
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Authorities (Funds) (England) Regulations 1992 (“the 1992 Regulations”) and the Non-Domestic Rating (Rates Retention) Regulations 2013 (“the 2013 Regulations”) in so far as they make provision for the discharge by a billing authority and its major precepting authorities of their liabilities to meet any estimated surplus or deficit in a billing authority’s collection fund.

Regulation 2 amends Schedule 2 to the 1992 Regulations which provide for the estimation and apportionment of, and liability for, a surplus or deficit in a billing authority’s collection fund. These amendments provide that liabilities for a negative exceptional balance for the financial year beginning on 1st April 2021 can be met over a period of three years. Amendments are also made to provide that the surplus or deficit calculated by the Isle of Wight Council can be apportioned to the Hampshire and Isle of Wight Fire and Rescue Authority which will assume the Council’s fire functions on 1st April 2021.

Regulations 4 and 5 amend regulation 13 of, and insert paragraph 1B of Schedule 4, and new Schedules 4A and 4B to, the 2013 Regulations. These amendments amend the way in which billing authorities calculate their estimated surplus or deficit on their collection fund in respect of non-domestic rating income for the relevant years beginning on 1st April 2021 and 1st April 2022. These amendments require billing authorities to spread their exceptional balance for a relevant year over a period of three relevant years ending with the relevant year beginning on 1st April 2023.

In calculating its exceptional balance, new Schedule 4A requires a billing authority to estimate the amount of rates relief it awarded in the preceding year in accordance with guidance issued by the Ministry of Housing, Communities and Local Government, and a Written Ministerial Statement from the Financial Secretary to the Treasury. Hard copies of the guidance, as well as the Written Ministerial Statement can be obtained free of charge by writing to the Local Government Finance Team, the Ministry of Housing, Communities and Local Government, 2 Marsham Street, Westminster, London, SW1P 4DF. Hard copies can also be inspected at the same address.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen. The impact on the public sector is minimal.