

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

Responsibilities Working Group Update

1. The Responsibilities Working Group met for the first time on 3 May 2016. This note provides a summary of progress and outlines our next steps.
2. We discussed proposed **Terms of Reference** and agreed the Working 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. We are updating the Terms of Reference to reflect comments by members about the need to consider 'future proofing' in our work, and to be clearer about the outputs from our group.
3. The proposed **criteria** seen by the Steering Group at its 12 April meeting were considered by the group. We agreed that developing and using criteria to guide us in identifying and considering potential candidates for devolution is sensible. We will use them as guiding principles in our work and will not expect each potential candidate for devolution to necessarily meet each all the criteria. We are refining the original proposed criteria to better reflect the distinctions between the issues when considering whether to phase an existing grant out (so that the activity in future would be funded through retained rates), and when considering a new responsibility not currently devolved to local government. Once refined, we will keep the criteria under close review, recognising the difficulty in capturing all issues at the outset.
4. We recognised the impact the uncertainty of business rates forecasts and choices being considered by other working groups (e.g. system design) could have on the **quantum** of business rates available at implementation. We have 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. The 'menu' should total in excess of the upper range of the forecast on quantum which will give flexibility to accommodate the inevitable fluctuations in the figure between now and implementation. We will want to keep in close touch with decisions taken by other working groups in the programme to understand their impact on the quantum – particularly the systems design group – and will have a standing item on quantum at each of our meetings to ensure we are working within the latest range.
5. We found it helpful in giving a sense of scale to our work to note that the amount available for funding either existing grants or new responsibilities currently stands in the range of £7bn to £11bn, assuming RSG and TfL Capital Grant are included, and in the range of £4bn to £8bn were Public Health Grant and housing benefit admin subsidy also to be devolved (these being the potential items Government has said that it would like to consider). Nevertheless recognising that we would need to carefully consider all potential candidates.

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

6. Finally, we discussed the list of ideas for **potential candidates for devolution** that had been gathered. We recognised that this represented suggestions from a range of stakeholders and that items on the list had not yet undergone any assessment of suitability or held any particular status. We identified a range of further information we would need in order to consider the items in more detail - which we will do in advance of the next steering group meeting on 13 June, at which we would expect to provide advice to the Steering Group on the options that should be proposed for consultation. A separate note before the Steering Group provides more detail.