

LEEDS CITY REGION BUSINESS RATES POOL GOVERNANCE AGREEMENT REVISED MARCH 2015

1 Title

1.1 The Leeds City Region Business Rates Pool.

2 Membership

2.1 City of Bradford Metropolitan District Council, Calderdale Council, Harrogate Borough Council, Kirklees Council, Leeds City Council, Wakefield Council and City of York Council.

3. Commencement

3.1 This governance agreement came into force on 1st April 2013 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 LCR Pool exists to benefit the individual members and to further the aims of the Leeds City Region as a whole as set out in the Regions City Deal “Unlocking our Economic Potential”.

4.2 The income received by the Pool will be shared out so that each member authority receives 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, 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 Leeds City Region Business Rates Pool Joint Committee.

5. Leadership and Accountability

5.1 The Pool will be led by a joint committee. The joint committee will comprise of the leaders of the councils making up the Pool. The joint committee shall be responsible for:

- Allocating any excess income arising from reductions in levy payments as set out in 4.2 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 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.

5.2 The members of the joint committee will elect a chairperson.

5.3 The joint committee will meet as and when required but no less than twice each year.

5.4 The quorum for the meetings will be no less than 5 members. Leaders will be able to nominate substitutes.

5.5 Members will have equal voting rights and voting will be by simple majority. In the event of a tie, the chair of the meeting will have a casting vote.

5.6 The joint committee will be supported by officers drawn from the lead authority.

5.7 The joint committee may establish any sub-groups or any officer forums that they believe to be appropriate.

5.8 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 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 Department for 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 DCLG 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 LCR 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 DCLG 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 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 DCLG).

8. Treatment of Potential Losses in Income

- 8.1 Authorities that suffer large reductions in business rates income from year to year (more than 7.5%) will be entitled to safety net payments. 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%/10% 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.
- 8.2 Authority(s) that would otherwise have qualified for safety net(s) will have their share of pool proceeds calculated in a way to include what they would have received as a safety net payment. 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.