



Summary Note – Meeting of Responsibilities Working Group

Title: **Responsibilities Working Group**

Date: **Tuesday 3 May 2016**

Venue: **Local Government House, Smith Square, London, SW1P 3HZ**

Attendance

An attendance list is attached as **Annex A** to this note.

1. Welcome and Introductions

- 1.1 The Chair welcomed attendees to the inaugural meeting of the Responsibilities Working Group, one of three working groups (alongside those on needs and redistribution and on system design) that will inform development of the policy on the 100% rates retention reform. All of the working groups would sit under the umbrella of the Steering Group.
- 1.2 The government is keen for the sector to feed in a clear set of ideas on how this reform should go ahead. The purpose of this group will be to provide advice to the steering group on the devolution of responsibilities that should accompany the reforms. A round of introductions followed.

2. Terms of Reference (RWG1/01)

- 2.1 The Chair asked attendees for their comments on the proposed draft Terms of Reference.
- 2.2 The following points were made in discussion:
- The group agreed that its role is to develop options for the devolution of responsibilities and funding and provide advice to the steering group on a package or packages for devolution.

- There was agreement that the group's purpose is to develop options for the devolution of responsibilities and funding, and to provide advice on a package or packages that should be devolved to local government in implementing 100% rates retention.
- The group's Terms of Reference should reflect the need to consider 'future proofing' in our work, and to be clearer about the outputs from our group
- The group recognised that membership may need to change over time as the reforms move from initial policy development to detailed consideration of implementation of responsibilities. At later stages the group may wish to invite subject matter experts to join the group, or to revisit group membership to ensure the right expertise is around the table.
- Minor drafting amendments to the text were agreed to reflect comments about future proofing in our work, and to be clearer about our outputs.

2.3 An updated terms of reference will be circulated ahead of the next working group meeting.

3. Criteria for devolution (RWG/02)

3.1 The group considered a paper seeking views on draft criteria to guide considerations about what should be devolved. The group agreed it would be useful to develop and use such criteria and made the following points in discussion:

- Criteria should be used as guiding principles, not an absolute test.
- Potential candidates for devolution would not be expected to meet all of the criteria.
- The criteria should clearly distinguish two sets of considerations: whether activities currently funded by existing grants to local government should be **funded** in future from retained business rates, and those about **new responsibilities** for local government.
- It is difficult at this stage to accurately capture all of the relevant considerations and develop a correct set of criteria. We should not therefore, limit our consideration to these criteria alone, nor should they be set in stone.
- The criteria should be kept under review, reflecting the difficulty mentioned above, and should be amended if other relevant considerations are identified.

3.2 The criteria will be refined to reflect the points made above, as well as several minor drafting changes suggested, then circulated for consideration at the next meeting.

4. Quantum (RWG1/03)

- 4.1 Jonathan Dallaston took the group through an early draft of a paper to the Steering Group about the potential quantum of business rates that would be available at implementation. In order for the reforms to be fiscally neutral, this amount would need to be accompanied by the phasing out of grants or devolution of new responsibilities to local government as set out in the Government's announcement.
- 4.2 The group recognised that the uncertainty of business rates forecasts, alongside choices being considered by other working groups (e.g. system design), will impact on the quantum of business rates available at implementation. We will want to keep in close touch with decisions taken by other working groups in the programme to understand the impact on the quantum – particularly the systems design group. Papers for all working groups will be published on line, therefore if group members felt there are issues being discussed in another group that impact on this group it could be raised in the meetings.
- 4.3 In the light of this uncertainty it was agreed that our approach to identifying candidates for devolution should not aim to reach a specific target number, but that we should instead identify a 'menu' of potential candidates for devolution on which the Government should consult. That 'menu' should total in excess of the upper range of the forecast on 2020 quantum which will give flexibility to accommodate the inevitable fluctuations in the figure between now and implementation.
- 4.4 The group agreed to a standing agenda item on quantum at each of our meetings to ensure we are working within the latest range.

5. Potential candidates (RWG1/04)

- 5.1 The group considered an initial list of all the ideas that had been received either by LGA or DCLG so far for consideration. The list held no particular status, nor had any consideration been given to individual items on the list. The Chair asked the group for views on whether there were issues not listed which should be considered, and for views on how we should tackle consideration of each issue.
- 5.2 The group had a wide ranging initial discussion on the list and the wider considerations it raised, including the following points:

- This should not be a mathematical exercise to reach a number, but instead should be the right fit for local government in terms of devolution.
- Pressures on existing services should not be forgotten in considering new responsibilities.
- Funding distribution is an important issue. For each funding stream there will need to be consideration of distribution and need. Similarly, the role of incentives in the new system should be considered to ensure they do not conflict with appropriate with funding new responsibilities, at both national and local level
- Subsequent discussions will need to bear in mind the diverse range of interests within the group – there may be different preferred solutions and consideration should be given to not putting pressure on particular authorities.
- There should be transparency around what is being devolved, and flexibility at local level will be a key consideration.
- Need to recognise lead in times when considering implementation.
- The group requested additional background information on the central government grants included in the initial list, including departmental ownership and the activity funded.

5.3 The group agreed to revisit the list of potential candidates at the next meeting. Papers for discussion will be circulated for the next meeting.

6. Future workplan and AOB

6.1 The group's terms of reference, including its role within business rates reform and relationship with other working groups, was discussed within the first two agenda items.

6.2 The group agreed to meet again in May, following the Steering group, and continue consideration of potential candidates for devolution. Several members requested that a date be confirmed as soon as possible to assist in scheduling.

Annex A – Attendance List (3 May 2016)

Member	Organisation	Attendance
Bevis Ingram	Local Government Association (LGA)	Present
Mark Johnson	Local Government Association (LGA)	Present
Anthony May	County Councils' Network (CCN)	Apologies
Allen Graham	District Councils' Network (DCN)	Apologies
Barry Hastie	Special Interest Group of Municipal Authorities (SIGOMA)	Present
Leigh Whitehouse	Association of Local Authority Treasurers' Societies (ALATS) - SLT	Present
Nikki Bishop	Association of Local Authority Treasurers' Societies (ALATS) - SMT	Present
Joanna Walker	Association of Local Authority Treasurers' Societies (ALATS) - SCT	Present
Steve Richardson	Association of Local Authority Treasurers' Societies (ALATS) - SDCT	Present
Sean Clark	Association of Local Authority Treasurers' Societies (ALATS) - SUT	Alan Cross
Joanne Pitt	Chartered Institute of Public Finance and Accounting (CIPFA)	Present
Alistair Townsend	Institute of Revenues Rating and Valuation (IRRV)	Present
Jeremy Skinner	Greater London Authority	Present
Paul Honeyben	London Councils	Present
Victoria Jones	Department for Communities and Local Government	Present
Richard Enderby	Department for Communities and Local Government	Apologies
Jonathan Dallaston	Department for Communities and Local Government	Present