
 STATUTORY INSTRUMENTS

1981 No. 327

RATING AND VALUATION**The Rate Product Rules 1981**

Made - - - - - 4th March 1981
Laid before Parliament 11th March 1981
Coming into Operation 1st April 1981

The Secretary of State for the Environment, after consultation with the local authorities and the associations of local authorities with whom consultation appeared to him to be desirable, in exercise of the powers conferred by sections 12, 14 and 113 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:—

Title, commencement and interpretation

1.—(1) These rules may be cited as the Rate Product Rules 1981 and shall come into operation on 1st April 1981.

(2) In these rules—

“exclusive 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 grant exclusive method in the Schedule to these Rules;

“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 grant inclusive method in the Schedule to these Rules;

“relevant area” has the same meaning as in section 3(11) of the Land Drainage Act 1976(c);

“water authority” has the same meaning as in section 2(3) of the Water Act 1973(d).

Notification of estimated penny rate product

2. For the purpose of enabling water authorities to issue their precepts in the manner required by section 46 of the Land Drainage Act 1976 every county council and every London borough council shall, before 1st February in each year, transmit to each of those water authorities having power to issue a precept to them the estimated penny rate product for the next ensuing year for each relevant area.

Determination of estimated and actual penny rate product

3. For the purposes of section 46(1) and (9) of the Land Drainage Act 1976 the estimated penny rate product and the actual penny rate product for each

 (a) 1967 c. 9.

(b) S.I. 1970/1681.

(c) 1976 c. 70.

(d) 1973 c. 37.

relevant area of a county or a London borough shall be the inclusive product for so much of the area of the county or borough as lies within the relevant area.

Precepts

4. For the purposes of precepts under section 12 or 13 of the General Rate Act 1967 (provisions as to precepts by county councils, the Greater London Council, the Receiver for the Metropolitan Police District and other authorities), the product of a rate of one penny in the pound for a rating area or part thereof shall be the exclusive product.

Expenditure not specifically authorised

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(a) (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 or inclusive product whichever is the greater.

Expenses of the Commissions

6. The product of a rate of one penny in the pound for any area for any year for the purposes of paragraph 8 of Schedule 4 to the Local Government Act 1974(b) (which relates to the apportionment among county councils, the Greater London Council and the Council of the Isles of Scilly of all expenses incurred by the Commissions for Local Administration) shall be the inclusive product.

Other enactments

7. Any reference in, or in an instrument made under, any other enactment to the product of a rate of one penny in the pound for any area or part shall be construed as a reference to the inclusive product.

Revocation and saving

8.—(1) The Rate Product Rules 1974(c), the Rate Product (Amendment) Rules 1977(d) and the Rate Product (Amendment) Rules 1980(e) are hereby revoked.

(2) Nothing in this rule shall affect any determination of the product of a rate of one penny in the pound to be made at any time after the coming into operation of these rules in respect of the year ending on 31st March 1981 or any previous year.

SCHEDULE

PRECEPTS AND DETERMINATION OF THE PRODUCT OF A RATE OF ONE PENNY IN THE POUND

Determination of product of a penny rate

1. Each local authority shall as soon as may be after the close of any year determine the exclusive and 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 and the inclusive product for that year for such part.

(a) 1972 c. 70.

(b) 1974 c. 7.

(c) S.I. 1974/364.

(d) S.I. 1977/454.

(e) S.I. 1980/340.

The grant exclusive method

2.—(1) Subject to sub-paragraphs (2) and (3) below the exclusive product for any rating area or part thereof for any year shall be determined by deducting from the gross rate income the cost of collection and the loss on collection and dividing the remainder by the total of the pence in the pound of the rate or rates made in respect of the year (disregarding any reductions in poundage made in pursuance of section 48 of the principal Act).

(2) In the case of part of the rating area the exclusive product shall be the sum of the exclusive product calculated under sub-paragraph (1) above for that part and the exclusive product on the rateable value in that part of any gas or electricity hereditament if the rateable value in that part falls to be ascertained under paragraph 3(2) of this Schedule.

(3) If the total of the pence in the pound of the rates is not the same throughout the area the rating authority shall calculate in accordance with sub-paragraph (1) above the exclusive product separately for each part of the area in which a different total has been levied, and the exclusive product for that area shall be the sum of the exclusive products as so calculated, and

(a) in the case of the rating area as a whole, the exclusive product on the rateable value of any gas or electricity hereditament, or

(b) in the case of part of the rating area, the exclusive product on the rateable value in that part of any gas or electricity hereditament if the rateable value in that part falls to be ascertained under paragraph 3(2) of this Schedule.

(4) The exclusive product for the area of a county council or the Greater London Council shall be determined by aggregating the exclusive products of each rating area within the area.

(5) The exclusive product for part of the area of a county council or the Greater London Council shall, where the part is a rating area or part thereof, be the exclusive product of that area or part, and where the part consists of more than one rating area or part thereof, the sum of the exclusive products for such areas or parts.

(6) The exclusive product for the area of the Metropolitan Police District shall be determined by aggregating the exclusive products of each rating area or part of a rating area within that District.

Gross rate income

3.—(1) The gross rate income for any area or part of an area for any year shall be ascertained by adding together the following amounts—

(a) the total of the amounts produced by calculating, from the rateable value of each hereditament in the area shown in the rates record, the gross liability of the hereditament to rates for the year (having regard to reductions in poundage made in pursuance of section 48 of the principal Act);

(b) the total of the amounts by way of contributions in aid of rates which, under sections 37 and 38 of the principal Act, fall to be taken into account in respect of hereditaments, or former hereditaments, in the area for the purpose of ascertaining the proceeds of any rate for the year;

(c) the total of the amounts of any payments receivable in respect of the year, or any portion thereof, under section 133 of the Lands Clauses Consolidation Act 1845(a) or section 27 of the Compulsory Purchase Act 1965(b), in respect of hereditaments, or former hereditaments, in the area;

(d) the total of amounts by way of rates for an earlier year found during the year to be recoverable in respect of hereditaments or former hereditaments in the area under section 79 of the principal Act or in respect of adjustments of domestic relief under section 48 of that Act or in respect of rates written off as irrecoverable;

(a) 1845 c. 18.

(b) 1965 c. 56.

- (e) where the area for which the gross rate income is being ascertained is the whole of a rating area, the amounts receivable for the year under section 32(5) of the principal Act, together with any such amounts in respect of a previous year which may have been notified to the rating authority by the Secretary of State at the time of ascertainment; and where the said area is part of a rating area, the sum which bears to such amounts the same proportion as the aggregate rateable value of all the hereditaments in that part, as shown in the Valuation List at the beginning of the year, bears to the aggregate rateable value of all the hereditaments (other than gas and electricity hereditaments) in the whole of the rating area, as so shown;
- (f) where the area for which the gross rate income is being ascertained is the whole of a rating area, the amount receivable by the rating authority for the year in respect of the domestic rate relief grant as last notified to the authority by the Secretary of State at the time of ascertainment subject to any adjustment of that grant or the domestic element of rate support grant for any previous year notified by him since the ascertainment of the gross rate income for the preceding year; and where the said area is part of a rating area, the sum which bears to such amount the same proportion as the domestic rateable value for the year of that part of the rating area bears to the domestic rateable value of the whole of the rating area;
- (g) where the area for which the gross rate income is being ascertained is the whole of a rating area, the net amount receivable by the rating authority in the year in respect of the resources element of the rate support grants for any previous year, being a year beginning on or after 1st April 1974, as last notified to the authority by the Secretary of State at the time of ascertainment; and where the said area is part of a rating area, the sum which bears to such amount the same proportion as the aggregate rateable value of all the hereditaments in that part, as shown in the Valuation List at the beginning of the year, bears to the aggregate rateable value of all the hereditaments (other than gas and electricity hereditaments) in the whole of the rating area, as so shown.
- (2) For the purposes of head (a) of sub-paragraph (1) of this paragraph in its application for the purposes of section 46 of the Land Drainage Act 1976 (precepts by water authorities and calculation of actual and estimated penny rate product) only, the rateable value in part of a rating area of a gas or electricity hereditament shall be taken to be the value which bears to the rateable value of the hereditament in the whole of the rating area the same proportion as the aggregate rateable value of all the hereditaments (other than gas and electricity hereditaments) in that part, as shown in the Valuation List at the beginning of the year, bears to the aggregate rateable value of all such hereditaments in the whole of the rating area, as so shown.
- (3) For the purposes of head (f) of sub-paragraph (1) of this paragraph, the domestic rateable value for any year of any area shall be the amount, divided by two, of the aggregate of the rateable values as at 1st April and 31st March in the year of dwelling houses in the area as ascertained by the rating authority from the rates records.
- (4) In the application of sub-paragraph (1) of this paragraph to the City of London—
- (a) in head (a) the reference to reductions of rates made in pursuance of section 48 of the principal Act shall be read as a reference to reductions in the poor rate made in pursuance of paragraph 3 of Schedule 9 to the Local Government Planning and Land Act 1980(a);
- (b) in head, (e), the reference to the amounts receivable for the year under section 32(5) of the principal Act shall be read as a reference to the proportion of those amounts which is, under any order for the time being in force under paragraph 4(4) of Part II of Schedule 5 to the principal Act, to be taken into account in computing a poor rate of one penny in the pound;
- (c) in head (f) the reference to the amount receivable by the rating authority for the year in respect of the domestic rate relief grant shall be read as a reference to the proportion of that amount which is, in pursuance of paragraph 3 of Schedule

9 to the Local Government, Planning and Land Act 1980, to be treated as the proceeds of the poor rate.

Cost of collection

4. The cost of collection for any area or part of an area for any year shall be determined by ascertaining the net cost of making any allowances to owners or occupiers under section 55 or 56 of the General Rate Act 1967.

Loss on collection

5.—(1) The loss on collection for any area or part of an area for any year shall be ascertained by adding together the following amounts—

- (a) the total in the rates record for the year of rates written off in respect of hereditaments, or former hereditaments, in the area or part;
- (b) the total amount of any reliefs granted in respect of hereditaments, or former hereditaments, in the area or part under section 40 of the principal Act.

(2) The rating authority in calculating the total referred to in head (a) of the preceding sub-paragraph shall include payments receivable in respect of the rating of unoccupied property and unused commercial buildings under sections 17 and 17A of the principal Act.

The grant inclusive method

6.—(1) The inclusive product for any area or part of an area is

$$£ \frac{EP}{1-(G-G1)} \text{ where}$$

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

G is the amount of block grant which would be payable to the relevant authority if their total expenditure were at the level of their grant-related expenditure, and

G1 is the amount of such grant which would be payable to the relevant authority if their total expenditure were at the level of one pound less than their grant-related expenditure.

(2) In this paragraph—

- (a) “total expenditure” and “grant-related expenditure” have the same meanings as in Part VI of the Local Government, Planning and Land Act 1980;
- (b) the reference to the amount of block grant which would be payable to the relevant authority is to the amount of such grant which would be payable to the following authorities respectively, namely—
 - (i) in relation to the area of a county or district, the council of the county or the council of the district;
 - (ii) in relation to Greater London, the Greater London Council;
 - (iii) in relation to the area of a London borough or the City of London, the council of the London borough or the Common Council of the City; and
 - (iv) in relation to the Isles of Scilly, the Council of the Isles;
 as last notified to the authority by the Secretary of State at the time of ascertainment, on the assumption in each case that no notice under section 56(2) of the Local Government, Planning and Land Act 1980 had been given;
- (c) references to the amount of block grant, in relation to the council of a London borough or the council of a district whose area is wholly or partly within the Metropolitan Police District, are references only to the amount of such grant calculated under paragraph 5(3) of Schedule 11 to the Local Government, Planning and Land Act 1980.

Ascertainment of amount due under precept

7. In relation to precepts under section 12 or 13 of the principal Act the amount due under such precept shall be taken to be the exclusive product for the rating area or for

the part thereof in respect of which the precept has been issued, as the case may be, multiplied by the number of pence specified in the precept.

Excess of amount due over payments required

8. In relation to precepts under section 12 or 13 of the principal Act, where the total amount due under such precept exceeds the aggregate amount of the payments required by the precept, the rating authority, subject to their obligation under paragraph (a) of section 12(7) of the principal Act, may defer payment of any sum not exceeding that which bears to the amount due under the precept the same proportion as the amount of arrears carried forward at the close of the year and for the time being still outstanding bears to the total rate income for the year.

Estimates

9. In calculating any estimate of the product of a rate of one penny in the pound in the next ensuing year which a rating authority are required to transmit to a precepting authority under section 12(4) of the principal Act or a county council or London borough council are required to transmit to a water authority under rule 2 of these rules, before 1st February in each year, the authority shall take the latest ascertained figures available for the area to which the estimate relates and shall modify those figures to such extent as appears to them to be necessary having regard to any alteration in total rateable value which may reasonably be anticipated and to any other material circumstances.

Audit

10. The calculations required by this Schedule for any year shall be included in the accounts submitted by a rating authority to the district auditor or approved auditor and his certificate of the completion of the audit of the accounts shall be construed as a certificate that, subject to any amendments made by him, such calculations have been properly and correctly made, and any necessary consequential adjustments shall be made in the account between the rating authority and the precepting authority.

Definitions

11. In this Schedule—

“electricity hereditament” means a hereditament which an Electricity Board is under section 34(3) of the principal Act to be treated as occupying in a rating area; and

“gas hereditament” means a hereditament which the British Gas Corporation is under section 33(3) or by virtue of section 33(5) of the principal Act(a) to be treated as occupying in a rating area;

“local authority” means a county council, the Greater London Council, a district council, a London borough council, the Common Council of the City of London and the council of the Isles of Scilly;

“the principal Act” means the General Rate Act 1967.

Michael R. D. Heseltine,
Secretary of State for
the Environment.

4th March 1981.

(a) Section 33 was substituted by section 34 of and Part 1 of Schedule 5 to the Gas Act 1972 (c. 60).

EXPLANATORY NOTE

(This Note is not part of the Rules.)

These Rules, which apply to England and Wales, consolidate, with amendments the previous Rules. They deal with precepting by county councils, the Greater London Council and water authorities. They provide for the way in which the amount due under the precept issued by county councils and the Greater London Council is to be calculated, namely by ascertaining the product of a rate of one penny in the pound in the relevant area (calculated by the grant exclusive method) and multiplying that amount by the number of pence in the pound specified in the precept. They also provide for the determination of estimated and actual products for the purposes of precepts issued by water authorities (calculated by the grant inclusive method). The Rules provide for the way in which the product of a rate of one penny in the pound for any area is to be determined for ascertaining the amount a local authority may spend annually in the interests of their area or its inhabitants under section 137 of the Local Government Act 1972 and for ascertaining the amount an authority must contribute to the expenses of the Commissions for Local Administration in England and Wales.

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