# 1968 No. 491

# RATING AND VALUATION

## The Rate Product Rules 1968

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| *Made* - - - | *27th March* 1968 |
| *Laid before Parliament* | *29th March* 1968 |
| *Coming into Operation* | *1st April* 1968 |

The Minister of Housing and Local Government, after consultation with the local authorities and the associations of local authorities with whom consultation appeared to him to be desirable, in exercise of his powers under section 113 of the General Rate Act 1967(a) and of all other powers enabling him in that behalf, hereby makes the following rules:—

*Citation, commencement and interpretation*

**1.**—(1) These rules may be cited as the Rate Product Rules 1968 and shall come into operation on 1st April 1968.

(2) The Interpretation Act 1889(b) applies to the interpretation of these rules as it applies to the interpretation of an Act of Parliament.

*Precepts*

**2.** The schedule to these rules shall apply in relation to precepts under sections 12 and 13 of the General Rate Act 1967 (provisions as to precepts by county councils, the Greater London Council, the Receiver of the Metropolitan Police District and other authorities).

*Resources element of rate support grants*

**3.**—(1) Subject to the following paragraphs of this rule, the product of a rate of one penny in the pound for any area for the purposes of Part II of Schedule 1 to the Local Government Act 1966(c) (which relates to the resources element of the rate support grants) shall be ascertained in accordance with the provisions of the schedule to these rules.

(2) In determining the product of a rate of one penny in the pound for any area for the said purposes there shall be disregarded—

(*a*) any relief afforded under section 2 and any grant paid under section 5 of the Rating (Interim Relief) Act 1964(d); and

(*b*) any rebate under section 49 of the General Rate Act 1967 and any grant under section 9 of the Rating Act 1966(e).

(3) The product of a rate of one penny in the pound for the area of a county council or the Greater London Council shall be determined by aggregating the product of a rate of one penny in the pound for all the rating areas within the area.

(a) 1967 c. 9. (b) 1889 c. 63. (c) 1966 c. 42.
(d) 1964 c. 18. (e) 1966 c. 9.

*Expenditure not specifically authorised*

**4.**—(1) Subject to the following paragraph of this rule, the product of a rate of one penny in the pound for any area for the purposes of section 6 of the Local Government (Financial Provisions) Act 1963(a) (which relates to the power of a local authority to incur expenditure in the interests of their area or its inhabitants but not otherwise authorised) shall be ascertained in accordance with the provisions of the schedule to these rules.

(2) In ascertaining the product of a rate of one penny in the pound for any area for the said purposes there shall be disregarded any rebate under section 49 of the General Rate Act 1967 and any grant under section 9 of the Rating Act 1966.

*Amendment of enactments*

**5.**—(1) In section 6(6) of the Local Government (Financial Provisions) Act 1963—

(*a*) for the words from "in the case of an area" to "Local Government Act 1958" there shall be substituted the words "in accordance with rules made under section 113 of the General Rate Act 1967";

(*b*) for the words "for the purposes of the said section 9(2)" there shall be substituted the words "under the said section 113".

(2) In section 10(1) of the Rating Act 1966, the words from "or section 6" to the end of the subsection shall be omitted.

*Repeals and revocations*

**6.**—(1) Subject as hereinafter provided—

(*a*) the following provisions are hereby repealed—
(i) section 10(2) (*b*) of the Rating Act 1966; and
(ii) section 49(10) of the General Rate Act 1967;

(*b*) the following instruments are hereby revoked—
(i) the Rate-product Rules 1959(b);
(ii) the Rate-product Rules 1960(c); and
(iii) the Rate-product (Amendment) Rules 1966(d).

(2) The repeals and revocations contained in the preceding paragraph of this rule shall not affect any determination of the product of a rate of one penny in the pound to be made at any time after the coming into operation of these rules in respect of the year ending on 31st March 1967 or any previous year.

## SCHEDULE

### Precepts and Determination of the Product of a Rate of One Penny in the Pound

*Determination of product of a penny rate*

1. Each rating authority shall as soon as may be after the close of any year determine the product of a rate of one penny in the pound for that year for the rating area, and where a precept is issuable in respect of a part only of the rating area the product of a rate of one penny in the pound for that year for such part.

(a) 1963 c. 46. (b) S.I. 1959/258 (1959 II, p.2288). (c) S.I. 1960/1530 (1960 III, p. 2831). (d) S.I. 1966/1132 (1966 III, p. 2733).

*Manner of determination*

2. The product of a rate of one penny in the pound for any area for any year shall be determined by deducting from the gross rate income the cost of collection and the loss on collection and dividing the remainder (hereinafter called "the total rate product") by the total of the pence in the pound of the rate or rates made in respect of the year (disregarding any reductions in poundage made in pursuance of section 48 of the principal Act):

Provided that if the total of the pence in the pound of the rates is not the same throughout the area the rating authority shall so calculate the product of a rate of one penny in the pound separately for each part of the area in which a different total has been levied, and the product of a rate of one penny in the pound for the area shall be taken to be the sum of the products of rates of one penny in the pound for the several parts as so calculated and in the case of a rating area as a whole of a rate of one penny in the pound on any gas and electricity hereditaments.

*Gross rate income*

3.—(1) The gross rate income for any area for any year shall be ascertained by adding together the following amounts—

(*a*) the total of the amounts produced by calculating, from the rateable value of each hereditament in the area shown in the rates record, the gross liability of the hereditament to rates for the year (having regard to reductions in poundage made in pursuance of section 48 of the principal Act) less the total amount of any reliefs granted in respect of such hereditaments under section 40 or 47 of the principal Act;

(*b*) the total of the amounts by way of contributions in aid of rates which, under sections 37 and 38 of the principal Act fall to be taken into account in respect of hereditaments, or former hereditaments, in the area for the purpose of ascertaining the proceeds of any rate for the year;

(*c*) the total of the amounts of any payments receivable in respect of the year, or any portion thereof, under section 133 of the Lands Clauses Act 1845(a) or section 27 of the Compulsory Purchase Act 1965(b), in respect of hereditaments, or former hereditaments, in the area;

(*d*) the total of amounts by way of rates for an earlier year found during the year to be recoverable in respect of hereditaments or former hereditaments, in the area under section 79 of the principal Act or in respect of adjustments of domestic relief under section 48 or rebates under section 49 of that Act or in respect of rates written off as irrecoverable;

(*e*) where the area for which the gross rate income is being ascertained is the whole of a rating area, the amounts receivable for the year under section 32(5) of the principal Act, together with any such amounts in respect of a previous year which may have been notified to the rating authority by the Minister at the time of ascertainment; and where the said area is part of a rating area, the sum which has to such amounts the same proportion as the aggregate rateable value of all the hereditaments in that part, as shown in the Valuation List at the beginning of the year, has to the aggregate rateable value of all the hereditaments (other than gas and electricity hereditaments) in the rating area, as so shown;

(*f*) the amount of any grant under section 5 of the Rating (Interim Relief) Act 1964, paid in the year as if received under section 32(5) of the principal Act;

(*g*) where the area for which the gross rate income is being ascertained is the whole of a rating area, the amount of any grant payable to the rating authority in respect of the year under section 9 of the Rating Act 1966; and where the said area is part of a rating area, the sum which has to such amount the same proportion as the aggregate amount of any rebates under section 49 of the principal Act afforded during the year in respect of hereditaments in the part has to the aggregate amount of such rebates so afforded in respect of hereditaments in the whole of the rating area;

(a) 1845 c. 18. (b) 1965 c. 56.

(*h*) where the area for which the gross rate income is being ascertained is the whole of a rating area, the amount receivable by the rating authority for the year in respect of the domestic element of the rate support grants as last notified to the authority by the Minister at the time of ascertainment subject to any adjustment of the domestic element for any previous year notified by him since the ascertainment of the gross rate income for the preceding year; and where the said area is part of a rating area, the proportion of the said amounts which the domestic rateable value for the year of that part of the rating area has to the domestic rateable value of the whole of the area.

(2) For the purposes of head (*h*) of the foregoing sub-paragraph, the domestic rateable value for any year of any area shall be the sum of—

(*a*) the amount, divided by two, of the aggregate of the rateable values as at 1st April and 31st March in the year of dwellinghouses in the area as ascertained by the rating authority from the rates record; and

(*b*) a proportion of the amount, divided by two, of the aggregate rateable values as at 1st April and 31st March in the year of mixed hereditaments in the area; the proportion being that which the amount in the pound of the reduction in rates for the year made by the rating authority under section 48 (1) (*b*) has to that made under section 48(1) (*a*) of the principal Act.

(3) In the application of sub-paragraph (1) of this paragraph to the City of London—

(*a*) in head (*a*), the reference to reductions of rates made in pursuance of section 48 of the principal Act shall be read as a reference to reductions of the poor rate made in pursuance of regulations for the time being in force under section 48(4) of the principal Act;

(*b*) in head (*e*), the reference to the amounts receivable for the year under section 32(5) of the principal Act shall be read as a reference to the proportion of those amounts which is, under any order for the time being in force under paragraph 4(4) of Part II of Schedule 5 to the principal Act, to be taken into account in computing a poor rate of one penny in the pound;

(*c*) in head (*h*), the reference to the amount receivable by the rating authority for the year in respect of the domestic element of the rate support grants shall be read as a reference to the proportion of that amount which is, in pursuance of the said regulations, to be treated as the proceeds of the poor rate.

*Cost of collection*

4.—(1) The cost of collection for any area for any year shall be determined—

(*a*) in the case of a rating area as a whole, by ascertaining the net cost of making, collecting and recovering rates during the year, including a proper proportion of such expenses as are attributable in part to the matters aforesaid and in part to other matters, but not including any proportion of any allowances made to owners or occupiers;

(*b*) in the case of part of a rating area, by calculating the sum which bears to the cost of the collection in the rating area as a whole the same proportion as the aggregate rateable value of all the hereditaments in such part, as shown in the Valuation List at the beginning of the year, has to the aggregate rateable value of all the hereditaments (other than gas and electricity hereditaments) in the rating area, as so shown.

(2) For the purposes of this paragraph, the net cost of making, collecting and recovering rates during the year includes any sums properly paid by the rating authority during the year as compensation for the loss of employment or diminution of emoluments of any person whose remuneration is, or would, had he continued to be employed by the rating authority, have been, chargeable as part of such net cost, or properly borne by the general rate fund, or in the case of the City of London out of the poor rate, in respect of any injury allowance or gratuity payable to or in respect of any such person under statutory provision or in respect of any increase of any annual pension or superannuation allowance, retirement grant, widow's pension or death grant payable to or in respect of any such person arising from statutory provision for such increase or from the treatment, under such provision, of non-contrbuting service as contributing service.

*Loss on collection*

5.—(1) The loss on collection for any area for any year shall be ascertained by adding together the following amounts—

(*a*) the total in the rates record for the year of rates written off in respect of hereditaments, or former hereditaments, in the area other than allowances made by way of discount under section 51 or 54 of the principal Act;

(*b*) the amount of relief afforded in the year under section 2 of the Rating (Interim Relief) Act 1964 in relation to hereditaments, or former hereditaments, in the area;

(*c*) the amount of any rebates granted in respect of the year under section 49 of the principal Act in relation to hereditaments, or former hereditaments, in the area.

(2) Where the provisions of Schedule 1 to the principal Act apply in their area, the rating authority in calculating the total referred to in head (*a*) of the preceding sub-paragraph shall have regard to payments received in respect of the rating of unoccupied property.

*Ascertainment of amount due under precept*

6. The amount due under a precept shall be taken to be the product of a rate of one penny in the pound for the rating area or for the part thereof in respect of which the precept has been issued, as the case may be, multiplied by the number of pence specified in the precept.

*Excess of amount due over payments required*

7. Where the amount due under a precept exceeds the aggregate amount of the payments required by the precept, the rating authority, subject to their obligation under paragraph (*a*) of section 12(7) of the principal Act, may defer payment of any sum not exceeding that which has to the amount due under the precept the same proportion as the amount of arrears carried forward at the close of the year and for the time being still outstanding has to the total rate-product.

*Estimates*

8.—(1) Any estimate of the product of a rate of one penny in the pound in the next ensuing year which a rating authority are required to transmit to a precepting authority before 1st February in each year shall be calculated in accordance with the preceding provisions of this schedule.

(2) In calculating such estimate the rating authority shall take the latest ascertained figures available for the area to which the estimate relates and shall modify those figures to such extent as appears to them to be necessary having regard to any alteration in total rateable value which may reasonably be anticipated and to any other material circumstances.

*Audit*

9. The calculations required by this schedule for any year shall be included in the accounts submitted by a rating authority to the district auditor, and the auditor's certificate allowing the accounts shall be construed as a certificate that, subject to any amendments made by him, such calculations have been properly and correctly made, and any necessary consequential adjustments shall be made in the accounts between the rating authority and the precepting authority.

*Definitions*

10. In this schedule—

"gas and electricity hereditaments" means hereditaments which a Gas Board is, under section 33(3) or by virtue of a direction made by the Minister under section 33(5), or an Electricity Board is, under section 34(3), of the principal Act, to be treated as occupying in the rating area;

"the Minister" means the Minister of Housing and Local Government;
"mixed hereditament" has the meaning assigned to it by section 48(5) of the principal Act;
"the principal Act" means the General Rate Act 1967;
"year" means a period of twelve months beginning with 1st April.

Given under the official seal of the Minister of Housing and Local Government on 27th March 1968.

(L.S.)

*Anthony Greenwood,*
Minister of Housing and Local Government.

## EXPLANATORY NOTE

*(This Note is not part of the Rules.)*

These rules, which apply to England and Wales, deal primarily with precepting by county councils and the Greater London Council on rating authorities. They provide for the way in which the amount due under the precept is to be calculated, namely by ascertaining the product of a rate of one penny in the pound in the relevant area and multiplying that amount by the number of pence in the pound specified in the precept. The rules also provide for the way in which the product of a rate of one penny in the pound for any area is to be determined for the purpose of (i) deciding entitlement to, and the amount to be paid in respect of, the resources element of the rate support grants; and (ii) ascertaining the amount a local authority may spend annually in the interests of their area or its inhabitants under section 6 of the Local Government (Financial Provisions) Act 1963.

The schedule to the rules re-enacts existing rules with drafting amendments and amendments necessary to take account of the introduction by the Local Government Act 1966 of the domestic element of the rate support grants. A further change is that the schedule does not include a provision, contained in the existing rules, precluding a rating authority, in ascertaining the product of a rate of one penny in the pound for precepting and other purposes, from deducting from the gross rate income, as part of the cost of collection of the rate, expenses incurred in making or objecting to proposals for the alteration of the current valuation list.

Certain statutory provisions which become unnecessary in consequence of the rules are repealed and amendments which are appropriate in consequence of the rules are made in certain other statutory provisions. The rules re-enacted in the schedule to these rules are revoked.