



Rates Act 1984

1984 CHAPTER 33

PART I

SELECTIVE LIMITATION OF RATES AND PRECEPTS

1 Power to prescribe maximum rates and precepts

- (1) The Secretary of State may, in accordance with the provisions of this Part of this Act, prescribe a maximum for the rate made or, as the case may be, the precept issued for any financial year by an authority to which this Part of this Act applies and which is designated by him in relation to that year in accordance with those provisions.
- (2) Where an authority is designated as aforesaid in relation to a financial year its powers and duties in respect of the making of a rate or issuing a precept for that year shall have effect subject to the provisions of this Part of this Act.
- (3) This Part of this Act applies to—
 - (a) the council of a county or district;
 - (b) the Greater London Council, the council of a London borough and the Common Council of the City of London;
 - (c) the Inner London Education Authority ; and
 - (d) the Council of the Isles of Scilly.
- (4) A maximum prescribed under this section for a rate shall apply to the rate exclusive of any part made for giving effect to—
 - (a) a precept issued to the rating authority by another authority to which this Part of this Act applies or by the Receiver for the Metropolitan Police District; or
 - (b) a levy made on the rating authority under section 13 of the London Regional Transport Act 1984.
- (5) In the case of the Inner London Education Authority the power to prescribe a maximum under this section shall be construed as a power to prescribe a maximum for such part of any precept issued by the Greater London Council as is attributable to expenditure of the Authority; and any maximum prescribed under this section in the

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case of the Greater London Council shall apply only to such part of any precept issued by the Council as is not attributable to such expenditure.

2 Designation of authorities

- (1) The authority or authorities in whose case a maximum is to be prescribed under section 1 above for any financial year shall be designated by the Secretary of State in a report laid before the House of Commons in the preceding financial year; and on laying any such report the Secretary of State shall serve on the authority or, as the case may be, each of the authorities designated in it a notice stating that the authority has been so designated.
- (2) The Secretary of State shall not in a report laid under subsection (1) above in any financial year designate an authority unless it appears to him from the best information available to him that its total expenditure in that year is likely—
 - (a) to exceed its grant-related expenditure for that year or £10 million, whichever is the greater; and
 - (b) to be excessive having regard to general economic conditions.
- (3) If the total of relevant expenditure as estimated for the purposes of the Rate Support Grant Report for any financial year (other than the first) in which this section is in force is greater or smaller than the total of relevant expenditure as estimated for the purposes of the Rate Support Grant Report for the previous financial year, the Secretary of State shall by order substitute for the amount for the time being specified in subsection (2)(a) above (whether £10 million or an amount previously substituted under this subsection) an amount which is proportionately greater or smaller except that any substituted amount may be rounded to the nearest £100,000.
- (4) The power to make an order under subsection (3) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.
- (5) The power to designate an authority shall be exercised in accordance with principles determined by the Secretary of State and, in the case of an authority falling within any of the classes specified in subsection (6) below, those principles shall be the same either for all authorities falling within that class or for all of them which respectively have and have not been designated under this section in the previous financial year.
- (6) The classes referred to in subsection (5) above are—
 - (a) councils of metropolitan counties ;
 - (b) councils of non-metropolitan counties ;
 - (c) councils of metropolitan districts ;
 - (d) councils of non-metropolitan districts ;
 - (e) councils of inner London boroughs; and
 - (f) councils of outer London boroughs.
- (7) Any report under subsection (1) above shall contain a statement of the principles in accordance with which the authority or authorities included in the report have been designated.
- (8) Separate reports and orders may be made under this section in relation to England and Wales respectively.

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- (9) References in the following provision of this Part of this Act to a designated authority are to an authority designated under this section.

3 Expenditure levels

- (1) For the purpose of enabling the Secretary of State to prescribe a maximum under section 1 above for the rate made or precept issued by a designated authority the Secretary of State shall determine a level for its total expenditure in the financial year for which the maximum is to have effect.
- (2) The power to determine a level for the total expenditure of a designated authority shall be exercised in accordance with principles determined by the Secretary of State and, in the case of an authority falling within any of the classes specified in subsection (6) of section 2 above, those principles shall be the same either for all authorities falling within that class or for all of them which respectively have and have not been designated under that section in the previous financial year.
- (3) The Secretary of State shall serve on each designated authority a notice stating the level determined by him in the case of that authority.
- (4) Any authority on which a notice is served under subsection (3) above may, within the period specified in the notice, apply to the Secretary of State for a re-determination of the level stated in the notice at a greater amount; and any such application shall be accompanied by such information in such form as the Secretary of State may require.
- (5) Where an application is made in accordance with subsection (4) above the Secretary of State may, after considering the information submitted with it, any additional information furnished by the applicant and any other matters that he thinks relevant, either confirm his original determination or re-determine the level at a greater or smaller amount; and in making any such re-determination the Secretary of State may depart from the principles referred to in subsection (2) above.
- (6) Where under subsection (5) above the Secretary of State re-determines a level at a greater amount he may impose on the authority in question such requirements relating to its expenditure or financial management as he thinks appropriate ; and it shall be the duty of the authority to comply with any such requirements and to report to the Secretary of State whenever he so directs on the extent to which those requirements have been complied with.
- (7) The duties of an authority under subsection (6) above shall be enforceable at the suit of the Secretary of State; and where an authority fails to comply with any such duty the Secretary of State may designate the authority under section 2 above in relation to a subsequent financial year without regard to subsection (2) of that section.
- (8) The Secretary of State's decision under subsection (5) and any requirements imposed by him under subsection (6) above shall be stated in a notice served by him on the authority concerned.
- (9) In making a decision under subsection (5) above the Secretary of State shall have regard to the extent (if any) to which the authority's proposed expenditure is to consist of contributions to charities registered, or excepted from registration, under section 4 of the Charities Act 1960.

4 Determination of maximum rate or precept

- (1) As soon as practicable after the Rate Support Grant Report for any financial year has been laid before Parliament the Secretary of State shall serve on each designated authority a notice stating the maximum which he proposes to prescribe under section 1 above for the rate made or precept issued by that authority for that year.
- (2) The Secretary of State shall determine that maximum by reference to—
 - (a) the level of expenditure determined or re-determined by him for the authority under section 3 above ;
 - (b) the block grant (if any) which he estimates will become payable to the authority in question; and
 - (c) in the case of an authority affected by a scheme under section 66 of the London Government Act 1963 (equalisation of rates), any contribution to be made by or to the authority in pursuance of the scheme ;
 and in determining that maximum the Secretary of State may take into account any financial reserves available to the authority.
- (3) If—
 - (a) the proposed maximum stated in a notice served on a designated authority under subsection (1) above is accepted by the authority within the period specified in the notice ; or
 - (b) a designated authority and the Secretary of State agree on a different maximum,
 the power of the Secretary of State to prescribe a maximum under section 1 above in the case of that authority for the financial year in question shall be exercised by specifying in a direction in writing served on the authority a maximum equal to that stated in the notice or agreed with the authority, as the case may be.
- (4) In any other case the power of the Secretary of State to prescribe a maximum under section 1 above shall be exercised by specifying by order a maximum equal to or greater than that stated in the notice served on the authority in question.
- (5) The power to make an order under subsection (4) above shall be exercisable by statutory instrument and no such order shall be made unless a draft of it has been laid before and approved by a resolution of the House of Commons,
- (6) An order under subsection (4) above may relate to two or more authorities.

5 Interim maximum

- (1) If in the case of any designated authority no maximum has been prescribed under section 1 above before the relevant date, the Secretary of State may prescribe an interim maximum under this section by a direction in writing served on the authority.
- (2) For the purposes of subsection (1) above the relevant date in relation to a maximum under section 1 above for any financial year is—
 - (a) in the case of a rate, 1st March; or
 - (b) in the case of a precept, 15th February,
 in the preceding financial year.
- (3) An interim maximum shall have effect until replaced by a maximum prescribed under section 1 above (a " final maximum "); and where an interim maximum is prescribed in

the case of any authority the Secretary of State shall as soon as reasonably practicable replace it with a final maximum.

- (4) If an authority makes a rate or issues a precept by reference to an interim maximum and the final maximum is higher—
 - (a) a substituted rate or precept complying with the final maximum may be made or issued by the authority under section 3 of the Local Government Finance Act 1982 without regard to subsection (2) of that section (which limits the estimated product of a substituted rate or precept by reference to the estimated product of the rate or precept for which it is substituted) ; and
 - (b) that subsection shall not prevent a substituted rate being made by any other authority in pursuance of subsection (4)(a) of that section for giving effect to a precept substituted in accordance with paragraph (a) above.
- (5) Section 1(4) and (5) above shall apply to an interim maximum as they apply to a final maximum.

6 Form and effect of maximum

- (1) Any maximum prescribed under this Part of this Act for a rate shall be expressed as a limit on the amount in the pound of the rate exclusive of any such part as is mentioned in section 1(4) above; and a rate shall be invalid if—
 - (a) the amount in the pound of the rate (exclusive of any such part) exceeds a limit applicable to it by virtue of any such maximum ; or
 - (b) any part of the rate is made for giving effect to a precept which is invalid under subsection (2) below.
- (2) Any maximum prescribed under this Part of this Act for a precept or, in a case within section 1(5) above, for part of a precept shall be expressed as a limit on the amount in the pound of the precept or part; and a precept shall be invalid if the amount in the pound of the precept or, as the case may be, of the relevant part of it exceeds a limit applicable to it by virtue of any such maximum.
- (3) The Secretary of State may by order make provision with respect to the application of any such limit as is mentioned in subsection (1) or (2) above in cases where the rate or precept or, as the case may be, the relevant part of the rate or precept falls to be levied otherwise than at a uniform rate in the pound.
- (4) The power to make an order under subsection (3) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.
- (5) Separate orders may be made under subsection (3) above in relation to England and Wales respectively.

7 Certificates of compliance

- (1) Where a rate is subject to a maximum under this Part of this Act the notice of the rate given under section 4 of the General Rate Act 1967—
 - (a) shall include a statement by the proper officer of the rating authority to the effect that the rate complies with the maximum ; and
 - (b) shall (without prejudice to any other method of publication allowed by that section) be published in a newspaper circulating in the area of the authority ;

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and a statement to the same effect by the proper officer of the authority shall be included in every demand note on which the rate is levied.

- (2) Where a precept is subject to a maximum under this Part of this Act the precept shall include a statement by the proper officer of the precepting authority to the effect that the precept complies with the maximum.
- (3) Where a rate gives effect to a precept which is subject to a maximum under this Part of this Act, then—
 - (a) if the rate falls within subsection (1) above, the statements required by that subsection shall include a statement to the effect that the precept complies with the maximum; and
 - (b) if the rate does not fall within that subsection, the requirements of that subsection shall apply to the notice of the rate and the demand notes on which it is levied with the substitution for the reference to the rate in paragraph (a) of that subsection of a reference to the precept.
- (4) Subsection (1) above shall apply to the City of London with the substitution for the reference to section 4 of the said Act of 1967 of a reference to section 20(1) of the City of London (Union of Parishes) Act 1907.
- (5) The statements required by subsections (2) and (3) above in a case within section 1(5) above shall be to the effect that the relevant part or parts of the precept comply with the maximum applicable to that part or, as the case may be, each of those parts.

8 Information

- (1) A designated authority shall furnish the Secretary of State with such information as he may require for the purpose of exercising his powers under this Part of this Act; and if any such information is not furnished within such time as he may require he may exercise those powers on the basis of such assumptions as he thinks appropriate.
- (2) For the purpose of enabling him to prescribe a maximum for a precept under this Part of this Act the Secretary of State may require each rating authority to which the precept can be issued to furnish him with an estimate of the amount, calculated in the manner prescribed under the General Rate Act 1967, which would be produced in the year in question by a rate of a new penny in the pound levied in its area or any part of it; and if any such estimate is not furnished within such time as the Secretary of State may require he may himself make the estimate for that purpose.
- (3) The Secretary of State may use for the purpose of exercising his powers under this Part of this Act any information obtained by him under section 168 of the Local Government Act 1972 (local financial returns), section 65 of the Local Government, Planning and Land Act 1980 (information for purposes of block grants) or under any other enactment.