
EXPLANATORY NOTE

(This note is not part of the Regulations)

Sections 32 and 43 of the Local Government Finance Act 1992 (“the 1992 Act”) set out respectively how a billing authority and a major precepting authority other than the Greater London Authority (“GLA”) are to calculate their budget requirements for a financial year, and sections 33 and 44 of that Act set out respectively how a billing authority and such a major precepting authority are to calculate the basic amount of their council tax. For the Greater London Authority, the budget requirement is calculated under section 85 of the Greater London Authority Act 1999 (“the 1999 Act”), the basic amount of council tax (for services funded by the GLA other than the Metropolitan Police Authority) is calculated under section 88 of that Act and the additional amount of council tax in respect of the Metropolitan Police Authority is calculated under section 89 of that Act.

Regulation 2(a) of these Regulations amends for authorities in England for financial years beginning on or after 1 April 2005, section 32(2)(a) of the 1992 Act to exclude expenditure to be charged to a business improvement district (“BID”) Revenue Account from the expenditure that the authority must aggregate under section 32(2) but to include expenditure incurred by the authority in paying a BID levy for which it is liable or in making a financial contribution or taking action under section 43(2)(a) of the Local Government Act 2003. Similarly, regulation 2(b)(i) of these Regulations amends for authorities in England section 32(3)(a) to exclude BID levy or financial contributions made by a person under section 43 of the Local Government Act 2003 from the income that the authority must aggregate under section 32(3)(a). BIDs are projects to improve a particular area. They are paid for by a BID levy and the revenue received by a billing authority by way of BID levy may only be spent on the BID project. Regulation 2(d) inserts definitions for BID levy and BID Revenue Account.

Regulations 2(b)(ii) and 3 to 10 of these Regulations omit references to “relevant special grants” from sections 32, 33, 43 and 44 of the 1992 Act, and from sections 85, 88, 89, 99 and 102 of the 1999 Act, for the financial year beginning on 1st April 2005 since no special grants are being defined as relevant special grants for the financial year beginning on 1st April 2005.

Regulation 2(c) of these Regulations amends for authorities in England the definition in section 32 of the 1992 Act of “police grant” for the financial year beginning on 1st April 2005. The amended definition applies to that section, and also to sections 33, 43 and 44 of the 1992 Act. The same definitions of police grant applies to the corresponding sections of the 1999 Act (under section 99 of that Act).

A copy of the Police Grant Report (England and Wales) 2005/06 approved on 2nd February 2005 ISBN 0 10 293209-3, price £5.50, referred to in regulation 2 may be obtained from the Stationery Office.

A full regulatory impact assessment has not been produced for this instrument, as it has no impact on the costs of businesses, charities or voluntary bodies; neither does it have significant financial impact on any public bodies.