

REGULATORY APPRAISAL

COUNCIL TAX, WALES

THE LOCAL AUTHORITIES (ALTERATION OF REQUISITE CALCULATIONS) (WALES) REGULATIONS 2007

Purpose and intended effect of the measure

1. These Regulations omit references to "relevant special grant" from sections 32, 33, 43 and 44 of the Local Government Finance Act 1992 for the financial year beginning 1 April 2007 since no special grants are being defined as relevant special grants for that financial year.
2. They also insert, for the financial year beginning 1 April 2007, for billing (in Wales, county and county borough councils) and major precepting authorities (in Wales, county and county borough councils and police authorities) the definitions of sums payable in respect of redistributed non-domestic rates and revenue support grant in sections 32 and 43 of the 1992 Act, to ensure that the amounts of redistributed non-domestic rates and revenue support grant in those sections relate only to such amounts payable under the respective Local Government Finance Reports for the financial year beginning 1 April 2007. The same definitions also apply to sections 33 and 44 of the 1992 Act.
3. Finally, these Regulations define "floor funding" in section 43 of the 1992 Act by inserting subsection (6F) for the financial year beginning 1 April 2007 and further amend sections 43 and 44 of the 1992 Act, such that major precepting authorities in Wales must take into account any floor funding received from the Home Secretary for the financial year beginning 1 April 2007 when making the required calculation for that year. The floor funding is added to ensure that the overall increase in central funding for the Police Authorities compared to the last year is 3.6%. This is paid under section 31 of the Local Government Act 2003.

Risk Assessment

4. If this legislation is not implemented then the references above would be out of date. In addition, we could not ensure that all the central funding provided by the Home Office in the police settlement is taken into account by police authorities in setting their budget requirement and council tax for 2007-08. The Local Authorities (Alteration of Requisite Calculations) (Wales) Regulations 2000 ensure that the police grant is taken into account in calculating the budget requirement, but not the additional "floor funding".

Options

Option 1: Do Nothing

5. If the Regulations were not amended then the references to "relevant special grant" would be out of date as would the definitions of sums payable in respect of

redistributed non-domestic rates and revenue support grant in sections 32 and 43 of the 1992 Act. Also, we could not ensure that all the central funding provided by the Home Office in the police settlement is taken into account by police authorities in setting their budget requirement and council tax for 2007-08.

Option 2: Make the Legislation

6. Implementing the Regulations will ensure that the budget requirement is calculated correctly and consistently for 2007-08 and for police authorities this will ensure consistency of approach with police authorities in England

Benefits

7. The main benefits are that the Local Government Finance Act 1992 will be updated to ensure that the calculation of the budget requirement for 2007-08 is undertaken consistently and correctly.

Costs

8. There are no financial implications to the Assembly as a result of these Regulations. The proposed allocations of revenue support grant to local authorities and police authorities are set out in the local government finance report each year, which falls to be approved by the whole Assembly under Standing Order 21.
9. There are no financial implications to local authorities or any other sector arising from these Regulations.

Consultation

With Stakeholders

10. Although there has been no formal consultation on these Regulations, details of the draft Regulations were sent to all Welsh local unitary authorities (all Chief Executives, Chief Financial Officers and Legal Officers) and the Welsh Local Government Association on 25 January 2007. No comments were received from any of the Welsh local unitary authorities.

With Subject Committee

11. These Regulations were notified to the Local Government and Public Services Committee, via the list of forthcoming legislation, on 21 September 2006 (LGPS (2) 12-06(p.3), item no: LG090), and have remained on the list ever since. They were not identified for detailed scrutiny.

Review

12. Local Government Finance Division will continue to review the efficacy of these Regulations and supporting mechanisms annually with the Welsh Local Government Association and local authorities.

Summary

13. The aim of these Regulations is to remove references to “relevant special grant”; to up date the definitions of sums payable in respect of redistributed non-domestic

rates and revenue support grant to ensure that the amounts of redistributed non-domestic rates and revenue support grant excluded from the budget requirement calculation in those sections relate only to such amounts payable under the respective Local Government Finance Reports for the financial year beginning 1 April 2007; and, to ensure that “floor funding” provided to police authorities by the Home Office is taken into account in calculating their budget requirement.