

## **EXPLANATORY MEMORANDUM**

### **Explanatory Memorandum to the Non-Domestic Rating Contributions (Wales) (Amendment) (No. 2) Regulations 2008**

This Explanatory Memorandum has been prepared by Local Government Finance Division and is laid before the National Assembly for Wales.

(i) **Description**

Local authorities (county and county borough councils) are required to pay non-domestic rating contributions to the Welsh Ministers in respect of the rates they collect from businesses in their area (authorities do not retain the non-domestic rating that they collect). Rather, rates are paid into the national non-domestic rating pool from which they are redistributed to local authorities on the basis of adult population. Payments by local authorities to the pool are made on the basis of estimates completed before the start of the financial year. Local authorities submit audited returns after the end of the financial year based on which they receive payments from the Welsh Ministers or make additional payments to the pool as appropriate.

The rules for calculating these contributions are contained in the Non-Domestic Rating Contributions (Wales) Regulations 1992 (SI 1992/3238). Amendments are made annually to certain elements to ensure that the basis for authorities' contributions remains accurate. Amending Regulations are now required to enable local authorities to calculate correctly their non-domestic rating contributions for 2009-10.

(ii) **Matters of special interest to the Subordinate Legislation Committee**

The Regulations revoke and remake the Non-Domestic Rating Contributions (Wales) (Amendment) Regulations 2008.

(iii) **Legislative Background**

The powers for this instrument to be made are contained in the Local Government Finance Act 1988 (paragraphs 4 and 6 of schedule 8) The Secretary of State powers in these provisions were transferred to the National Assembly under the 1999 TFO and are now vested in the Welsh Ministers by virtue of paragraph 30 of Schedule 11 to the Government of Wales Act 2006. The Regulations will follow the negative procedure.

(iv) **Purpose and intended effect of the legislation**

The regulations update the adult population figures for each council. These are used to set a threshold for local authorities to recalculate, where necessary, their provisional contributions to the pool. If these changes are not made, the estimates made by local authorities for their

contributions to the rating pool will be inaccurate as they will be based on the previous years' population figures which are now out of date.

These Regulations revoke and remake the Non-Domestic Rating Contributions (Wales) (Amendment) Regulations 2008 (SI 2008/2838 (W.252)), which included an incorrect date within regulation 2(1). The date in regulation 2(1) should have been 1 April 2009 and not 1 April 2008.

(v) **Implementation**

The Local Government Finance Act 1988 (paragraph 4(6) of schedule 8) requires that for these regulations to be effective for the next financial year they must come into force no later than 31 December 2008.

(vi) **Consultation**

These amendments are only of interest to local authorities, and have no effect on ratepayers. They are technical in nature, are made annually and have no policy implications. In light of the above, no consultation exercise has been undertaken with any of the similar regulations in previous years and, likewise, it is considered that these proposed regulations can proceed without consultation.

(vii) **Regulatory Impact Assessment**

These are routine amendments that are made annually to update the rules that local authorities (county and county borough councils) must apply in calculating their contributions to the non-domestic rating pool. They are technical in nature, only of interest to local authorities, have no effect on ratepayers, and no policy implications, so as with previous years a regulatory impact assessment has not been prepared.