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.