

2014 No. 939

RATING AND VALUATION, ENGLAND

The Local Government Finance Act 2012 (Transitional Provisions) Order 2014

Made - - - -

8th April 2014

The Secretary of State, in exercise of the powers conferred by section 20(1) of the Local Government Finance Act 2012(a), makes the following Order:

Citation, application and commencement

1. This Order, which applies in relation to England, may be cited as the Local Government Finance Act 2012 (Transitional Provisions) Order 2014 and comes into force immediately after it is made.

Non-domestic rating transition account

2.—(1) The Secretary of State shall keep an account for the financial year commencing on 1st April 2013 to be called the non-domestic rating transition account (“the account”).

(2) The Secretary of State—

- (a) shall keep the account in such form as the Treasury may direct, and
- (b) shall at such time as the Treasury may direct send a copy of the account to the Comptroller and Auditor General.

(3) The Comptroller and Auditor General shall examine, certify and report on the account and shall lay copies of the account and the report before each House of Parliament.

Credits and debits to the non-domestic rating transition account

3.—(1) For the financial year commencing on 1st April 2013 there shall be credited (as items of account) to the account sums received by the Secretary of State in the year in respect of earlier years under paragraph 5 of Schedule 8 to the LGFA 1988 or regulations made under sub-paragraph (15) of that paragraph.

(2) For the financial year commencing on 1st April 2013 there shall be debited (as items of account) from the account payments made by the Secretary of State in the year in respect of earlier years—

- (a) under regulations made for the purpose mentioned in paragraph 4(7) of Schedule 8 to the LGFA 1988,
- (b) under paragraph 5(10), 5(14), 12 or 15 of Schedule 8 to the LGFA 1988, and

- (c) under regulations made under paragraph 5(15) or paragraph 6(5) of Schedule 8 to the LGFA 1988.

Modification of Schedule 8 to the LGFA 1988

4. With respect to the financial year commencing on 1st April 2012, paragraph 3 of Schedule 8 to the LGFA 1988 shall have effect as if references to the account kept for the next financial year were references to the non-domestic rating transition account.

Signed by authority of the Secretary of State for Communities and Local Government

8th April 2014

Brandon Lewis
Parliamentary Under Secretary of State
Department for Communities and Local Government

EXPLANATORY NOTE

(This note is not part of the Order)

Prior to the financial year commencing on 1st April 2013, the Local Government Act 1988 (“LGFA 1988”) required non-domestic rates collected by local authorities to be paid over to the Secretary of State who then redistributes them. The operation of this pooling system was governed by Schedule 8 to the LGFA 1988. The Local Government Finance Act 2012 replaced this system in England with a system for the local retention of non-domestic rates. This Order makes provision for accounting arrangements for the transition between the two systems.

Under Part 1 of Schedule 8 to the LGFA 1988, the Secretary of State was required to keep an account for each financial year, called the non-domestic rating account. The purpose of this account was to demonstrate the operation of the pool by recording all payments into and out of it. At the end of each year any balance on the account was transferred to the account for the following year. Each account was audited by the Auditor and Comptroller General.

Part 1 of Schedule 8 to LGFA 1988 has been amended by the Local Government Finance Act 2012 so that it does not apply in England to financial years commencing on or after 1st April 2013. There is therefore no requirement for the Secretary of State to maintain a non-domestic rating account for 2013-14 (although the rates retention system imposes similar requirements in relation to the operation of that system).

This Order requires the Secretary of State to record payments that relate to years in which the pooling system was in place, but are not made until the financial year commencing on 1st March 2013 in an account, to be called the non-domestic rating transition account. It makes arrangements for the audit of this account and the laying of the account and audit report before Parliament. Article 4 provides for the balance on the non-domestic rating account for 2012/13 to be transferred to this transition account.

An impact assessment has not been produced for this Order because no impact on the private or voluntary sectors is foreseen.

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