

## **EXPLANATORY MEMORANDUM & REGULATORY IMPACT ASSESSMENT FRAMEWORK**

### **Explanatory Memorandum to The Rating Lists (Valuation Date) (Wales) Order 2007**

This Explanatory Memorandum has been prepared by Local Government Finance Division and is laid before the National Assembly for Wales.

- (i) **Description**

The Valuation Office Agency (VOA) is required to revalue the rateable values of all business hereditaments in England and Wales every 5 years. In order to do this they require an antecedent valuation date (AVD), which is the single date at which the VOA will determine the value of all properties. An Order made by the Welsh Ministers specifies this date.
- (ii) **Matters of special interest to the Subordinate Legislation Committee**

None. This instrument will follow the negative resolution procedure. This means that it will be made and laid before the Assembly but should not be brought into force until at least 21 (calendar) days from the date of laying. However, in addition, there is a 40 (calendar) day period which also commences from the date of laying whereby a Member may table a motion seeking the annulment of the instrument. Unless an annulment motion is tabled, there shall be no debate of this instrument in Plenary
- (iii) **Legislative Background**

The Local Government Finance Act 1988 (the 1988 Act) provides powers for the Welsh Ministers to set the AVD by Order. The Order will be made under paragraph 2(3)(b) of Schedule 6 to the 1988 Act. These powers were transferred to the National Assembly for Wales by the National Assembly for Wales (Transfer of Functions) Order 1999 (SI 1999/672) and are now vested in the Welsh Ministers by virtue of paragraph 30 of Schedule 11 to the Government of Wales Act 2006. The Order is to be made using the negative resolution procedure.
- (iv) **Purpose and intended effect of the legislation**

Under the 1988 Act, the VOA is required to compile and maintain a local rating list for each local billing authority (county and county borough council in Wales). The local rating list contains details of business hereditaments (which are not in the central rating list) and their rateable values. A new local rating list is due to come into force on 1 April 2010. The VOA is required by the 1988 Act to send to each local billing authority a copy of the proposed local rating list for their area by 30 September 2009. The 1988 Act also requires the VOA to compile and maintain a central rating list for hereditaments with

a regional or national character (for example gas and the national grid). A new central rating list is due to come into force on 1 April 2010 and the VOA must provide the Assembly Government with a copy of the proposed central rating list by 30 September 2009. In order to achieve these milestones, the VOA advise that the latest practical AVD should be 1st April 2008. This is the date that will also be adopted in England, and an AVD of 1st April which is 2 years before the new lists come into force (the effective valuation date) has been used for all previous revaluations since 1990.

(v) **Implementation**

This legislation should come into force as soon as possible, preferably by 1 December 2007 in order that the VOA can commence preparatory work with the certainty that the AVD will be 1<sup>st</sup> April 2008.

(vi) **Consultation**

An AVD has been set for all previous revaluations since 1990, and, as with previous revaluations, this date has been agreed with the VOA without further consultation for what is a technical piece of legislation. All previous AVD's have been set 2 years before the list comes into force, and this follows established practice.

(vii) **Regulatory Impact Assessment –**

(a) **Options (for achieving the policy objective – as set out in paragraph (iv) above) -**

There are no other options to achieve this. The alternatives are to:

- set an earlier AVD, in which case properties would be valued according to less up to date data, which is contrary to the purpose of the revaluation:
- set a later AVD, in which case the VOA advise that there is a risk that they could not complete the compilation of draft lists for issue to local authorities in accordance with the timescale prescribed by primary legislation:
- do not make an Order, in which case the AVD would be 1<sup>st</sup> April 2010, and the VOA would have no evidence to support the valuations produced in September 2009, since the valuation date would still be 6 months in the future. The 2010 list would contain entries that would subsequently be changed following appeal that could otherwise have been amended prior to the coming into force of the 2010 list (which is the default position under paragraph 2 (3)(a) of Schedule 6 to the 1988 Act).

**(b) Benefits**

The benefits of making this order are that the VOA will be able to publish proposed rating lists by 20 September 2009 based upon the most up to date information, so that these lists can be queried by ratepayers and corrected as appropriate prior to the coming into force of the 2010 list, avoiding the obstacles outlined in para vii (a) above.

**(c) Costs**

No additional costs will be incurred by the Assembly Government or by local authorities as a result of making this order.

**(d) Competition Assessment**

This has been scored against the competition filter test which indicated that there should be no detrimental effect on competition,

**(e) Consultation**

An AVD has been set for all previous revaluations since 1990, and, as with previous revaluations, this date has been agreed with the VOA without further consultation for what is a technical piece of legislation. All previous AVD's have been set 2 years before the list comes into force, and this follows established practice.

**(f) Post implementation review**

The VOA and Assembly Government consider a realistic AVD for each revaluation which takes place at 5 yearly intervals.