

## **Explanatory Memorandum to the Rating Lists (Postponement of Compilation) (Wales) Order 2014**

This Explanatory Memorandum has been prepared by the Local Government and Communities Department and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

### **Minister's Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Rating Lists (Postponement of Compilation) (Wales) Order 2014. I am satisfied that the benefits outweigh any costs.

Edwina Hart AM  
Minister for Economy, Science and Transport

1 April 2014

## **1. Description**

This Order provides for the new non-domestic rating lists to be compiled on 1 April 2017, the date specified in the Order, rather than on 1 April 2015. The Welsh Ministers decided Wales should postpone the ratings list revaluation and undertake this exercise in 2017.

## **2. Matters of special interest to the Constitutional and Legislative Affairs Committee**

None

## **3. Legislative background**

Non-domestic rating lists are normally compiled every five years and the next compilation date was due to take place in 2015. A decision was taken by the Welsh Ministers to postpone the date on which the new non-domestic rating lists should be compiled in Wales until 2017, following a decision by UK Government to delay the compilation date in England.

This Order is a technicality in the sense that there is no longer the potential to deliver a Revaluation in 2015 and as such this Order formally postpones the date until 2017. Paragraph 2(3) of Schedule 6 to the Local Government Finance Act 1988 (“the 1988 Act”) provides that, where the rateable value is determined for the purposes of compiling a list, the day by reference to which the determination is to be made is (a) the day on which the list must be compiled or (b) the day preceding that day as may be specified by order. It has been the practice both in England and in Wales for an order to be made under paragraph 2(3)(b) to set the date 2 years before the date of compiling lists. For a compilation of lists on 1 April 2015 this antecedent date would be 1 April 2013. This date has now passed and it would now be costly and challenging for the Valuation Office Agency (VOA) to undertake the revaluation exercise in 2015. As the additional costs would arise as a result of the earlier decision to defer the revaluation, they would fall to the ES&T MEG. Even if compiling the rating list for 2015 were possible, there would be significant risks to the accuracy of the list. Such inaccuracies would pose reputational and financial risks to the VOA and Welsh Ministers.

Re-establishing the five year cycle of revaluations once the date of the next exercise is provided for in section 54A(4) of the 1988 Act.. The five year cycle was established under the 1988 Act and provides business with certainty on the dates of future revaluations and ensures that tax bills are based on the most up to date information.

In accordance with section 54A of the Local Government Finance Act 1988, inserted by section 30 of the Growth and Infrastructure Act 2013, the Welsh Ministers may by order provide that the lists to which section 54A applies must

be compiled on a date specified in the order rather than 1 April 2015. The Growth and Infrastructure Act 2013, which granted the power to amend the date of the next Revaluation, was passed on 25 April 2013 and section 30 came into force on 25 June 2013.

The lists to which section 54A applies are the local and non-domestic rating lists which would otherwise have to be compiled for Wales on 1 April 2015 and the central non-domestic rating list which would otherwise have to be compiled on the same date. The specified date must be 1 April in 2016, 2017, 2018, 2019 or 2020. If an order has effect under section 54A, then section 41 (local rating lists) and section 52 (central rating lists) apply as if rating lists must be compiled on the specified date and every fifth year afterwards.

The Order is subject to the affirmative procedure in accordance with section 143 of the 1988 Act as inserted by section 30 of the Growth and Infrastructure Act 2013.

#### **4. Purpose & intended effect of the legislation**

The purpose of the Order is to formally postpone the 1 April 2015 revaluation and undertake the revaluation on 1 April 2017.

#### **5. Consultation**

This Order is technical in nature and has no policy implications. In light of this, no consultation exercise has been undertaken.

#### **6. Regulatory Impact Assessment**

A regulatory impact assessment has not been prepared as this Order is technical in nature and has no policy implications.