

# LEEDS CITY REGION BUSINESS RATES POOL JOINT COMMITTEE

FRIDAY, 6TH SEPTEMBER, 2024

**PRESENT:** Councillor Douglas in the Chair

Councillors J Lewis

**PRESENT:** C Carter (Wakefield MDC)  
A Cross (Bradford MDC)

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

**1 Appeals against the Refusal of Inspection of Documents**

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

**2 Late Items**

There were no late items of business.

**3 Exempt Information - Possible exclusion of Press and Public**

The agenda contained no exempt information.

**4 Apologies for absence**

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

Councillor Hinchcliffe (Bradford) and A Cross attended as substitute.

Councillor Shaw (Wakefield) and C Carter attended as substitute.

Apologies were also received from Councillor Pattison, S Mawson and K Mulvaney (Kirklees), Councillor Scullion and R Tuddenham (Calderdale), T Riordan and V Bradshaw (Leeds), A Balchin (Wakefield), I Floyd and D Mitchell (York).

**5 Declarations of Interest**

No declarations of interest were made.

**6 Minutes of the Previous Meeting**

**RESOLVED** – The minutes of the previous meeting held 11<sup>th</sup> March 2024 were agreed as a correct record.

**7 2024/25 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:

- a) The context in which the 2024/25 Leeds City Region Business Rates Pool had been set up;
- b) The governance arrangements and Memorandum of Understanding for the Leeds City Region Pool, and the Terms of Reference for the governing Joint Committee which were included in the report at Appendix A and Appendix B respectively;

- c) The provisional 2023/24 financial outturn and the proposed allocation of funding for 2023/24;
- d) The current position of the 2024/25 Leeds City Region Business Rates Pool, including the latest income projections for 2024/25;
- e) The proposed allocation of funding for 2024/25;
- f) The proposed arrangements for continuation of the Leeds City Region Business Rates Pool into 2025/26.

The report highlighted that the 2024/25 Leeds City Region Business Rates Pool had been designated by Government from 1<sup>st</sup> April 2024 under the 50% Business Rates Retention Scheme, thus allowing the Pool to retain levy payments within the region that would otherwise have to be paid to Central Government. The MoU had been approved by the Secretary of State and outlined the distribution mechanism for the pooled levy payments:

- A. The running costs of the pool, if any, will initially be paid by the Lead Authority and will be re-imbursed to them from the Net Retained Levy.
- B. If after A the Net Retained Levy is greater than £0 (i.e. the pool has made an overall gain), then the first £200k of Net Retained Levy will be paid to the City of York Council recognising that this member is the largest contributor of funding to the pool. If there is any further Net Retained Levy, then the joint committee may make decisions as to how it can be used to further regional economic growth.
- C. If after A and B, the remaining Net Retained Levy is greater than £0, that is the Net Retained Levy is more than that required for the administration fee, for the purposes of the decisions of the joint committee and the £200k payment to York, then it becomes a Residual Benefit of the Pool and it will be returned to all member authorities using the following apportionments: -
  - 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 individual populations of Member Authorities, to recognise the most significant driver of need,
  - 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.
  - 25% in proportion to the levy payments made to the pool, to recognise the contribution of the 2 levy-paying authorities to the income of the pool,
- D. Where the Residual Benefit of the Pool is less than £0, (i.e. where the Pool makes an overall loss) – the loss will be shared between all member authorities in proportion to their Baseline Funding Level.

The Joint Committee received the following information:

2023/24 – The actual income to the 2023/24 Pool amounted to £2.367m, £1.0m lower than projected. Table 2 of the report indicated how the £2.11m from the 2023/24 Pool was to be distributed amongst Pool members.

NNDR 3 – It was highlighted that, in response to long delays in the audits of Local Authority final accounts, the 2023/24 Joint Committee had given authority to the Chief Officer - Financial Services, of Leeds City Council, to distribute the surpluses of the 2023/24 Pool on receipt of reasonable assurance from all the Section 151 officers that the outturn NNDR3 returns for their authority were a true representation of members' business rates income and associated Section 31 grant income.

2024/25 - Estimated levy payments of £3.7 m to the 2024/25 Pool were presented in Table 3 of the report along with an indicative level of each member authority retained income and safety net. Table 5 of the report forecasted a levy of £3.493 m for 2024/25 to be distributed amongst Pool members.

Risks - The report also set out the issues which continued to pose possible risks to business rates income and its associated general fund income streams, noting that a reduction in business rates for some authorities may result in a safety net payment being required from the Pool. The Joint Committee noted that currently, no authority was forecast to require a safety net payment.

2025/26 - Looking ahead to preparations for renewal of the Pool for 2025/26, the new Government had not yet confirmed that 50% Business Rates pooling will continue into 2025/26, however the Lead Authority proposed to begin discussions with Section 151 Officers and Members shortly as the application process would usually commence in September of the previous year.

In response to a comment regarding the adjustment made to the amount of levy made by York, the Joint Committee noted that discussions were ongoing about the proper treatment of backdated appeals in respect of York's income, and an update would be provided in due course.

#### **RESOLVED -**

- a) To note the context and structure of the 2024/25 Leeds City Region Business Rates Pool as described in Paragraphs 1 and 2 of the report.
- b) To note the Memorandum of Understanding and Terms of Reference set out in Paragraph 3 and Appendices A and B to the report.
- c) To note the anticipated distribution for 2023/24 as shown in Paragraph 4 of the report.
- d) To note the risks to retained income and of breaching safety net as described at Paragraph 5 of the report.
- e) To note the 2024/25 projected levy and forecast re-distribution of pool income to member authorities outlined in Paragraph 6 and 7 of the report.
- f) To note the intended discussions to renew the Leeds City Region Business Rates Pool for 2025/26 as described at Paragraph 8 of the report.