



Meeting of Technical Working Group on Needs & Redistribution

Title: **Needs & Redistribution Technical Working Group**

Paper: **NR TWG 16/15 – Work plan for Needs and Redistribution**

Date: **Monday 5 September 2016 – (12:30pm)**

Venue: **Smith Square 3 & 4, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ**

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

Needs and Redistribution: Work Plan

Introduction

1. At the last meeting of this technical working group DCLG and the LGA agreed to develop a high level plan for the work of this group.

Key Milestones

2. The work of this technical group is feeding into the wider program of work that is being undertaken in order to deliver 100% Business Rates Retention. The current plan for this wider work plan is for the reforms to be **introduced in time for the 2019/20 financial year.**
3. Before that end point there are number of important milestones for this project which are outlined on the work plan. The next major milestone is **November when we hope to be able to consult on the proposed principles underpinning the new needs assessment and the broad approach that it will take.**

Work streams

4. The work plan has divided the work of this group into 4 main work streams. These broad work streams are
 - i. **Defining Need** – this work stream covers how need will be assessed in the new system. This will include establishing what methodology we want to use to combine different indicators/drivers of need as well as deciding what indicators we need and how we will collect the data.

- ii. **Features of the System** – this work stream is principally concerned with the way the needs assessment will be integrated with the wider business rates retention system. In particular it will cover the work that needs to be done to inform decisions about the approach to resetting the system, how transitional arrangements should operate and the geographical level at which the needs assessment is applied.
- iii. **Resources** – as discussed at the last technical group, the needs of councils are only one side of the equation. This work stream will consider how the resources available to councils should be treated.
- iv. **Incentives** – this work stream will cover whether it is possible to integrate different incentives into the design of the business rates system. Improving service efficiency while incentivising housing growth and economic growth will be key considerations but there may well be other opportunities to build incentives into the system.

Broad timeline

- 5. The group has indicated that the new needs assessment should take a different approach to the one used in the past, which was based on regressions against past expenditure. Agreeing what that new approach should be is a priority. We therefore expect the majority of the work for the next 6 months to be focused on Defining Need work stream.
- 6. However the legislation we intend to introduce into Parliament in early 2017, which will enact 100% Business Rates Retention, will need to be able to reflect how the new needs assessment will interact with the wider reforms. It will therefore also be important to develop the Features of the System work stream.
- 7. While important, the treatment of resources does not have to be resolved as quickly as the first two work streams so we are not expecting to start any substantial work in this area until the first half of 2017.

Questions

- 1. **Do you agree that this work plan covers the key areas of work that this Technical Working Group needs to consider?**
- 2. **Do you have any comments about the proposed timeline and order of the key tasks?**