
Accounting and Accountability Working Group Update – 7 September 2016

1. **Mitigation of appeal risks at central government level:** there was a detailed discussion about the complexity of achieving this. Advice from CIPFA was that the best way to ensure that local authorities did not have to provide for the risk of appeals due to valuations that were incorrect at the date the new rating list was issued, was to make them the agent of central government. There are a number of consequential issues, many of which would need to be resolved in legislation. In addition, since businesses that are appealing against their rateable valuation are still required to pay their full assessed amount to the local authority, there would be a mismatch between the accounting treatment of appeals and cashflows that needs to be resolved. Other complexities about funding the central government level provision and the potential that there would be a consequential impact on volatility of resets were discussed.
2. **Implications of local tax flexibilities in two tier areas:** the working group pointed out that currently, the Collection Fund Account is designed in such a way that the net business rates income received is shared according to predetermined tier splits. If we want to maintain the principle that the body that reduces its BR multiplier bears the cost it will be necessary to redefine how the statutory adjustments to the Collection Fund Account work. As a result we will need to consider if there is any consequential impact on Business Rates Accounting.
3. **Accountability arrangements for services devolved to local government:** DCLG explained to the working group why this had the potential to become an issue and what they were doing to mitigate this.
4. The next meeting of the group is planned for the second half of October.