

Systems Design update

1. The Systems Design Working Group (SDWG) has met once since the last Steering Group meeting – on 25 July. The group discussed the business rates retention consultation that was published earlier in July, and then took two substantive papers – one from the local government side on design basics, and one from DCLG on resets and growth.
2. Westminster introduced a paper on behalf of the local government sector, covering the ‘system design basics’ that they felt should be addressed through the group. These included
 - Revaluation 2017 and re-calibrating the 2017/18 multiplier
 - Handling appeals post revaluation
 - The Valuation Office caseload
 - Some suggested changes to managing levy and safety net payments through the Collection Fund Adjustment Account
 - The future of the safety net
 - The future of the Central List
 - How growth is measured at revaluations
 - Reliefs and discounts
3. In discussion, DCLG reiterated that the SDWG’s role was to help shape the 100% rates retention system, and that there was a risk of scope creep into issues that were not for the group to address – including revaluation 2017 and performance management of the VOA. **The working group were keen to highlight to the Steering Group their concerns, particularly around the performance of the VOA.**
4. Representatives from local government on the working group have further developed their thinking around these and other design issues over the summer. A paper will be discussed at the next SDWG (on 2 September) which sets out where agreement on design issues was reached, and what the local government representative’s proposals are.
5. DCLG introduced a paper on resets and growth, with some modelling to demonstrate illustrative impacts of different types of resets on the system. The Steering Group are taking a separate paper on resets which builds on the discussion at the SDWG.
6. The next meeting of the SDWG is on 2 September. The group will discuss a set of key proposals from the local government representatives (see para. 4), a paper about the detailed design of the tax flexibilities work, and a paper on how the central list could work in the 100% rates retention system.