
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under section 32(9) (calculation of budget requirement by authorities in Wales), section 33(4) (calculation of basic amount of tax by authorities in Wales), section 43(7) (calculation of budget requirement by authorities in Wales) and section 44(4) (calculation of basic amount of tax by authorities in Wales) of the Local Government Finance Act 1992 (“the 1992 Act”). These sections set out how a billing authority and a major precepting authority in Wales are to calculate their budget requirements for a financial year and how a billing and a major precepting authority in Wales are to calculate the basic amount of their council tax.

The amendments take effect for financial years beginning on or after 1 April 2013.

Regulation 2 of these Regulations amends 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 a billing authority must aggregate under section 32(2). Regulation 2 also amends section 32(3) to exclude BID levy or financial contributions made by a person under section 43 of the Local Government Act 2003 and sums payable by the Welsh Ministers under section 31 of the Local Government Act 2003 in respect of an authority’s council tax reduction scheme from the income that the authority must aggregate under section 32(3).

Regulation 2 further amends section 32(2) so that an authority is expressly required to take into account any expenditure it expects to incur in the year in repaying grants or redistributed non-domestic rates (“RNDR”). Regulation 2 also amends section 32(3) so that an authority is expressly required to take into account payments of RNDR and grants that it expects to receive for an earlier financial year.

Regulations 2 and 3 replace references to “relevant special grant” with references to “special grant” in section 32(3)(a) and in the definition of P in section 33(1). Regulation 3 also inserts in the definition of P in section 33(1) a reference to sums payable by the Welsh Ministers in respect of an authority’s council tax reduction scheme.

Regulation 2(6) substitutes section 32(12) which explains the meanings of sums payable in respect of RNDR and revenue support grant (“RSG”) in sections 32 and 33. The purpose is to ensure that the amounts of RNDR and RSG excluded from the budget requirement calculation in those sections relate only to such amounts payable under the respective Local Government Reports for a particular year. Substituted subsection (12) also explains the meanings of BID levy and BID Revenue Account in section 32 and of additional grant, special grant and sums payable in respect of an authority’s council tax reduction scheme in sections 32 and 33.

Regulation 4(2) amends section 43(2) so that a major precepting authority is expressly required to take into account any expenditure that it expects to incur in the year in repaying grants or RNDR. Similarly, regulation 4(4) amends section 43(3) so that an authority is expressly required to take into account payments of RNDR and grants that it expects to receive for an earlier financial year.

Regulations 4(3) and 5 replace references to “relevant special grant” with references to “special grant” in section 43(3)(a)(i) and in the definition of P in section 44(1).

Regulations 4(3) and 5 further amend sections 43(3)(a)(i) and 44(1) such that major precepting authorities must take into account any floor funding received from the Secretary of State for a financial year when making the required calculation for that year.

Regulation 4(5) inserts subsection (6C) into section 43 to provide a definition of “floor funding” for the purposes of sections 43 and 44 and also to provide that the definitions of RNDR, RSG, additional

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grant, special grant and floor funding in section 32(12A) also apply to sections 43 and 44 of the 1992 Act.