

**Explanatory Memorandum to
The Non-Domestic Rating Contributions (Wales) (Amendment)
Regulations 2010**

This Explanatory Memorandum has been prepared by the Local Government Finance Division, and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 24.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Non-Domestic Rating Contributions (Wales) (Amendment) Regulations 2010.

Carl Sargeant

Minister for Social Justice and Local Government

01 December 2010

1. Description

The Non-Domestic Rating Contributions (Wales) (Amendment)

Regulations 2010 amend the Non-Domestic Rating Contributions (Wales) Regulations 1992 (SI 1992/3238). These Regulations prescribe the rules for calculating non domestic rating contributions paid by local authorities. 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 2011-12. The Non-Domestic Rating Contributions (Wales) (Amendment) Regulations 2010 amend the 1992 Regulations by substituting a new Schedule 4 (Adult Population Figures).

2. Matters of special interest to the Constitutional Affairs Committee

The Local Government Finance Act 1988 (paragraph 4(6) of schedule 8) requires that for The Non-Domestic Rating Contributions (Wales) (Amendment) Regulations 2010 to be effective for the next financial year they must come into force no later than 31 December 2010.

3. Legislative background

3.1 The Non-Domestic Rating Contributions (Wales) (Amendment) Regulations 2010 are made under the Local Government Finance Act 1988 (sections 60, 140(4) and 143(1) and paragraphs 4 and 6 of Schedule 8).

3.2 The functions of Secretary of State under those provisions were transferred, so far as exercisable in relation to Wales, to the National Assembly for Wales by the Transfer of Functions Order 1999 (1999/672) and are now vested in the Welsh Ministers by virtue of section 162 of and paragraph 30 of Schedule 11 to the Government of Wales Act 2006.

3.3 The Regulations are subject to the negative resolution procedure.

4. Purpose & intended effect of the legislation

4.1 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.

4.2 The Non-Domestic Rating Contributions (Wales) (Amendment) Regulations 2010 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.

4.3 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.

5. 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.

6. 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.