

Systems Design update

1. The Systems Design Working Group (SDWG) has met once since the last Steering Group meeting, on 13th January. This was the day of the publication of the Local Government Finance Bill. The Group has not met since then as both DCLG and LGA colleagues have been busy with Bill work.
2. The Group was preceded by a longer than usual pre-meeting, which gave the local government side a chance to talk about issues such as revaluation, the setting of the multiplier, how resets will work and the case for separate arrangements for London. Local Government began the meeting by updating DCLG on the outcome of their away day that had taken place that day. They had broadly decided upon revisions to their previous position paper, split into three categories: asks, info and modelling – especially what would occur after a reset. Other points raised were pressures and future business rates growth and how exactly the new appeal provision arrangements would work and the working of the new Check, Challenge and Appeal software. On the timing of the reset and revaluation, DCLG replied that they saw a reset as occurring in 2020 and a revaluation in 2022. They recognised the difficulty for local authorities in this timing
3. DCLG gave an update on the main Systems Design changes in the Local Government Finance Bill, including taking out the central share, the central provision for appeals, the changes to safety net arrangements and the new pooling arrangements and Local Growth Zones, as well as the power to give multiplier discounts and the power for the GLA and mayoral combined authorities to issue infrastructure supplements.
4. On pooling, the Local Government side questioned why this power was included in the bill. DCLG replied that currently risky areas would be left out of pools and thus pools were not necessarily covering sensible economic areas. This would allow local authorities to better engage in discussions over pools. Local Government also questioned whether the Secretary of State would be constrained in his use of the power. DCLG replied that he would have to act reasonably and undertake a full statutory consultation as required in the Bill.
5. Local Government enquired when the Bill would come into effect. DCLG replied there was a commitment to have the system in place by the end of the Parliament, in practice they expected that it would start in 2019/20 and that more immediately there were consultations on both the Bill and the Fair Funding Review being held imminently to allow Local Government to respond on the design of the system. Response documents on previous consultations were also to be published soon.
6. The next meeting of the Systems Design Working Group is expected to be in March 2017.