



Localism Act 2011

2011 CHAPTER 20

PART 2

EU FINANCIAL SANCTIONS

48 Power to require public authorities to make payments in respect of certain EU financial sanctions

- (1) A Minister of the Crown may, in accordance with the provisions of this Part, require public authorities to make payments of amounts determined by a Minister of the Crown in respect of an EU financial sanction to which this Part applies.
- (2) A requirement to make a payment under this Part—
 - (a) may only be imposed on a public authority if—
 - (i) the authority has been designated under section 52; and
 - (ii) the EU financial sanction concerned is one to which the designation applies; and
 - (b) must be imposed by a notice given to the authority under section 56 (referred to in this Part as a final notice).
- (3) If a final notice is registered in accordance with rules of court or any practice direction, it is enforceable in the same manner as an order of the High Court.
- (4) Any sums paid by a public authority under this Part are to be paid into the Consolidated Fund.
- (5) In this Part—
 - (a) “EU financial sanction” means a sanction consisting of a lump sum or penalty payment (or both) imposed by the Court of Justice in Article 260(2) proceedings for an infraction of EU law;
 - (b) “infraction of EU law”, in relation to an EU financial sanction, means the failure to comply with a judgment of the Court of Justice given in proceedings under Article 258 or 259 of the Treaty on the Functioning of the European Union; and

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- (c) “Article 260(2) proceedings” means proceedings under Article 260(2) of that Treaty.

Commencement Information

II S. 48 in force at 31.5.2012 by S.I. 2012/1008, art. 5

49 Duty of the Secretary of State to issue a policy statement

- (1) The Secretary of State must publish a statement of policy with respect to—
- (a) the designation of public authorities under section 52;
 - (b) the imposition and variation of requirements to make payments under this Part; and
 - (c) such other matters relating to the operation of the provisions of this Part as the Secretary of State may think it appropriate to include in the statement.
- (2) The Secretary of State may from time to time revise and republish the statement of policy required by this section.
- (3) A revised statement of policy may include saving or transitional provisions relating to the continued application for any purpose of any provisions of an earlier published version of the statement.
- (4) The Secretary of State must consult such persons as the Secretary of State considers appropriate before publishing, or revising and republishing, the statement of policy required by this section.
- (5) In exercising functions under this Part in relation to an EU financial sanction which has been or may be imposed on the United Kingdom—
- (a) a Minister of the Crown, and
 - (b) a panel established under section 53,
- must have regard to the statement of policy most recently published under this section.

Commencement Information

I2 S. 49 in force at 31.5.2012 by S.I. 2012/1008, art. 5

50 The EU financial sanctions to which Part 2 applies

- (1) This Part applies to any EU financial sanction imposed on the United Kingdom after the commencement of this Part, subject to subsection (2).
- (2) If a Minister of the Crown gives a certificate—
- (a) specifying a part or parts of an EU financial sanction, and
 - (b) stating that this Part is not to apply to that part, or those parts, of the sanction, this Part applies to that EU financial sanction as if it did not include that part or those parts.
- (3) A certificate under subsection (2)—
- (a) may make different provision about any of the following—
 - (i) the lump sum (if any) paid by the United Kingdom;

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- (ii) any periodic payment due from the United Kingdom under the terms of the EU financial sanction before the certificate is given; and
 - (iii) any subsequent periodic payment that may fall due from the United Kingdom under those terms; and
 - (b) must be given in such form and published in such manner as the Minister of the Crown giving it thinks fit.
- (4) Any provision of a certificate under subsection (2) which has the effect of excluding the whole or part of any periodic payment mentioned in subsection (3)(a)(iii) (including any such payment which has fallen due from the United Kingdom since the earlier certificate was given) may be varied by a further certificate under subsection (2).

Commencement Information

I3 S. 50 in force at 31.5.2012 by S.I. 2012/1008, art. 5

51 Meaning of “public authority” and related terms

- (1) This section defines various terms used in this Part.
- (2) “Public authority” means—
 - (a) a local authority to which subsection (3) applies; or
 - (b) any other person or body which has any non-devolved functions.
- (3) This subsection applies to—
 - (a) any of the following in England—
 - (i) a county council, district council or London borough council;
 - (ii) the Common Council of the City of London (in its capacity as a local authority);
 - (iii) the Greater London Authority; and
 - (iv) the Council of the Isles of Scilly;
 - (b) a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994;
 - (c) a district council within the meaning of the Local Government Act (Northern Ireland) 1972;
 - (d) a council of a county or county borough in Wales.
- (4) References to functions are to functions of a public nature.
- (5) References to non-devolved functions are to functions which are not devolved functions.
- (6) References to devolved functions are to—
 - (a) Scottish devolved functions, that is to say functions the exercise of which would be within devolved competence (within the meaning of section 54 of the Scotland Act 1998);
 - (b) Northern Ireland devolved functions, that is to say functions which could be conferred by provision included in an Act of the Northern Ireland Assembly made without the consent of the Secretary of State (see sections 6 to 8 of the Northern Ireland Act 1998); or

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- (c) Welsh devolved functions, that is to say functions which are exercisable in relation to Wales and could be conferred by provision falling within the legislative competence of the National Assembly for Wales as defined in [F1section 108A] of the Government of Wales Act 2006.
- (7) References to a public authority with mixed functions are to a public authority which has both non-devolved and devolved functions.
- (8) The “appropriate national authority”, in relation to a public authority with mixed functions, means the following national authority or authorities (according to whichever one or more of the following paragraphs apply to that public authority)—
- (a) the Scottish Ministers, if the public authority has any Scottish devolved functions;
 - (b) the relevant Northern Ireland department, if the public authority has any Northern Ireland devolved functions; and
 - (c) the Welsh Ministers, if the public authority has any Welsh devolved functions.

Textual Amendments

F1 Words in s. 51(6)(c) substituted (1.4.2018) by [Wales Act 2017 \(c. 4\), s. 71\(4\), Sch. 6 para. 89](#) (with [Sch. 7 paras. 1, 6](#)); [S.I. 2017/1179, reg. 3\(r\)](#)

Commencement Information

I4 S. 51 in force at 31.5.2012 by [S.I. 2012/1008, art. 5](#)

52 Designation of public authorities

- (1) A Minister of the Crown may by order designate a public authority for the purposes of this Part.
- (2) The order must—
- (a) specify the public authority by name;
 - (b) identify any EU financial sanction to which the designation applies; and
 - (c) describe the activities of the authority which are covered by the designation.
- (3) The order may identify an EU financial sanction for the purposes of subsection (2) (b) by—
- (a) specifying an EU financial sanction that has been imposed on the United Kingdom;
 - (b) specifying any Article 260(2) proceedings that have been commenced and providing that the designation is to apply to any EU financial sanction that may be imposed on the United Kingdom in those proceedings;
 - (c) specifying a judgment of the Court of Justice finding that the United Kingdom has failed to comply with an EU obligation and providing that the designation is to apply to any EU financial sanction that may be imposed on the United Kingdom for failing to comply with that judgment; or
 - (d) specifying or describing any proceedings under Article 258 or 259 of the Treaty on the Functioning of the European Union that have been or may be commenced and providing that the designation is to apply to any EU financial sanction that may be imposed on the United Kingdom for failing to comply with a judgment of the Court of Justice given in those proceedings.

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- (4) The order may, for the purposes of subsection (3)(d), describe any proceedings under Article 258 or 259 that may be commenced by reference to the subject-matter of—
- (a) a Reasoned Opinion addressed to the United Kingdom under Article 258 or 259 (as the case may be); or
 - (b) any other document sent to the Government of the United Kingdom by the Commission of the European Union or by another member State which gives notice to the Government of the possibility of proceedings being commenced against the United Kingdom.
- (5) The activities described for the purposes of subsection (2)(c) must be activities of the public authority which—
- (a) are carried out in the exercise of non-devolved functions of the public authority; and
 - (b) take place after the provisions of the order describing the activities come into force.
- (6) The following may not be designated under this section—
- (a) the House of Commons, the House of Lords, the Scottish Parliament, the Northern Ireland Assembly or the National Assembly for Wales;
 - (b) a Minister of the Crown or a United Kingdom government department;
 - (c) a member of the Scottish Executive;
 - (d) the First Minister or the deputy First Minister for Northern Ireland, a Northern Ireland Minister or a Northern Ireland Department;
 - (e) a member of the Welsh Assembly Government;
 - (f) a court or tribunal.
- (7) Before making an order designating a public authority a Minister of the Crown must consult—
- (a) the public authority concerned; and
 - (b) if it is a public authority with mixed functions, the appropriate national authority.
- (8) In sections 54 to 56 references to “acts”, in relation to a public authority which has been designated under this section, are to acts within a description of activities covered by the designation.

Commencement Information

I5 [S. 52](#) in force at 31.5.2012 by [S.I. 2012/1008](#), [art. 5](#)

53 Establishment of independent panel

- (1) This section applies where—
- (a) an EU financial sanction to which this Part applies has been imposed by the Court of Justice; and
 - (b) at least one public authority is the subject of a designation order under section 52 which applies to that EU financial sanction.

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- (2) A Minister of the Crown must establish a panel for the purpose of carrying out any functions it may be given by or under any provision of this Part in relation to that EU financial sanction.
- (3) The panel must be established before any warning notice is given to a public authority in relation to that EU financial sanction.
- (4) The panel is to consist of one or more individuals appointed by a Minister of the Crown who appear to a Minister of the Crown to have suitable qualifications, expertise or experience to carry out their duties.
- (5) A Minister of the Crown may invite nominations for appointment to the panel from such organisations as a Minister of the Crown considers appropriate.
- (6) The validity of any acts of the panel is not affected by a vacancy among its members.
- (7) A Minister of the Crown may pay to a member of the panel such fees, allowances or expenses as a Minister of the Crown may determine.
- (8) A Minister of the Crown may provide such staff, accommodation or other facilities as a Minister of the Crown may consider necessary to enable the panel to carry out its functions.

Commencement Information

I6 S. 53 in force at 31.5.2012 by S.I. 2012/1008, art. 5

54 Warning notices

- (1) Before a public authority which has been designated under section 52 can be required to make any payment under this Part in respect of an EU financial sanction to which the designation applies—
 - (a) a Minister of the Crown must give a warning notice under this section to the public authority;
 - (b) the procedures set out in the warning notice (with any changes made under subsection (9)) must be followed; and
 - (c) a Minister of the Crown must determine the matters mentioned in section 55(4).
- (2) A warning notice is a notice stating that a Minister of the Crown, having regard to the judgment of the Court of Justice imposing the EU financial sanction, believes—
 - (a) that acts of the authority may have caused or contributed to the infraction of EU law for which the EU financial sanction was imposed, and
 - (b) that, if acts of the authority did cause or contribute to that infraction of EU law, it would be appropriate to consider requiring the authority to make payments under this Part (which may be or include ongoing payments) in respect of the EU financial sanction.
- (3) The warning notice must also—
 - (a) identify the EU financial sanction to which the notice relates;
 - (b) specify the total amount of that sanction (see subsection (7));

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- (c) if that sanction is or includes a penalty payment, specify the amount and frequency of any periodic payments that fall due from the United Kingdom under the terms of the penalty payment (see subsection (8));
 - (d) set out the reasons for making the statement required by subsection (2);
 - (e) set out the proposed procedures and arrangements for determining the matters mentioned in section 55(4) (which may include arrangements for securing that matters arising under the notice are dealt together with matters arising under other warning notices given to other public authorities in respect of the same EU financial sanction);
 - (f) propose a timetable for those procedures and for any steps to be taken by the panel or a Minister of the Crown before any requirement to make a payment can be imposed on the authority;
 - (g) invite the authority to make representations to a Minister of the Crown about the matters mentioned in paragraphs (e) and (f);
 - (h) invite the authority to make representations to the panel (with any supporting evidence) about anything the authority considers relevant to the matters mentioned in section 55(4), including its response to any representations made (and any supporting evidence submitted) to the panel —
 - (i) by a Minister of the Crown or a government department (whether in relation to matters arising from the notice or matters arising from any other warning notice given to another public authority in relation to the same EU financial sanction);
 - (ii) by another public authority which has been given a warning notice in relation to the same EU financial sanction; or
 - (iii) by the appropriate national authority in response to an invitation under paragraph (j) included in the notice; and
 - (j) if the authority has mixed functions, invite the appropriate national authority to make representations about anything contained in or arising from the notice.
- (4) The warning notice may contain other such information as the Minister of the Crown giving it considers appropriate.
- (5) Before a Minister of the Crown gives a warning notice to the authority, the Minister of the Crown must consult the panel as to the contents of the notice (including in particular the proposed procedures and timetable mentioned in subsection (3)(e) and (f)).
- (6) If the authority has mixed functions, a Minister of the Crown must—
- (a) consult the appropriate national authority before deciding to give a warning notice to the authority; and
 - (b) give the appropriate national authority a copy of any warning notice the Minister of the Crown decides to give.
- (7) In subsection (3)(b) the “total amount of the sanction” means the sum of the following—
- (a) the amount of the lump sum (if any) due from the United Kingdom under the terms of the EU financial sanction (disregarding any amount that falls to be excluded from the lump sum by virtue of section 50(2)); and
 - (b) the total amount of the periodic payments (if any) which have fallen due from the United Kingdom on or before a day specified in the notice (disregarding any amount that falls to be excluded from any of those payments by virtue of section 50(2));

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and the day specified for the purposes of paragraph (b) must be no later than the day on which the warning notice is given to the authority.

- (8) The periodic payments to be taken into account for the purposes of subsection (3)(c) do not include—
- (a) any periodic payment taken into account in calculating the total amount of the sanction for the purposes of subsection (3)(b); or
 - (b) any periodic payment, or any part of a periodic payment, that falls to be excluded from the EU financial sanction by virtue of section 50(2).
- (9) A Minister of the Crown may, after considering any representations made by the authority under subsection (3)(g) but before the matters mentioned in section 55(4) are determined, give the authority—
- (a) a notice stating any changes that the Minister has decided to make to the procedures or timetable as originally set out in the warning notice under subsection (3)(e) and (f); and
 - (b) a copy of the warning notice incorporating those changes.
- (10) A Minister of the Crown must consult the panel before making any changes under subsection (9).
- (11) A warning notice given to a public authority may be withdrawn at any time before the matters mentioned in section 55(4) are determined, but this does not prevent another warning notice being given to the authority in relation to the same EU financial sanction.
- (12) In this section and section 55 “the panel” means the panel established under section 53 to deal with the EU financial sanction to which the notice relates.

Commencement Information

I7 S. 54 in force at 31.5.2012 by S.I. 2012/1008, art. 5

55 Matters to be determined before a final notice is given

- (1) This section applies where—
- (a) a warning notice has been given to a public authority; and
 - (b) the panel has considered all representations made to it under the procedures set out in that notice.
- (2) The panel must make, to a Minister of the Crown, a report on the matters to which the representations made to the panel relate.
- (3) The report—
- (a) may be published by the panel in such manner as the panel thinks fit and, if not published by the panel, must be published by the Minister of the Crown to whom it is made in such manner as the Minister of the Crown thinks fit;
 - (b) must include recommendations as to the determination of the matters mentioned in subsection (4)(a) and (b);
 - (c) if the authority has made representations to the panel about anything the authority considers relevant to any of the matters mentioned in paragraphs (c)

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- to (e) of subsection (4), must include recommendations as to the determination of the matters mentioned in those paragraphs; and
- (d) must include the panel's reasons for any recommendations included in the report.
- (4) After having had regard to the report, a Minister of the Crown must determine the following matters—
- (a) whether any acts of the authority did cause or contribute to the infraction of EU law concerned and, in relation to any periodic payments, whether any acts of the authority have continued, and will continue, to cause or contribute to the continuation of that infraction;
- (b) the proportion of—
- (i) the total amount of the sanction (being the amount to be specified under section 56(2)(b) if a final notice is given), and
- (ii) any periodic payments not included in that total amount (including both payments that have fallen due since the date specified under section 54(7)(b) and future periodic payments),
- that, in the light of the acts of the authority which are determined to be relevant for the purposes of paragraph (a), is to be regarded as reflecting the authority's share of the responsibility for the infraction of EU law concerned or, in relation to a periodic payment mentioned in sub-paragraph (ii), the continuing infraction of EU law concerned;
- (c) whether the authority should be required to make any payment or payments in respect of the EU financial sanction;
- (d) if so, what payment or payments the authority should make towards—
- (i) the total amount of the sanction referred to in paragraph (b)(i); and
- (ii) any periodic payments referred to in paragraph (b)(ii); and
- (e) when any such payment or payments should be made.
- (5) In determining the matters mentioned in subsection (4)(c), (d) and (e) the Minister of the Crown must have regard to—
- (a) the effect on the authority's finances of any amount it may be required to pay and in particular, if the authority has mixed functions, the need to avoid any prejudicial effect on the performance by the authority of its devolved functions;
- (b) the determination under subsection (4)(b); and
- (c) any other relevant considerations.
- (6) Before making a final decision on the matters mentioned in subsection (4)(c), (d) and (e), the Minister of the Crown must invite—
- (a) representations from the authority about the potential effect on its finances and, if it has mixed functions, the effect on its devolved functions of any amount it may be required to pay; and
- (b) if the authority has mixed functions, representations from the appropriate national authority.

Commencement Information

18 S. 55 in force at 31.5.2012 by S.I. 2012/1008, art. 5

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56 Final notices

- (1) A Minister of the Crown may give a final notice to a public authority only if a Minister of the Crown has decided in accordance with section 55 to impose a requirement under this Part on the authority.
- (2) The final notice must—
 - (a) identify the EU financial sanction to which the notice relates;
 - (b) specify the total amount of the sanction (see subsection (3)) and, where relevant, the amount and frequency of any future periodic payments (see subsection (4));
 - (c) describe the acts of the authority that a Minister of the Crown has under section 55(4) determined—
 - (i) have caused or contributed to the infraction of EU law concerned; or
 - (ii) have caused or contributed, or will continue to cause or contribute, to the continuation of that infraction;
 and set out the reasons for that determination;
 - (d) summarise the other determinations made by a Minister of the Crown under section 55(4) and set out the reasons for making them;
 - (e) specify the amount required to be paid by the authority towards the total amount of the sanction and when it is to be paid (and if it is to be paid in instalments, the instalments and the date on which they become payable);
 - (f) specify the amount or proportion required to be paid towards any future periodic payment (as defined for the purposes of paragraph (b)) and the time when that amount is to be paid (or, if the notice so provides, the time when two or more such amounts are to be paid); and
 - (g) specify how and to whom payments are to be made.
- (3) In subsection (2)(b) and (e) the “total amount of the sanction” means the sum of the following—
 - (a) the amount of the lump sum (if any) due from the United Kingdom under the terms of the EU financial sanction (disregarding any amount that falls to be excluded from the lump sum by virtue of section 50(2)); and
 - (b) the total amount of the periodic payments (if any) which have fallen due from the United Kingdom on or before a day specified in the final notice (disregarding any amount that falls to be excluded from any of those payments by virtue of section 50(2));
 and the day specified for the purposes of paragraph (b) must be no later than the day on which the final notice is given to the authority.
- (4) In subsection (2)(b) “future periodic payments” means periodic payments due from the United Kingdom other than—
 - (a) any periodic payment taken into account in calculating the total amount of the sanction; or
 - (b) any periodic payment, or any part of a periodic payment, that falls to be excluded from the EU financial sanction by virtue of section 50(2).
- (5) The requirement to make payments towards periodic payments falling due from the United Kingdom after the notice is given continues so long as those periodic payments continue to fall due, unless a Minister of the Crown gives the authority a notice under this subsection terminating the requirement or varying it so as to make it less onerous for the authority.

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- (6) A notice under subsection (5) may be given, either on the application of the authority or without such an application, where a Minister of the Crown considers it appropriate in the light of a change in the circumstances which applied when the final notice was given or when it was last varied (as the case may be).
- (7) A Minister of the Crown may—
- (a) consult the panel, or refer any matter relating to the possible termination or variation of the requirement for its advice or recommendations;
 - (b) invite the authority to make representations; and
 - (c) if the authority has mixed functions, invite the appropriate national authority to make representations,
- before deciding whether to terminate or vary the requirement mentioned in subsection (5).
- (8) If the authority makes an application under subsection (6) a Minister of the Crown may by notice to the authority suspend the requirement until further notice (but this does not affect the liability to make any payment once the suspension is ended, unless the final notice is varied to have that effect).

Commencement Information

19 S. 56 in force at 31.5.2012 by S.I. 2012/1008, art. 5

57 Interpretation of Part: general

In this Part—

- “act” includes omission;
- “the appropriate national authority”, in relation to a public authority with mixed functions, has the meaning given by section 51(8);
- “Article 260(2) proceedings” has the meaning given by section 48(5)(c);
- “Court of Justice” means the Court of Justice of the European Union;
- “EU financial sanction” has the meaning given by section 48(5)(a);
- “final notice” means a notice under section 56;
- “functions”, “non-devolved functions” and “devolved functions” are to be construed in accordance with section 51;
- “infraction of EU law”, in relation to an EU financial sanction, has the meaning given by section 48(5)(b);
- “Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975;
- “periodic payment”, in relation to an EU financial sanction that is or includes a penalty payment, means a payment due under the terms of the penalty payment;
- “public authority” has the meaning given in section 51(2);
- “public authority with mixed functions” has the meaning given by section 51(7);
- “warning notice” means a notice under section 54.

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Commencement Information

I10 [S. 57](#) in force at 31.5.2012 by [S.I. 2012/1008](#), [art. 5](#)

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 158(8)-(9B) substituted for s. 158(8)(9) by [2016 c. 22 s. 121\(2\)\(e\)](#)
- s. 202(3A) inserted by [2023 c. 55 s. 176\(2\)](#)