1st April 2020 and will continue until 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 region as a whole.
- 4.2. The income received by the Pool will be shared out so that each member authority receives at least the same amount that they would if they were treated individually under the Business Rates Retention scheme. The only exception to this is set out in **Section 8 and 9**, below. Any excess income arising from reductions in levy payments will, after allowing for agreed expenses, be allocated to activities that support economic growth and regeneration across the Pool area.
- 4.3. Any variation to the arrangements set out in **4.2**, 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

Five representatives from North Yorkshire, the initial representatives being:

- North Yorkshire
- City of York Council
- Harrogate Borough Council
- Scarborough Borough Council
- Fifth representative will be confirmed by the Joint Committee once the Pool is established

- 5.2. The joint committee shall be responsible for:

- 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 treated individually, 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 local authority representatives, as noted in 5.1 above, will be the leaders of the representative local authorities. 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**.

- 5.4. The members of the Joint Committee will elect a chairperson.
- 5.5. The Joint Committee will meet as and when required but no less than twice each year.
- 5.6. The quorum for the meetings will be no less than 5 members.
- 5.7. 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.
- 5.8. The Joint Committee will be supported by officers drawn from the lead authority.
- 5.9. The Joint Committee may establish any sub-groups or any officer forums that they believe to be appropriate.
- 5.10. Minutes of Joint Committee meetings will be published as required by law.

## **6. Lead Authority**

- 6.1. The initial 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 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 website or elsewhere as appropriate.

## **7. Dissolving the Pool**

- 7.1. If any member decides to leave the Pool the regulations require that the Pool will be dissolved. Pools can only be dissolved at the end of a year.
- 7.2. 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 7.4, below).
- 7.3. The lead authority will make the necessary calculations and submit the required returns associated with the dissolving of the Pool.
- 7.4. 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. Treatment of Potential Losses in Income**

- 8.1. The Pool will have a single safety net threshold set at 92.5% of its baseline funding level. Authorities that suffer reduction in 'retained rates income' to a threshold that is below 92.5% their Baseline Funding Level shall receive a safety net payment to restore their income to 92.5% of their Baseline Funding Level.
- 8.2. If such an authority is a member of a business rates pool, the safety net payment could be lost because the *loss across the pool* may not be as much as the 7.5% threshold. Indeed, if growth across the rest of the pool was weak, it could be that the loss of safety net payments could be greater than the amounts gained from paying reduced levies and the pool could be in deficit for the year.
- 8.3. Authority(s) that would otherwise have qualified for safety net(s) will have their share of pool proceeds calculated in such a way as to include what they would have received as a safety net payment.
- 8.4. The loss in income to the Pool from the safety net(s) foregone in any year will be met from the income generated from other authorities within the pool not having to pay levies in that year. If that levy income is insufficient, then the net loss from the safety net foregone will be shared amongst all the members of the Pool

(including those that would have otherwise qualified for a safety net payment) in proportion to their spending baselines for the year to which the safety net(s) would have applied.



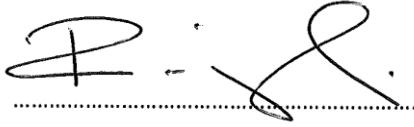

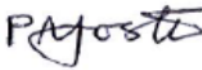





## **9. Treatment of residual benefits or liabilities**


- 9.1. Any residual benefits or liabilities arising in regard to the Pool's additional income will be shared amongst all the members of the Pool in proportion to their share of the income received from the Pool.
- 9.2. 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 9.1 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 Paragraph 9 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.

## 11. Evidence of authorisation

Authority name	Name of s.151 officer	Signature
City of Bradford Metropolitan District Council	Chris Chapman Director of Finance	
The Metropolitan Borough Council of Calderdale	Nigel Broadbent Head of Finance	
Craven District Council	Richard Weigh Chief Finance Officer and Section 151 Officer	
Hambleton District Council	Louise Branford White Director of Finance	
Harrogate Borough Council	Paul Foster Head of Finance	
Kirklees Council	Eamonn Croston Service Director, Finance and s151 Officer	
Leeds City Council	Victoria Bradshaw Chief Officer Financial Services	
North Yorkshire County Council	Gary Fielding Corporate Director Strategic Resources (Section 151 Officer)	
Richmondshire District Council	Sian Moore Corporate Director (Resources) and Section 151 Officer	
Ryedale District Council	Anton Hodge Chief Finance Officer (s151)	

<b>Scarborough Borough Council</b>	<b>Nicholas Edwards Director of Business Support &amp; S151 Officer</b>	<i>Nicholas Edwards</i>
<b>The Council of the City of Wakefield</b>	<b>Neil Warren Chief Finance Officer</b>	
<b>City of York Council</b>	<b>Debbie Mitchell Corporate Finance and Procurement (Section 151 Officer)</b>	<i>Debbie Mitchell</i>