

Accounting and Accountability Working Group Update

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

1. The Accounting and Accountability Working Group has been established as one of the sub groups of the Steering Group. As part of the proposals for increased business rates retention, the group's role is to consider the implications of these changes for the local authority accounting and accountability framework.
2. The membership of the group, like the other sub-groups, has been drawn from treasurers' societies and other relevant organisations, including representatives from the CIPFA Code Board. The group reports to the Steering Group. The frequency of the group's meetings will be dependent on the progress of policy development, however, the group has met twice so far, on 31 May and 1 July. This update provides members with a brief outline of the issues discussed at the first two meetings.
3. The Group's first meeting considered the terms of reference; a number of amendments were proposed to make the document clearer. These changes were reflected in an updated terms of reference, which were agreed at the group's second meeting.
4. In discussing the terms of reference, the group recognised that existing groups also have a remit in this area. In particular, the Central and Local Information Partnership - Finance (CLIP-F) group and the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee (CIPFA/LASAAC) Local Authority Code Board. It will be important to keep these groups informed about emerging proposals.
5. At the group's first meeting in May, the substantive discussion item focussed on potential implications for the current Collection Fund arrangements, used to account for business rates income. Members of the group emphasised the importance of the Collection Fund in management of appeals. It was agreed that if the Collection Fund was abolished it could exacerbate volatility in local authority budgeting, however, there may be some scope to simplify the current arrangements. The group also discussed a potential alternative approach to the existing balanced budget calculation councils are required to make.
6. At the group's second meeting in July, discussion largely focussed on the potential implications of proposals outlined in paper prepared for June's systems design working group meeting. The paper outlined a number of question to enable group members to provide views. In particular, the group considered the implications of differing reset periods and redistribution arrangements. Group members agreed that a short period between resets could cause significantly instability and would not improve accountability. Given the Government's aim to phase out RSG, the group also discussed how assurance over the way in which the system was operating could be maintained. Members supported the continuation of an annual process of Parliamentary accountability, to ensure transparency.

7. The papers from both meetings, and the minutes of the first meeting, are available on the LGA's Business Rates Hub [website](#).

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