EXPLANATORY MEMORANDUM TO THE GREATER LONDON AUTHORITY (ALLOCATION OF GRANTS FOR PRECEPT CALCULATIONS) REGULATIONS 2006

2006 No. 351

1. This explanatory memorandum has been prepared by the Office of the Deputy Prime Minister and is laid before Parliament by Command of Her Majesty.

   This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Description**

   2.1 These Regulations prescribe for the financial year 2006/07 the amounts of redistributed non-domestic rates and specified grants which relate to police expenditure and non-police expenditure of the Greater London Authority ("GLA") and its functional bodies and which the GLA must take into account when calculating amounts of council tax for the City of London and Greater London.

   2.2 Separate calculations, and allocations of grant for the purpose of those calculations, are needed as the City of London has its own police force. Council tax payers there do not contribute to the costs of the Metropolitan Police Authority funded through the GLA's precept.

3. **Matters of special interest to the Joint Committee on Statutory Instruments.**

   3.1 The Office is laying these Regulations before Parliament today. This section explains why the Regulations come into force less than 21 days from the date of laying.

   3.2. These Regulations could not be made and laid until after the Police Grant Report (England and Wales) 2006/07 ("the Police Grant Report") and the Local Government Finance Report (England) 2006/2007 had been approved by the House of Commons. The amounts of police grant, revenue support grant and redistributed non-domestic rates payable to the Greater London Authority ("GLA") for 2006/07, and referred to in these Regulations, are set out in, or calculated in accordance with, respectively, those two reports. The two reports were approved by the House of Commons on 6th February 2006.

   3.3. The Regulations could also not be made and laid until after the making of the General GLA Grant Determination 2006/07 as they refer to the amount of General GLA Grant payable to the GLA for 2006/07, which is stated in that determination. That determination has been made following consultation with the Mayor of London.

   3.4. These Regulations prescribe the proportions of the grants paid in accordance with the two reports and the General GLA Grant Determination 2006/07, to be taken into account in calculating the two amounts of council tax for police and non-police services for the GLA, under sections 88 and 89 of the Greater London Authority Act 1999 (c.29) ("the 1999 Act").

3.5. The GLA, as a major precepting authority, must issue precepts to billing authorities by 1st March (see section 40(5) of the Local Government Finance Act 1992 c.14). In order to calculate the amount of the precepts, the GLA must first calculate the basic amounts of council tax under sections 88 and 89 of the 1999 Act.

3.6. Allowing 21 days between the laying and coming into force of these Regulations would not enable the GLA to make the necessary calculations, taking into account the amounts of grants and redistributed non-domestic rates referred to in these Regulations, and issue precepts to the billing authorities within the statutory time limit. The Regulations were made on 14th February, before the London Assembly met on 15th February 2006 to agree the GLA's budget requirement and set the basic amounts of council tax for 2006/07.

4. Legislative Background

4.1. These Regulations are being made as the Secretary of State is under a duty to prescribe the amounts of non-domestic rates and specified grants that relate to police and non-police expenditure of the GLA in order for the GLA to calculate the amounts of council tax for the City of London and for the rest of London.

5. Extent

5.1 This instrument applies to the GLA.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The GLA finances the provision of fire services over the whole of the GLA area – that is the City of London plus the London boroughs. However, it only finances the provision of police services within the London boroughs as the City of London has its own police force.

7.2 Consequently the GLA needs to raise council tax to support police and fire services from council tax payers in the London boroughs but only raise council tax for fire services from council tax payers in the City of London.

7.3 In order to calculate the amounts of council tax for council tax payers in the London boroughs and the City of London the GLA has to make separate calculations for police and non-police services. In order to carry out these calculations the GLA needs to split the amounts of Revenue Support Grant, redistributed non-domestic rates and various other grants it receives between police and non-police services.

7.4 The 1999 Act requires the Secretary of State to tell the GLA how much of each such grant to allocate to police and non-police services. These Regulations fulfil that requirement for the financial year 2006/07.

7.5 These Regulations have not been subject to consultation. This is because the Government has previously consulted on its proposals for the overall amounts and distribution of redistributed non-domestic rates, Revenue Support Grant and Police Grant. The Government has also consulted the Mayor of London as to the GLA General Grant Determination.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 Neither does it have any impact on the public sector.

9. Contact

Robert Davies at the Office of the Deputy Prime Minister (Tel: 0207 944 4050 or e-mail: robert.davies@odpm.gsi.gov.uk) can answer any queries regarding the instrument.

[insert laying date] February 2006