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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order brings into force on 27th November 2003 those provisions of the Local Government Act 2003 (“the Act”) specified in Part I of Schedule 1 to this Order. It also brings into force on 1st April 2004 those provisions of that Act specified in Part II of Schedule 1 to this Order. Unless otherwise stated in Schedule 1, those provisions as are specified are to come into force on the relevant date for all purposes.

The effect of the provisions specified in Part I of Schedule 1 is explained below.

Sections 1 to 22 of the Act make provision in connection with a new system of capital finance and accounts of local authorities in Wales as follows.

In particular, section 1 provides for local authority borrowing powers, including the power to borrow for the purposes of the prudent management of financial affairs. Sections 2 to 8 make further provision in connection with borrowing. Sections 9 to 11 make provision in relation to capital receipts. Section 12 enables local authorities to invest for purposes relevant to their functions and for purposes of the prudent management of their financial affairs. Sections 13 to 20 make provision in connection with security for money borrowed, information to be provided to the National Assembly for Wales (“the Assembly”), guidance by the Assembly, the meaning of “capital expenditure”, external funds, local authority companies and written directions. Section 19 gives Schedule 1 (which makes provision about capital finance in relation to community councils and charter trustees) to the Act operative effect. Sections 21 to 22 make provision in connection with accounting practices and revenue accounts.

Sections 23 and 24 contain definition and interpretation provisions.

Sections 25 to 28 make provision in connection with financial administration. Sections 25 and 27 deal with budget calculations, section 26 with minimum reserves and section 28 with budget monitoring.

The power in section 36 will enable grant to be paid by the Assembly to best value authorities subject to any of the best value duties in sections 3 to 6 of the Local Government Act 1999, in relation to expenses they have incurred in applying for the award of a designation based on excellence in the provision of services. Where a best value authority subject to any of the relevant duties is awarded such designation the power will also enable grant to be paid as a reward for such designation and in relation to expenses incurred or to be incurred by the authority in disseminating information about best practices.

Section 37 will enable the Assembly to give emergency financial assistance to Combined Fire Authorities (combined by virtue of the Fire Services Act 1947) in their own right.

Sections 38 and 39 facilitate the transfer of local authority housing to registered social landlords. Under section 38, the Assembly will be able to make payments to the Public Works Loan Commissioners (“the Commissioners”) so as to reduce or extinguish such debt of a local authority in Wales to the Commissioners as the Assembly thinks fit. The Commissioners may refuse to accept a payment which the Assembly proposes to make to them. Section 39 will enable the Assembly to make payments to local authorities to enable them to repay their debts other than those to the Commissioners.

Section 40 commences Schedule 2 to the Act which makes provision for enabling the Assembly to make two local government finance reports for any financial year, one dealing with police authorities and one dealing with other authorities and bodies.

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Sections 41 to 59 make provisions in connection with Business Improvement Districts (“BIDs”). Billing authorities may make arrangements in respect of areas in their authority known as BIDs. In a BID, additional services or improvements of benefit to the local community will be funded by a levy, raised from non-domestic ratepayers or certain non-domestic ratepayers in the BID (section 41). For a BID to be established a majority of those who would be liable to pay the relevant levy must first vote in favour (section 49).

Sections 60, 61, 62(1) and (3) to (10), 66, 67(1) and (3) to (5), 70(1) to (3) and (7) to (9) and 71 amend non-domestic rating provisions in the Local Government Finance Act 1988 in the following ways.

Section 60 requires proposed rating lists to be produced 6 months before they come into force. Section 61 makes provision for a new small business relief. Sections 62(1) and (3) to (10) make provision in relation to calculating the non-domestic rating multiplier. Section 66 provides for a right to use any land for the purpose of operating a meter to measure a supply of gas or electricity or such other service as the Assembly may specify (where the meter is owned by a person other than the consumer of the service) to be a hereditament. Sections 67(1) and (3) to (5) make provision in connection with exemptions for agricultural buildings. Section 70(1) to (3) and (7) to (9) makes provision in connection with local retention of rates. Section 71 makes provision in connection with adjustments for hardship relief.

Section 75(2) to (5) amends the Local Government Finance Act 1992 to make provision in relation to council tax discounts in Wales in relation to second and empty homes.

Section 89 deals with payment and calculation of the Housing Revenue account subsidy and section 90(1) to (3) with negative amounts of Housing Revenue Account subsidy.

Section 100(3) gives effect to Schedule 3 which amends certain of the provisions conferring or governing the exercise of order-making and regulation-making powers under various local government enactments and does so for the purposes of their exercise in relation to authorities to which they have effect.

Section 101 makes general provision in connection with staff transfer matters when a best value authority contracts with a person for the provision of services and section 102 makes provision in particular in connection with pensions and staff transfer matters.

Section 109(1) amends the Audit Commission Act 1998 and makes provision in connection with the inspection of registered social landlords and fees for the same. Section 109(2) makes specific provision for orders and regulations to be made under section 52 of that Act by the Assembly.

Section 117 enables the Assembly to amend enactments relating to a local authority if it considers it appropriate to do so in the light of generally accepted accounting practice.

Section 118 amends section 137 of the Local Government Act 1972 (which enables local authorities to incur expenditure for certain purposes not otherwise authorised) and the related Schedule in that Act.

Section 119 makes provision in connection with the use of fixed penalties paid for litter and dog-fouling offences.

The effect of the provisions specified in Part II of Schedule 1 is explained below.

Section 64 provides relief for registered community amateur sports clubs in respect of non-domestic rates.

Section 67(2) makes an amendment to Schedule 5 of the Local Government Finance Act 1988 such that the exemption from non-domestic rating in respect of agricultural premises is extended.

Section 92(2) enables the Assembly to repeal by order section 24(3) of the Housing Act 1985, as amended by section 92(1) of the Act.

Section 120 makes provision for the regulation of cosmetic piercing and skin colouring business.

Schedule 6 makes transitional provisions associated with the coming into force of section 120.

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Schedules 7 and 8 contain consequential amendments and repeals and revocations respectively.  
Schedule 2 of the Order has effect for the purposes of making transitional provisions and savings.