

Coventry and Warwickshire Business Rate Pool

Allocation of Retained Resources

Principles

The allocation of resources will be based on the following principles:

- No authority will receive a lower level of funding than they would have received without the Pool
- Any additional resource is generated because of the Pool and therefore the benefits will be shared across the Pool
- A balance between the level of risk and reward for individual Pool members will be maintained
- The allocation of any retained resource will favour the authority where the growth occurred
- The rationale for the Pool is to encourage economic growth therefore Pool members are encouraged to use the additional resource to promote further economic growth

Basis of Allocation

The underlying basis of allocation is half to the authority generating the growth and/or requiring safety net support and half to be shared proportionately across all pool members. The detailed process through which this will operate comprises three elements:

- The allocation of any retained levy,
- The assessment of when an allocation from the Local Volatility Fund is due and how much any allocation will be, and
- How the Local Volatility fund will be shared should any authority decide to leave the pool or the pool is dissolved.

Allocation of the Retained Levy

The allocation of the retained levy will be calculated as follows:

- 25% of the Net Retained Levy (the gross levy without a pool less the levy with a pool) will be allocated to a Local Volatility Fund
- 25% of the Net Retained Levy will be allocated to pool members in proportion to their share of the gross levy
- 50% of the Net Retained Levy will be allocated to pool members in proportion to their spending baseline

Allocation of the Local Volatility Fund

Allocations from the Local Volatility Fund will be made on the following basis:

- The Pool will operate with a local safety net of $-x.x\%$,
- Allocations to fund authority's up to the level of the local safety net will be made directly from the Pool Local Volatility Fund net of any of the 50% Net Retained Levy Share allocated to the authority
- A memorandum Local Volatility Fund will be maintained for each Pool member recording their allocations to and from the Local Volatility Fund
- 100% of any National Safety Net funding received by the Pool will be allocated to the Pool Local Volatility Fund. This will be allocated to individual members memorandum Local Volatility Fund in proportion to their notional National Safety Net payment

Allocation of the Memorandum Local Volatility Fund

When a Pool member leaves or the Pool is dissolved each authority will refund the Pool or receive from the Pool the balance in their memorandum Local Volatility Fund