



LEEDS CITY REGION BUSINESS RATES JOINT COMMITTEE

Meeting to be held in Wellington House (Committee Room A)
40-50 Wellington Street, Leeds LS1 2DE on
Friday, 13th July, 2018 at 2.30 pm

MEMBERSHIP

Councillors:

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
Peter Box CBE	-	City of Wakefield MDC
Ian Gillies	-	City of York Council

A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p>APPEAL AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</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>LATE ITEMS</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>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF PRESS AND PUBLIC</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>RESOLVED – 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			<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence (If any)</p>	

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

To approve as a correct record, the minutes of the previous meeting held on 7th March 2018.

(Copy attached)

1 - 6

7

MATTER ARISING FROM THE MINUTES

To consider any matters arising from the minutes

(If any)

LEEDS CITY REGION BUSINESS RATES POOL PROGRESS REPORT

To consider a report by the Chief Officer, Financial Services, Leeds City Council, which provides progress on the Leeds City Region Business Rates Pool, in particular:

- a) Latest income projections for the LCR Pool 2017-18: projected levies for 2017-18 are £4.17m, £560k higher than reported on 7th March 2018;
- b) the estimated Pool income retained by the region as a result of the 100% retention pilot 2018-19;
- c) current spending commitments for 2018-19 and estimated funds available for further funding opportunities;
- d) an update on the financial arrangements with Welcome to Yorkshire (WTY), with confirmation that the first instalment of grant in 2018/19 is now payable;
- e) confirmation that all member authorities wish the current pooling arrangements to continue in 2018/19.

(Report attached)

10.4(3)

BUSINESS RATE POOL (BRP) ASSESSMENT OF BIDS

To consider a report by the Head of European Structural and Investment Funds, and Future Funding Policy, West Yorkshire Combined Authority/ Leeds City Region Enterprise Partnership (the LEP) which provides:

- The outcome of the assessments carried out on the bids received in response to the BRP Prospectus.
- Recommendations regarding next steps for the proposals.

(Report attached)

10

BUSINESS RATE POOL (BRP) MONITORING OF DELIVERY

39 -
40

To consider a report by the Head of European Structural and Investment Funds, and Future Funding Policy, West Yorkshire Combined Authority/ Leeds City Region Enterprise Partnership (the LEP) which provides a suggested approach as to how to monitor and evaluate the delivery and impact of the Business Rate Pool projects selected in response to the April 2018 Prospectus.

(Report attached)

11

ANY OTHER BUSINESS

To consider any other business (If any)

12

DATE AND TIME OF NEXT MEETING

To determine a date and time for the next meeting of the Joint Committee (If considered necessary)

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.

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LEEDS CITY REGION BUSINESS RATES JOINT COMMITTEE

WEDNESDAY, 7TH MARCH, 2018

Present: Councillor T Swift (Calderdale MBC) - Chair
Councillor S Hinchcliffe (City of Bradford MDC), Councillor D Sheard (Kirklees MC), Councillor R Cooper (Harrogate BC), Councillor J Blake (Leeds City Council) and Councillor A Waller (City of York Council)

In Attendance: K England (City of Bradford MDC), N Paskar (Kirklees MC), M McRae (City of Wakefield), M Morley (City of Wakefield), I Floyd (City of York), R Tuddenham (Calderdale MBC), B Still (WYCA), H Waddington (WYCA), R Jones (WYCA), J Skinner (WYCA), E Campbell (WYCA), T Riordan (LCC), D Meeson (LCC) N Eastwood (LCC) and J Grieve (LCC)

23 APPEAL AGAINST REFUSAL OF INSPECTION OF DOCUMENTS

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

24 LATE ITEMS

There were no late items of business

25 EXEMPT INFORMATION - POSSIBLE EXCLUSION OF PRESS AND PUBLIC

There were no items identified where it was considered necessary to exclude the press or public due to the confidential nature of the business to be transacted.

26 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Box

27 DECLARATIONS OF INTEREST

There were no declarations of any disclosable pecuniary interests.

28 MINUTES OF THE PREVIOUS MEETING

RESOLVED – That the minutes of the previous meeting held on 30th November 2017 were approved as a true and correct record.

29 MATTER ARISING FROM THE MINUTES

There were no issues raised under matters arising.

30 LEEDS CITY REGION BUSINESS RATES POOL PROGRESS REPORT

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 provided progress on the Leeds City Region Business Rates Pool, in particular:

- a) Latest income projections for the LCR Pool 2017-18: projected levies for 2017-18 are £3.61m, £66k higher than reported on 30th November 2017;
- b) the LCR Pool 100% retention pilot 2018-19;
- c) current spending commitments for 2017-18 and 2018-19
- d) estimated funds available as a result of the business rates pilot in 2018-19;
- e) bids received against the remaining allocation of funds for the 2018-19 Tour de Yorkshire;
- f) an update on the financial arrangements with Screen Yorkshire; an update on the financial arrangements with Welcome to Yorkshire (WTY), with confirmation that the third instalment of grant in 2017-18 is now payable;
- g) confirmation that all Member authorities wish the current pooling arrangements to continue in 2018/19.

In the discussion that ensued, it was suggested that it may be beneficial for all Leeds City Region Leaders to have a strategic conversation about the funding arrangements for Welcome to Yorkshire

RESOLVED –

- a) to note the latest estimated levies for 2017-18 as set out in paragraph 2.1 of the submitted report
- b) to note the successful bid to pilot 100% business rates retention in 2018-19 and the meeting with MHCLG on 26th March as referred to in Section 3 of the submitted report
- c) to note the existing spending commitments for 2017-18 and 2018-19 and the estimated funds available as a result of the business rates pilot in 2018-19 as set out in Sections 4 and 5 of the submitted report
- d) to approve:
 - the carry forward of uncommitted 2017-18 funds into 2018-19, as referred to in paragraph 4.6 of the submitted report
 - the recommended approach to commit only 75% of this funding at this stage, as set out in paragraph 5.3 of the submitted report
- e) to approve the allocation of £121k of funding for the Tour de Yorkshire 2018 as set out in paragraph 4.9 and Appendix 1 of the submitted report

- f) to authorise Leeds City Council to release the 2018-19 grant payment of £150k to Screen Yorkshire in April 2018, subject to the Screen Yorkshire Board confirming that the Company was a going concern as detailed in paragraphs 4.10 and 4.11 of the submitted report
- g) to note the position in relation to funding for Welcome to Yorkshire as referred to in Section 6 and to note the proposed meeting with WtY
- h) to note that all Member authorities had confirmed that they wished the current pooling arrangements to continue in 2018-19 as set in paragraph 7.1 of the submitted report.
- i) That arrangements be made for all Leeds City Region Leaders to have a strategic conversation about the funding arrangements for Welcome to Yorkshire

31 UPDATED ASSESSMENT OF PROPOSALS FROM CALL FOR PROJECTS PROCESS, AUTUMN 2017

The Programme Development Manager, European Structural and Investment Funds and Future Funding Policy, West Yorkshire Combined Authority/ Leeds City Region Enterprise Partnership (the LEP) submitted a report which provided:

- a) An update on proposals submitted as part of the call for projects in autumn 2017;
- b) An updated position based on the new funding allocation for the Pool for 2018/19; and
- c) Recommendations regarding next steps for the proposals.

RESOLVED –

- a) to note the proposals submitted as part of the call for projects process in autumn 2017 that would converge with the Prospectus unless time critical
- b) to agree that the following project(s) which were considered to be time critical be approved at this stage:

Project Name	Applicant	Grant Agreed (£)
Great exhibition of the North Satellite	City of Bradford Metropolitan District Council	50,000
UCI 2019 Road World Cycling Championships	Harrogate Borough Council	673,000

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

(UCI19)		
Maximising UNESCO City of Media Arts Designation	City of York Council	230,000
Leeds City Region Growth Services	West Yorkshire Combined Authority	88,000 (1 year only)
Raising aspirations: education and apprenticeships connected to business	West Yorkshire Combined Authority	1,360,000 (1 year only)

- c) to note that after taking account of previously agreed commitments, together with the new commitments (as listed above), this would leave the pool with £12,307,000 uncommitted in 2018/19
- d) to note the change to the funding position for the BRP in 2018/19 and its implications for the previously-agreed funding envelope
- e) to note that existing proposals could be resubmitted as part of the new call for projects process in spring 2018, and assessed against the new criteria where this was appropriate.

32 BUSINESS RATE POOL (BRP) PROSPECTUS 2018

The Head of European Structural and Investment Funds and Future Funding Policy, West Yorkshire Combined Authority/ Leeds City Region Enterprise Partnership (the LEP) submitted a report which provided:

- a) A summary of progress made in the development of a BRP Prospectus for 2018.
- b) A draft Prospectus for consideration and approval (Appendix 1).

Members expressed the view that some innovation was required around the housing projects which could be shared with partner authorities and that with regard to culture, arts and sports projects, district projects should also be allowed, not just those that benefit the wider city region.

RESOLVED –

- a) to note the progress made on the draft Prospectus.
- b) to support a local authority policy officer workshop in order to refine and finalise the Specifications, with final sign off of the amended

specifications, in order to allow the Prospectus to still be launched early April and delegated to the Chair of the BRP Committee.

33 ANY OTHER BUSINESS

There were no issues raised under any other business.

34 DATE AND TIME OF NEXT MEETING

RESOLVED – To agree that a further meeting of the Joint Committee be arranged for July 2018, date, time and venue to be confirmed at a later date.

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Originator: Doug Meeson 0113 378 8540
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Report to: LEEDS CITY REGION BUSINESS RATES JOINT COMMITTEE

Date: 13TH JULY 2018

Subject: LEEDS CITY REGION BUSINESS RATES POOL PROGRESS REPORT

SUMMARY

This report sets out:

- a) Latest income projections for the LCR Pool 2017-18: projected levies for 2017-18 are £4.17m, £560k higher than reported on 7th March 2018;
- b) the estimated Pool income retained by the region as a result of the 100% retention pilot 2018-19;
- c) current spending commitments for 2018-19 and estimated funds available for further funding opportunities;
- d) an update on the financial arrangements with Welcome to Yorkshire (WTY), with confirmation that the first instalment of grant in 2018/19 is now payable;
- e) confirmation that all member authorities wish the current pooling arrangements to continue in 2018/19.

1. INTRODUCTION

- 1.1 The Pool relies on the co-operation of both tariff and top-up authorities. Prior to this year's 100% retention pilot, it has generated income because it has been allowed to retain the levies on business rates growth that would otherwise have been paid over to Government by the three tariff authorities: Harrogate, Leeds and York. Without the Pool, the levies of these authorities would have been lost to the region and given to Government. To the end of 2017/18, the Pool has enabled almost £12m of business rates to be retained and invested in the region.
- 1.2 In September 2017, Government invited applications to pilot 100% Business Rates Retention in 2018/19 - an expansion of the existing 100% pilot programme, intended to help Government to explore options for the design of future increased business rate retention. The successful Leeds City Region Business Rates Pool bid is currently for one year only and allows the Pool to retain all additional growth in business rates above the business rate baselines determined by Government and associated Section 31 grants, whereas previously 50% of that growth was remitted to Government.

1.3 The potential downside of Pooling is that if any member’s income declined significantly the Pool would not receive a safety-net payment from Government and the shortfall would have to be made up by the other Pool members. No Pool member is expected to require a safety-net payment for 2018-19.

2. LATEST ESTIMATE POOL INCOME: 2017-18

2.1 Based on authorities’ unaudited NNDR 3 returns, the estimated levy income figures for 2017-18 Pool income are set out below:

Table 1: Estimated Levy Income 2017-18

<i>Reported in:</i>	November 2017	March 2018	July 2018
	£m	£m	£m
Harrogate	0.815	0.820	0.721
Leeds	0.910	0.946	1.172
York	1.823	1.848	2.280
Total	3.547	3.613	4.173

2.2 As can be seen, in total the levy authorities are estimating higher levies in 2017-18 than reported to the March 2018 Joint Committee. This is mainly due to a change in the compensation for additional Small Business Rates Relief mandated by Central Government which affects the calculation of Pool levies. Members will be aware that final levy income will not be confirmed until after the submission of post-audit NNDR3 returns to Government at the end of July 2018.

3. INITIAL ESTIMATE POOL INCOME: THE 2018-19 PILOT

3.1 The Joint Committee will recall that additional income retained by the region as a result of the 2018-19 pilot is estimated to be in the region of £41.4m, with the Pool retaining 50% (£20.7m) to continue to support and enable regional economic growth. The other 50% (£20.7m) will be allocated to the member authorities themselves to improve financial stability within their authorities. Of the 50% allocated to member authorities, half will be based on each authority’s actual additional growth and half will be redistributed by population. A further gain for Leeds, Harrogate and York is that there will be no levy on growth during the pilot.

3.2 Members have agreed to undertake quarterly monitoring of income during 2018-19. The first monitoring returns for the year will be collected and collated in July and the Committee will be provided with an update estimate at the next meeting.

3.3 Government have not yet issued a pilot bid prospectus for 2019/20. In anticipation of the bid process, conversations are being held with Harrogate and North Yorkshire County Council to discuss the possible alignment of bids in the next round. It is worth noting that there is some speculation that 2019/20 pilots may be on a 75% retention basis.

3.4 As Members will be aware, we were informed in late March 2018 of an error made by MHCLG in respect of the calculation of Section 31 grant allocations to pilot authorities. Although this change

has no impact on the Pool income calculations, it has impacted materially on member authorities who share losses in the region of £3.6m. Leaders wrote to the then Secretary of State in April 2018, suggesting that, for 2018/19, any potential loss of funding should be met by using the contingency in the Departmental Expenditure Limit for local government, allowing pilot authorities time to plan how to build the effects of the error in methodology into their 2019/20 budgets, but have not as yet received any response.

4. FUTURE INCOME AND EXISTING COMMITMENTS

4.1 The current commitments for the Pool are summarised below. The table includes final outturn figures for 2017-18 (pending audit of the accounts) and initial estimates of income for 2018-19 from the pilot. The table also shows previous years' payments and all approved commitments for 2018-19.

Table 2: Summary of LCR Pool Income and Commitments 2015-16 to 2018-19

	2015/16 Final Outturn £m	2016/17 Final Outturn £m	2017/18 Final Outturn £m	2018/19 Initial Estimate £m
<u>Income</u>				
Balance b/f	2.544	1.689	3.189	2.816
2015/16 Levies (Final Outturn)	3.110			
2016/17 Levies (Final Outturn)		3.646		
2017/18 Levies (updated estimate)			4.173	
2018/19 100% Pilot Income				15.519
Balance available to fund 2015/16 activities	5.654			
Balance available to fund 2016/17 activities		5.335		
Balance available to fund 2017/18 activities (pre-audit)			7.362	
Estimated balance available to fund 2018/19 activities				18.335
<u>Paid and Committed 2018/19</u>				
Welcome to Yorkshire subscriptions	-0.167	-0.167	-0.167	-0.167
Screen Yorkshire			-0.200	-0.150
Leeds City Region Secretariat	-0.620	-0.620	-0.620	-0.620
Combined Authority Transport Fund	-0.696	-0.696	-0.696	-0.696
Tour de Yorkshire	-1.123		-0.200	-0.421
Tour de Yorkshire (additional costs incurred by York)	-0.012			
Welcome to Yorkshire grant funding	-0.663	-0.663	-0.663	-0.663
Leeds Capital of Culture Bid				-0.350
Contributions towards Economic Development	-0.684		-2.000	
Great Exhibition of the North Satellite				-0.050
UCI 2019 Road World Cycling Championships				-0.673
Maximising UNESCO City of Media Arts Designation				-0.230
Leeds City Region Growth Services				-0.088
Raising Aspirations				-1.360
Balance c/f	1.689	3.189	2.816	12.867

- 4.2 As explained above, the levy income shown for 2017-18 is based on unaudited NNDR3s and as such is not yet final.
- 4.3 Also, as Members will appreciate, because of the inherent volatility of business rates income and the as yet unknown impact of the 2017 revaluation and changes to the appeals system, the 2018-19 estimates remains uncertain. In order to provide an adequate 'safety margin' to ensure that committed expenditure does not exceed available funds, the Committee agreed at the March 2018 meeting to commit only 75% of estimated pilot income initially, at least until estimates can be firmed up. As such the £15.5m of pilot income shown in the table above is 75% of the total estimated income to the pool of £20.7m.
- 4.4 Under the proposed arrangements for the pilot, authorities will make quarterly payments to the pool, with a final reconciliation after the year end when actual income is known. This approach may have short-term cash flow implications which would be met by Leeds on behalf of the other Pool members.

Commitments for 2018-19

- 4.5 In addition to the Pool's core commitments, the Joint Committee has agreed a number of bids listed in the table above and detailed here. Welcome to Yorkshire grant funding is discussed in more detail in paragraph 6.
- 4.6 **Screen Yorkshire:** Members approved expenditure of £200k in 2017-18 to support Screen Yorkshire's running costs until March 2018 and a further £150k for 2018-19 to establish a new LCR/Yorkshire 'Film Office' and appoint a key member of staff. Following the Joint Committee's authorisation in March the 2018-19 payment has now been made to Screen Yorkshire, who successfully appointed to this post in June 2018.
- 4.7 **Tour de Yorkshire 2018:** At the March 2018 meeting Members agreed to increase the funding allocation for this event to £421k, £300k of which has been allocated between the three starts/finishes hosted by member authorities and £121k as per bids for additional funding received at the March meeting. Arrangements to make these payments are currently being finalised.
- 4.8 **Leeds Capital of Culture 2023:** Following the European Commission's decision that UK cities are no longer be eligible to participate in the Capital of Culture 2023 competition, Leeds announced that it would continue with its six year cultural programme and the Joint Committee agreed that these funds should remain allocated. In 2019, Pool funding will be used alongside Council funding to support that development of fundraising, governance and delivery structures. Leeds will provide additional information on these proposals at a future meeting and proposes to explore the potential for collaborations with other districts.
- 4.9 The Committee will recall that the following bids were agreed at the meeting on 7th March 2018:
- Bradford MDC – Great Exhibition of the North
2018/19 **£50,000**
 - Harrogate BC – UCI 2019 Road World Cycling Championships

2018/19 **£100,000**, Future years **£573,000**

- City of York – Maximising UNESCO City of Media Arts Designation

2018/19 **£180,000**, Future Years **£50,000**

- WYCA – Leeds City Region Growth Services

2018/19 **£88,000**

- WYCA – Raising Aspirations

2018/19 **£1,360,000**

The Committee agreed that the bids above submitted by member authorities will be paid in full this year, including funding requested for future years, due to uncertainties about the opportunity to continue to pilot in 2019-20. Only the first year of funding will be paid in regard to the successful WYCA bids above. Bid amounts relating to 2018/19 have now been paid. In order to manage cash flow, future year payments to Local Authorities will be made at the year end.

- 4.10 Colleagues from the Combined Authority will be proposing a monitoring process for successful bids at Agenda Item No. 9.

5. FUNDING AVAILABLE FOR NEW SPENDING PROPOSALS

- 5.1 As set out in Table 2 above, it is currently estimated that, with £2.8m carried forward from 2017-18 and £15.5m of estimated pilot income in 2018-19, the total funding available for distribution in 2018-19 is £18.3m. The spending commitments already approved, as outlined at paragraph 4, total almost £5.5m leaving £12.8m available for further funding opportunities.

- 5.2 The amount of funding available is £1.9m lower than shown in the March report to the Committee: the bids approved in March total £2.5m including the additional £120k allocated to the TdY, but the higher estimated 2017/18 levies result in the balance carried forward to 2018/19 increasing by £560k.

- 5.3 Bids received in response to the new Business Rates Pool prospectus will be presented to the Committee at Agenda Item No.10.

6. WELCOME TO YORKSHIRE FUNDING

- 6.1 As members are aware, the Pool has committed to provide funding to WtY of up to £200,000 for members' subscriptions and £630,000 of grant funding for specific activities per annum. Subscriptions for 2018/19 were held at 2017/18 levels (£167,000), giving headroom to confirm grant funding of up to £663,000 (the same as in previous years).

- 6.2 The monitoring of both WtY's financial position and their activities against the grant agreement has been delegated to a Steering Group of officers from the sub-region. In addition, because the North Yorkshire Business Rate Pool also contributes to the funding of Welcome to Yorkshire, the Corporate Director of Strategic Resources from North Yorkshire County Council is a member of the group.

6.3 In June 2018, the Steering Group reviewed the WtY Delivery Plan for 2018/19 and the latest reports on commissioned activities and has agreed that that these are broadly in line with the Financial Recovery Plan. As such the Steering Group has recommended release of the first instalment of 2018-19 grant.

6.4 The existing grant agreement runs to the end of 2018-19. Leaders have recently met with WtY to discuss a more strategic financial relationship moving forward. As agreed, WtY will produce a business case for the next meeting of the Joint Committee.

7. CONTINUATION OF THE POOL 2018-19

7.1 In accordance with the Governance Agreement, members are reminded that if any authority decides to leave the Pool, regulations require that the Pool will be dissolved. All member authorities confirmed, as part of the application to pilot 100% retention, that they wished to continue as members of the current pooling arrangements in 2018/19.

8. RECOMMENDATIONS

8.1 Members are recommended:

- a) to note the final outturn levies (pre-audit) for 2017-18 as set out in paragraph 2.1;
 - b) to note the initial estimate of pool income to be generated by the 2018-19 100% retention pilot and that we are awaiting the 2019/20 bid prospectus, as discussed in paragraph 3;
 - c) to note the existing spending commitments for 2018-19 and the estimated funds available as a result of the business rates pilot in 2018-19 discussed in paragraphs 4 and 5;
 - d) to note the position in relation to funding for Welcome to Yorkshire as set out in paragraph 6;
and
 - e) to note that all member authorities have confirmed that they wish the current pooling arrangements to continue in 2018/19, discussed in paragraph 7.
-

Author(s): Heather Waddington, Dave Haskins

Report to: LEEDS CITY REGION BUSINESS RATES JOINT COMMITTEE

Date: 13 JULY 2018

Subject: BUSINESS RATE POOL (BRP) ASSESSMENT OF BIDS

SUMMARY

This report provides:

- a) The outcome of the assessments carried out on the bids received in response to the BRP Prospectus.
- b) Recommendations regarding next steps for the proposals.

1.0 INTRODUCTION

1.1 Government made an announcement at the end of last year, stating that Leeds City Region had been selected as a pilot to retain 100% of the business rates in 18/19. This meant that a revised approach to project selection and fund allocation was required which resulted in a BRP Prospectus for 2018 approved at the Committee meeting on the 7 March. The Prospectus was launched on the 1 April 2018. The Prospectus set out four themes areas for investing BRP monies. The closing date, for bids was the 1 June resulting in 29 bids being submitted, which was subsequently reduced to 27.

2.0 BACKGROUND

2.1 As part of the development of the BRP Prospectus further consideration was given to the project selection criteria. The principles of the Leeds City Region Strategic Appraisal Framework were used to develop the 'local' appraisal and 'selection of operations' for BRP projects as set out in the Prospectus at Annex 6.

2.2 The criteria was simplified based on the design of the four specifications and applied based on the specific outcomes and outputs proposed in each theme area. An element of proportionality was also factored in to the approach by including a less onerous set of criteria for projects which requested less than £100,000 funding from the Pool. The criteria also put greater emphasis on the ability of projects to lever in further funding as well as those which would increase business rates in the future and improve the legacy for the Pool.

2.3 An appraisal team, under the responsibility of the Head of Research and Intelligence and Head of Assurance and Feasibility of the Combined Authority, was established to review all applications after the closing date.

3.0 PROGRESS TO DATE AND REVIEW OF BRP PROJECT SUBMISSIONS

3.1 As detailed above Annex 6 of the 2018 BRP Prospectus set out streamlined pool criteria for evaluating proposals. The purpose of this was to provide scheme promoters with a transparent set of questions against which bids were to be assessed. These questions were aligned with the standard approach to developing projects in line with the five cases approach (strategic, commercial, financial, economic and management).

3.2 A description of each bid can be found in **Appendix A**, with the financial profile of each bid detailed in **Appendix B**.

3.3 Combined Authority officers from the Feasibility and Assurance and Research and Intelligence teams, who had not been involved in the bidding process, were responsible for reviewing the submissions. Responses to each question were assessed and allocated full points for a complete/satisfactory response down to zero if not answered (i.e. if all the funding was being sought from BRP and there was no match funding required, then zero points would be given).

3.4 No weightings were applied to any questions, nor to any of the five cases as stated above. Percentage total scores were derived for each of the individual cases per scheme, as well as an overall score.

3.5 All reviews of bids were moderated by the Head of Feasibility & Assurance. A subsequent review team session was also held to there were no anomalies in terms of subjective scoring.

3.6 Clarification questions were asked of promoters who scored 65% or less based on their initial submission. Questions were primarily around details of costs, match funding and dealing with cost risks. This resulted in a number of schemes increasing their overall score on the basis of providing further information.

3.7 One area of uncertainty is the exact size of the pool, which will not be clear until after the 2018/19 year end. At its March 2018 meeting the Joint Committee supported the proposal to commit against only 75% of the estimated pool share of pilot income at this early stage of the year, approximately £12.8m. Should the full estimated value of the pilot be realised there will be additional funding available to the Pool in the region of £5m.

3.8 Members will recall that the Pilot bid documentation sets out how any liabilities arising as a result of the pilot will be dealt with. As per paragraph 3.4.1, any residual liabilities (or benefits) arising in regard to the Pool's 50% share of additional income will be shared amongst all the members of the Pool in proportion to their 50% share of the additional income received from

the Pool. Clearly it is a difficult course for the Committee to tread, exercising caution to ensure funds are not overcommitted whilst wishing to maximise the benefits of the Pilot for the region.

- 3.9 A possible solution is for the Committee to consider creating a reserve list where funding could be allocated to bids as the level of Pool income becomes more certain, although this would not be known finally until after the 2018/19 year end. A way to prioritise these regional bids could be to use the outcome of the assessment process, which demonstrates how each of these bid fits with the criteria in terms of strategic fit and value for money. Members' views towards how to approach this are sought.

4.0 OUTCOME OF THE PROCESS

- 4.1 As part of the assessment process, all bids were given a total based on the overall percentage fit with the prospectus criteria, which applied a consistent methodology to appraise bids based on strategic, commercial, financial, economic and management fit.
- 4.2 As the total value of bids exceeds the total amount that is known to be available from the pool, prioritisation of bids is required in order to bring the total value of bids within the amount of funding available.
- 4.3 To begin this process, a senior officer group across all authorities were asked to prioritise the bids for the Committee to consider. The outcome of this is highlighted in **Appendix C**, alongside the assessment outcome for each of these bids.
- 4.4 The assessment outcomes demonstrate the priority bids are a strong fit to the prospectus criteria, and evidence close strategic fit, value for money and suitability in terms of addressing local and regional priorities.
- 4.5 The total value of all priority bids is £12.8m, which fits within the funding known to be available from the pool. In some cases, officers chose to scale back bids in order to ensure multiple bids could be prioritised, for example choosing to only fund bids for certain years.
- 4.6 If the Committee approves this method of prioritisation, the following 20 bids would be approved and funded by the pool, with the total value of £12,886,736 –
- Health and Social Care 'One Workforce' – City of Bradford MDC
 - Bradford and Keighley CLLD – City of Bradford MDC
 - Major cultural and sporting events – building the bid for UK City of Culture 2025 – City of Bradford MDC (Year 1)
 - Delivering Inclusive Growth in Calderdale – Calderdale Council
 - Halifax and the Piece Hall Visitor Economy – Calderdale Council
 - Harrogate Digital Incubator – Harrogate Borough Council
 - Smart Harrogate – Harrogate Borough Council

- Enabling Housing Growth – Harrogate Borough Council
- Stalled Housing Brokerage Service – Kirklees Council
- Kirklees the Music District – Kirklees Council
- Investment programme – Kirklees Council
- Dewsbury Town Centre – Kirklees Council
- Transforming Leeds events – Leeds City Council
- Expansion of digital engagement – Leeds City Council
- Wakefield Waterfront – Rutland Mills – Wakefield Council
- York City Brand and Inclusive Growth - City of York Council
- Better by Design: York Housing delivery programme – City of York Council
- Castle Gateway masterplan and events – City of York Council
- Business Support / Investment Readiness programme – West Yorkshire Combined Authority (Year 1 and 2)
- Inclusive Growth in Leeds City Region - West Yorkshire Combined Authority (Year 1 and 2)

4.7 This means that a number of bids which are closely aligned with regional priorities and are strong in terms of assessment outcome, require a decision from the Committee on how these should be funded.

4.8 **Appendix D** sets out a potential reserve list for the Committee to consider alongside the overall percentage fit with the criteria for these bids. The total value of the reserve list is £ 5,294,209, and therefore some scaling back of bids would be required to ensure there was enough funding to be allocated to the bids. Views are sought from the Committee on how this scaling back could take place.

5.0 RECOMMENDATIONS

5.1 Members are asked to;

- a) Note the updated assessment of proposals submitted in response to the 2018 BRP Prospectus;
- b) Approve funding for the priority bids as outlined in para 4.6, for the value of £12,886,736.
- c) Approve the approach to the reserve list as outlined in Appendix D.

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Report to: LEEDS CITY REGION BUSINESS RATES JOINT COMMITTEE

Date: 13th JULY 2018

Subject: BUSINESS RATE POOL (BRP) MONITORING OF DELIVERY

SUMMARY

This report provides :

- a) a suggested approach for Committee members, to consider on how to monitor and evaluate the delivery and impact of the Business Rate Pool projects selected in response to the April 2018 Prospectus

1.0 INTRODUCTION AND BACKGROUND

- 1.1 Government made an announcement at the end of last year, stating that Leeds City Region had been selected to pilot 100% Business Rates Retention in 2018/19. This means that a revised approach to project selection and fund allocation is now required. As described at the March 2017 meeting, part of the new approach includes the provision of monitoring and performance data to the Committee on a quarterly basis, particularly on those projects which are a high priority, high risk or which are significantly under-delivering.
- 1.2 This report provides Committee members with a suggested approach to the monitoring and evaluation of the Business Rate Pool projects selected in response to the April 2018 Prospectus.

2.0 CONTEXT

- 2.1 Any approach to monitoring and evaluation needs to be proportionate and consistent with the approach adopted to the appraisal of BRP (which adopted a high level scoring approach based on the 5 cases model) and should also recognise key risks and dependencies, including:
 - 2.1.1 The consistency and quality of information supplied in the BRP submissions and the ability to establish a clear profile of outputs against which base line project performance can be measured (the appraisal of BRP submissions revealed a paucity of reliable and specific outputs which were attributed by project promoters).
 - 2.1.2 The timing of project outputs (where this information is available).
 - 2.1.3 Impacts and outcomes – whilst the BRP Prospectus guidance asked project applicants to set out the logic chain between intervention, outputs, impacts and wider outcomes in most cases this information is not clearly or consistently set out and would be better addressed through the proposed approach to monitoring and evaluation set out below.

3.0 PROPOSED APPROACH

- 3.1 Recognising the specific challenges associated with collecting reliable output data for BRP schemes and the need to also consider wider impacts and outcomes it is proposed that a higher level approach to monitoring and evaluation is put in place, the essential features of this approach are:
- 3.1.1 A bi-annual semi-structured conversation with schemes funded through BRP – this conversation would cover progress in project delivery and review progress relative to the key risks identified, whilst affording the opportunity to capture feedback from key partners and stakeholders.
 - 3.1.2 A program level approach to BRP evaluation where anecdotal intelligence captured through the bi-annual conversation is blended with independent assessment of specific selected projects where additional support is provided to Local Authority project teams in describing and capturing project outputs and wider outcomes as described in the bid.
 - 3.1.3 The focus in the semi-structured interviews and case study work is based on a clear description of how BRP investment is driving change at the local level which underpins the long term growth in business rates through community, organisational and business capacity development.
 - 3.1.4 The baseline position against which the bi-annual semi-structured interviews and case study work would be undertaken will be the final submitted bid for those projects approved.
 - 3.1.5 The Combined Authority would assume overall strategic responsibility for the monitoring and evaluation of BRP projects and would manage the bi-annual semi-structured conversations and the wider program of evaluation - this work would be led by the Head of Research and Intelligence and managed by the Appraisal and Evaluation Manager.

4.0 RECOMMENDATION

- 4.1 Members are recommended to note the progress made and provide comments on the proposed approach to monitoring.