

## STATUTORY INSTRUMENTS

## 1986 No. 1236

## RATING AND VALUATION

## The Rate Product (Amendment) Rules 1986

<i>Made</i>	- - -	15th July 1986
<i>Laid before Parliament</i>		24th July 1986
<i>Coming into Operation</i>		14th August 1986

The Secretary of State for the Environment, after consultation with the local authorities and associations of local authorities with whom consultation appears to him to be desirable, in exercise of the powers conferred by sections 12, 14, 113 and 114 of the General Rate Act 1967(a) and now vested in him (b), and of all other powers enabling him in that behalf, hereby makes the following rules:—

1.— (1) These rules may be cited as the Rate Product (Amendment) Rules 1986 and shall come into operation on 14th August 1986.

(2) In these rules “the principal rules” means the Rate Product Rules 1981(c).

2. The principal rules shall be amended in accordance with these rules.

3. In rule 1(2), after the definition of “inclusive product” there shall be inserted the following definition:—

“alternative inclusive product” in relation to any area or part means a product of a rate of one penny in the pound for that area or part determined by the alternative inclusive method in the Schedule to these rules;”.

4. In rule 2, after the words “county council” there shall be inserted the words “every metropolitan district council,”.

5. In rule 3, after the word “county”, in the first place where it occurs, there shall be inserted the words “, a metropolitan district” and after the word “county”, in the second place where it occurs, the word “district”.

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(a) 1967 c.9.

(b) S.I. 1970/1681.

(c) S.I. 1981/327, amended by S.I. 1983/268.

6. In rule 4, for the words “the Greater London Council” there shall be substituted the words “a joint authority established by Part IV of the Local Government Act 1985(a), the Inner London Education Authority”.

7. For rule 5 there shall be substituted the following:—

“5. The product of a rate of one penny in the pound for any area for the purposes of section 137 of the Local Government Act 1972(b) (which relates to the power of a local authority to incur expenditure in the interests of their area or its inhabitants where not otherwise authorised) shall be the exclusive, inclusive or alternative inclusive product, whichever is the greatest.”.

8. In rule 6, for the words “the Greater London Council” there shall be substituted the words “the councils of metropolitan districts and London boroughs, the Common Council of the City of London”.

9. For paragraph 1 of the Schedule there shall be substituted the following:—

“1.— Each local authority shall as soon as may be after the close of any year determine the exclusive, inclusive and alternative inclusive product for that year for their area, and where a precept is issuable in respect of a part only of an area the exclusive, inclusive and alternative inclusive, product for that year for such part.”.

10. In paragraph 2(4) and (5) of the Schedule the words “or the Greater London Council” shall be omitted.

11. In paragraph 6(3) of the Schedule, sub-paragraph (ii) shall be omitted.

12. After paragraph 6 of the Schedule there shall be inserted the following paragraph:—

“6A.— (1) The alternative inclusive product for any area for any year is—

$$\text{£} \frac{\text{EP} \times \text{P}}{(\text{GRP} - \text{GRP}_1) \times \text{RV} \times \text{M}} \text{ where}$$

EP is the amount of the exclusive product for the area,

P is the population of the area,

GRP is the amount which would be the grant related poundage for the relevant authority for the year 1985/86 expressed in pounds and calculated to eight decimal places, if that authority's total expenditure had been equal to its grant related expenditure in that year,

GRP<sub>1</sub> is the amount which would have been grant-related poundage for the relevant authority for the year 1985/86, expressed in pounds and calculated to eight decimal places, if that authority's total expenditure had been equal to

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(a) 1985 c.51.

(b) 1972 c.70.

its grant-related expenditure less one pound per head of population in that year,

RV is the gross rateable value of the area, and

M is the relevant multiplier.

(2) In this paragraph—

references to total expenditure and grant related expenditure, the population of an area, the grant related poundage, the gross rateable value of the area, a Rate Support Grant Report, an area and the relevant authority have the same meanings as in paragraph 6(3) above; and

the reference to the relevant multiplier is the multiplier for the relevant authority determined in the appropriate Rate Support Grant Report for 1985/86.”.

13. In paragraph 9 of the Schedule, after the words “county council” there shall be inserted the words “metropolitan district council”.

14. In paragraph 11 of the Schedule, in the definition of “local authority” the words “the Greater London Council” shall be omitted.

15. The amendments made by these rules in relation to the determination of the product of a rate for the purpose of section 137 of the Local Government Act 1972 have effect for the financial year ending 31st March 1987 and subsequent years.

*Nicholas Ridley,*  
Secretary of State for the Environment.

15th July 1986.

## EXPLANATORY NOTE

*(This Note is not part of the Rules.)*

These rules further amend the Rate Product Rules 1981.

The principal change (rules 3, 7, 9 and 12) is that an additional basis is provided for calculating the inclusive product of a 1p rate for the purposes of section 137 of the Local Government Act 1972, which gives local authorities power to spend an amount equal to the product of a 2p rate for purposes not otherwise authorised.

Under the present rules the inclusive product of a 1p rate is calculated for any year by a formula the impact of which depends upon the Rate Support Grant settlement for that year. The new alternative formula supersedes the present formula for financial years beginning with the year 1986/87 if it produces a greater amount. The new formula effectively reproduces the effect of the existing inclusive formula as it applied in relation to the financial year 1985/86 so that changes in the settlement for subsequent years do not reduce the amount that can be spent under section 137.

These rules also amend the 1981 rules to take cognisance of certain changes resulting from the abolition of the Greater London Council and metropolitan county councils.

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