

WELSH OFFICE

Local Government Finance

(WALES)

THE LIMITATION OF COUNCIL TAX AND PRECEPTS (RELEVANT NOTIONAL AMOUNTS) REPORT (WALES) 1993–94

Report by the Secretary of State for Wales
under section 55 of the Local Government
Finance Act 1992

*Ordered by The House of Commons to be printed
1 February 1993*

LONDON: HMSO

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The Limitation of Council Tax and Precepts (Relevant Notional Amounts) Report (Wales) 1993–94

Introduction

1.1 This Report is made by the Secretary of State for Wales (“the Secretary of State”), and laid before the House of Commons, under section 55 of the Local Government Finance Act 1992 (“the 1992 Act”). It applies to Wales.

1.2 This Report sets out the relevant notional amounts which the Secretary of State specifies as regards the financial year beginning in 1993 and all billing and major precepting authorities in Wales. It also sets out such explanation as the Secretary of State considers desirable of the calculation by him of the relevant notional amounts.

1.3 If this Report is approved by resolution of the House of Commons, section 54(1)(b) of the 1992 Act (power to designate authorities by reference to an increase in budget requirement) will have effect as regards the financial year beginning in 1993 and the authorities to which the Report relates, as if the relevant notional amounts were the basis of comparison referred to in section 54(1)(b) of the 1992 Act.

Relevant Notional Amounts

2. The Secretary of State hereby specifies as the relevant notional amount as regards the financial year beginning in 1993 and each billing and major precepting authority in Wales the amount shown against the name of the authority in Annex A to this Report.

Calculation of Relevant Notional Amounts

3. Annex B contains such explanation as the Secretary of State considers desirable of the calculation by him of the relevant notional amounts specified in this Report.

28 January 1993

David Hunt
Secretary of State for Wales

Annex A

Relevant Notional Amounts

<i>Billing Authority</i>	<i>£000</i>
<i>The district council of:</i>	
Aberconwy	8,358
Alyn and Deeside	8,883
Arfon	8,662
Blaenau Gwent	14,526
Brecknock	5,422
Cardiff	45,083
Carmarthen	6,360
Ceredigion	8,428
Colwyn	6,838
Cynon Valley	11,672
Delyn	7,303
Dinefwr	4,522
Dwyfor	5,474
Glyndŵr	5,045
Islwyn	10,739
Llanelli	11,558
Lliw Valley	7,457
Meirionnydd	5,999
Merthyr Tydfil	10,891
Monmouth	8,639
Montgomeryshire	6,047
Neath	8,706
Newport	22,475
Ogwr	18,528
Port Talbot	8,309
Preseli Pembrokeshire	9,437
Radnorshire	2,971
Rhondda	15,669
Rhuddlan	8,396
Rhymney Valley	14,921
South Pembrokeshire	5,985
Swansea	32,023
Taff-Ely	12,348
Torfaen	13,092
Vale of Glamorgan	12,964
Wrexham Maelor	15,064
Ynys Môn – Isle of Anglesey	10,936

<i>Major Precepting Authority</i>	<i>£000</i>
<i>The county council of:</i>	
Clwyd	273,312
Dyfed	249,853
Gwent	292,114
Gwynedd	163,848
Mid Glamorgan	378,260
Powys	90,518
South Glamorgan	266,231
West Glamorgan	253,150

Annex B

Calculation of Relevant Notional Amounts

1. Budget Amount 1.1 In this annex “budget amount” means in respect of a billing authority the amount calculated by it in relation to the financial year beginning in 1992 under section 95(4) of the Local Government Finance Act 1988 (“the 1988 Act”), and the amounts of revenue support grant and distributed non-domestic rates payable to it under section 79 of the 1988 Act, and paragraph 12 of Schedule 8 to the 1988 Act. In respect of a major precepting authority “budget amount” means the aggregate amount of precepts issued by it, and the amounts of revenue support grant and distributed non-domestic rates payable to it under section 79 of, and paragraph 12 of Schedule 8 to, the 1988 Act, in relation to that financial year.

2. The Calculation of the Relevant Notional Amounts 2.1 Subject to paragraph 2.2, the calculation of the relevant notional amount for each billing authority and major precepting authority is based on its budget amount calculated:

- in the case of the amount calculated by each billing authority under section 95(4) of the 1988 Act, and the aggregate amount of precepts issued by each major precepting authority, with regard to information returned to the Secretary of State on each authority’s Demands and Precepts Estimates Form (Form DAP 1 in the case of a billing authority and Form DAP 2 in the case of a major precepting authority) for the financial year beginning in 1992.
- in the case of revenue support grant and distributed non-domestic rates entitlements, with regard to information with the Secretary of State on 9 December 1992.

The relevant budget amounts are set out in Appendix 1.

2.2 For the purposes of the calculation of a relevant notional amount, any budget amount for which another budget amount has been substituted is ignored, providing that the Secretary of State on or before 30 October 1992 received from the authority concerned notification of that substitute budget amount.

2.3 In calculating relevant notional amounts the budget amounts described in paragraphs 2.1 and 2.2 have, where appropriate, been subject to the following adjustments:

- (i) in the case of a major precepting authority, the deduction of an amount (“the Further and Higher Education Adjustment”) calculated as described in paragraph 3 below;
- (ii) in the case of a major precepting authority, the addition of an amount (“the Care in the Community Adjustment”) calculated as described in paragraph 4 below;
- (iii) in the case of a billing authority the addition or subtraction (as appropriate) of an amount (“the Collection Fund Interest Adjustment”) calculated as described in paragraph 5 below.

2.4 Where (apart from this paragraph) the relevant notional amount as regards any authority would be a figure other than a whole number of thousands, the figure is rounded to the first whole number of thousands above that figure.

3. The Calculation of the Further and Higher Education Adjustment

3.1 The further and higher education adjustment represents the proportion of the budget amount for each major precepting authority which in the Secretary of State's opinion can reasonably be attributed to the authority in the financial year beginning in 1992 in respect of:

- further education expenditure relating to functions set out in Part I of the Further and Higher Education Act 1992 which, from 1 April 1993 are no longer the responsibility of that authority, and
- residual higher education expenditure relating to functions set out in Part II of the Education Reform Act 1988 (as amended) which, from 1 April 1993 are no longer the responsibility of that authority.

3.2 The adjustment calculation has been made having regard to information with the Secretary of State on 9 December 1992, details of budget income and expenditure on further and higher education provision in the financial year beginning in 1992 submitted by major precepting authorities in response to a Welsh Office letter and questionnaires issued on 24 March 1992 and representations made by individual major precepting authorities on or before 19 January 1993.

3.3 Details of the adjustment calculation are set out in Appendix 2.

4. The Calculation of the Care in the Community Adjustment

4.1 The Care in the Community adjustment is made so that the relevant notional amount takes account of the Secretary of State's proposed allocation of revenue support grant for the financial year beginning in 1993, attributable to:

- £35.9 million in resources for Care in the Community announced by the Parliamentary Under-Secretary of State for Wales on 2 October 1992, and which is the increased provision for local authority functions under section 46 of the National Health Service and Community Care Act 1990 (local authority plans for community care services) and also provision for the new local authority functions under section 47 of that Act (assessment of needs for community care services) which comes into force on 1 April 1993¹, and
- £1.614 million in resources announced by the Secretary of State for Wales on 14 December 1992 and which is contingent upon the enactment of proposed legislation in respect of people of working age with severe disabilities, proposed by the Minister for Social Security and Disabled People,

divided by the ratio of the Gross Domestic Product (GDP) deflators for 1993-94 and 1992-93 produced by the Central Statistical Office and relevant on 12 November 1992.

4.2 The revenue allocations for the financial year beginning in 1993 have been calculated in accordance with formulae agreed with the Assembly of Welsh Counties and ratified by the Welsh Consultative Council on Local Government Finance. Details of the adjustment calculation are set out in Appendix 3.

5. The Collection Fund Interest Adjustment

5.1 As regards each billing authority, its Collection Fund Interest Adjustment is the Secretary of State's assessment of the amount (which may be positive or negative) of collection fund interest for the financial year beginning in 1992, having regard to the information provided at line 5 (adjustments) of the Demands and Precepts Return Estimates 1992-93 (Form DAP3), submitted by each billing authority and representations made by individual billing authorities on or before 19 January 1993.

¹The National Health Service and Community Care Act 1990 (Commencement No. 10) Order 1992 No. 2975 (c. 91)

5.2 The adjustment is made because:

- the provisions of the Local Authorities (Funds) (Wales) Regulations 1992 (S.I. 1992/2929) (“the 1992 Regulations”) take effect for the financial year 1993–94. Unlike the Collection Fund (Wales) Regulations 1989 (S.I. 1989/2363) (made under powers now repealed in part), the 1992 Regulations do not provide for the transfer from a billing authority’s general fund to its collection fund of amounts representing interest on collection fund money temporarily transferred to a billing authority’s general fund; and
- the directions made by the Secretary of State under section 98(4) of the 1988 Act which apply to the financial year 1992–93 provide for interest on collection fund borrowings to be borne by the collection fund (Collection Fund (Wales) Specifications and Directions 1989), whereas it is proposed that the directions to be made for the financial year 1993–94 will make no such provision.

5.3 For the purposes of paragraph 5.1 above, the amount of collection fund interest is the sum representing interest chargeable to the authority’s collection fund income and expenditure account for the financial year 1992/93 in respect of:

- (a) transfers to the authority’s general fund in respect of interest pursuant to directions made by the Secretary of State under section 98(4) of the 1988 Act, and
- (b) transfers to the authority’s general fund in respect of the allowance for interest arising from the temporary investment of collection fund sums pursuant to directions made by the Secretary of State under section 98(4) of the 1988 Act,

net of the sum representing interest receivable by the authority’s collection fund.

5.4 For the purposes of paragraph 5.3 above, the sum representing interest receivable by an authority’s collection fund for the financial year beginning in 1992 is the aggregate of the amounts credited to the authority’s collection fund income and expenditure account for that financial year in respect of interest on sums held or invested in accordance with regulations 10 and 11 of the Collection Fund (Wales) Regulations 1989 (S.I. 1989/2363).

5.5 Any reference in this part of this Annex to an authority’s collection fund income and expenditure account is a reference to a revenue account to which, in accordance with proper practices, are credited or charged, as the case may be, amounts in respect of the authority’s income and expenditure relating to sums paid or to be paid into or payments met or to be met from the authority’s collection fund.

5.6 Details of the adjustment are set out in Appendix 4.

Appendix 1

Budget amounts for Billing Authorities and Major Precepting Authorities

	<i>Section 95(4) transfer/ precepts (Note 1)</i>	<i>Distributed revenue support grant (Note 2)</i>	<i>Distributed non-domestic rates (Note 3)</i>	<i>Total "budget amount" (Note 4)</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Aberconwy	1,777	4,832	1,748	8,358
Alyn and Deeside	1,122	5,397	2,363	8,882
Arfon	1,084	5,857	1,720	8,661
Blaenau Gwent	1,843	10,239	2,444	14,525
Brecknock	719	3,369	1,334	5,422
Cardiff	7,633	28,614	8,835	45,082
Carmarthen	246	4,347	1,767	6,359
Ceredigion	760	5,493	2,175	8,428
Colwyn	973	4,098	1,767	6,838
Cynon Valley	1,060	8,518	2,093	11,672
Delyn	1,018	4,418	2,144	7,580
Dinefwr	226	3,125	1,255	4,606
Dwyfor	827	3,671	975	5,473
Glyndŵr	857	2,837	1,351	5,045
Islwyn	1,497	7,158	2,084	10,739
Llanelli	1,200	7,947	2,410	11,557
Lliw Valley	547	4,922	1,988	7,457
Meirionnydd	1,271	3,561	1,167	5,999
Merthyr Tydfil	905	8,111	1,874	10,890
Monmouth	1,215	5,000	2,423	8,639
Montgomeryshire	615	3,490	1,693	5,798
Neath	409	6,218	2,079	8,706
Newport	4,092	14,139	4,243	22,474
Ogwr	2,429	11,910	4,211	18,550
Port Talbot	742	5,946	1,620	8,308
Preseli Pembrokeshire	754	6,441	2,242	9,436
Radnorshire	366	1,833	772	2,971
Rhondda	1,266	12,160	2,494	15,920
Rhuddlan	1,675	4,862	1,858	8,395
Rhymney Valley	2,301	9,441	3,178	14,920
South Pembrokeshire	0	4,342	1,379	5,721
Swansea	4,885	21,410	5,727	32,022
Taff-Ely	1,013	8,311	3,024	12,348
Torfaen	2,174	8,099	2,818	13,092
Vale of Glamorgan	1,328	8,111	3,525	12,964
Wrexham Maclor	1,940	9,458	3,665	15,064
Ynys Môn—Isle of Anglesey	2,451	6,263	2,221	10,936
Clwyd	40,062	183,220	64,586	287,868
Dyfed	31,576	170,133	55,146	256,855
Gwent	34,016	200,684	68,824	303,523
Gwynedd	19,181	111,942	38,463	169,586
Mid Glamorgan	47,892	258,745	82,883	389,520
Powys	8,966	65,565	18,656	93,187
South Glamorgan	29,179	183,731	60,711	273,622
West Glamorgan	33,313	171,559	56,065	260,937

Notes:

- (1) Column 1 represents, in the case of a billing authority the level of its transfer from the collection fund under section 95(4) of the 1988 Act and, in the case of a major precepting authority the aggregate of its precepts.
- (2) Column 2 represents amounts of revenue support grant payable to billing and major precepting authorities under section 79 of the 1988 Act.
- (3) Column 3 represents amounts of distributed non-domestic rates payable to billing and major precepting authorities under paragraph 12 of Schedule 8 of the 1988 Act.
- (4) Column 4 (as the aggregate of Columns 1 to 3) represents the budget amount, as defined in paragraph 1 to Annex B, of each billing and major precepting authority.
- (5) All figures shown in the table are rounded to the nearest £1,000.

Appendix 2

The Further and Higher Education Adjustment

As regards each major precepting authority the Secretary of State calculates the Further and Higher Education Adjustment by applying the formula:

$$A + B + C = D$$

where:

A is that part of the budget amount in respect of each major precepting authority which in the Secretary of State's opinion can reasonably be attributed to the authority in the financial year beginning in 1992, in respect of:

- (i) maintaining any educational institution which appears to him to fall within section 15(2) or 16(2) of the Further and Higher Education Act 1992 or is to be treated as falling within section 15(2) pursuant to section 15(6) of that Act;
- (ii) maintaining any school which appears to him to fall within section 15(3) of the Further and Higher Education Act 1992 or is to be treated as so falling pursuant to section 15(6) of that Act;
- (iii) maintaining any voluntary aided school designated or proposed to be designated by order under section 28 of the Further and Higher Education Act 1992;
- (iv) maintaining further education provision in any educational institution in respect of which an order has been made, or is proposed to be made, under section 122 of the Education Reform Act 1988 (orders incorporating higher education institutions) has been made.
- (v) maintaining adult community education in the community as prescribed in Schedule 2 to the Further and Higher Education Act 1992.

B is that part of the budget amount in respect of each major precepting authority which in the Secretary of State's opinion can reasonably be attributed to the authority in the financial year beginning in 1992, in respect of securing provision of higher education for its area in institutions with respect to which an order has been made, or is proposed to be made, under section 122 of the Education Reform Act 1988.

C is that part of the budget amount in respect of each major precepting authority which in the Secretary of State's opinion can reasonably be attributed to the authority in the financial year beginning in 1992, in respect of expenditure on liabilities which are excepted liabilities for the purposes of section 199 of the Education Reform Act 1988.

D is, in respect of each major precepting authority, the amount of the Further and Higher Education Adjustment.

The calculations in respect of A, B, C and D above are set out in Annex A to this Appendix.

The further and higher education institutions transferring from the local authority sector on 1 April 1993 are set out in Annex B to this Appendix.

Higher education institutions that transferred from the local authority sector on 1 April 1992 but continued to receive funding from major precepting authorities for further education provision (under section 41 of the Education Act 1944) during the financial year beginning in 1992 are listed in Annex C to this Appendix.

Annex A to Appendix 2

The Further and Higher Education (FHE) Adjustment

<i>The FHE adjustment formula</i>	A	+	B	+	C	=	D
	<i>Budget amount portion in respect of Further Education (Note 1)</i>		<i>Budget amount portion in respect of Higher Education (Note 2)</i>		<i>Excepted liabilities expenditure (Note 3)</i>		<i>Total Adjustment</i>
	<i>£000</i>		<i>£000</i>		<i>£000</i>		<i>£000</i>
Clwyd	16,722		4,120		361		21,203
Dyfed	11,160		273		73		11,506
Gwent	16,809		0		0		16,809
Gwynedd	9,187		0		0		9,187
Mid Glamorgan	16,205		0		0		16,205
Powys	4,225		0		0		4,225
South Glamorgan	12,176		0		0		12,176
West Glamorgan	13,015		0		0		13,015

Notes:

- (1) The sums at A relate to further education provision by each major precepting authority in the community and at institutions listed in Annexes B and C to this Appendix.
- (2) The sums at B relate to higher education provision by each major precepting authority at higher education institutions listed in Annex B to this Appendix.
- (3) The sums at C relate to loan liabilities excepted from transfer to institutions in respect of North East Wales Institute, Llandrillo Technical College and the Welsh Agricultural College.

Annex B to Appendix 2

Education institutions transferring from the local authority sector on 1 April 1993

Further education institutions

Aberdare College
Afan College
Barry College
Bridgend College of Technology
Carmarthenshire College of Technology and Art
Coleg Ceredigion
Coleg Glan Hafren
Coleg Llysfasi College
Coleg Meirion-Dwyfor
Coleg Pencraig
Coleg Powys
Deeside College
Gorseinon College
Gwent Tertiary College
Gwynedd Technical College
Llandrillo Technical College
Merthyr Tydfil College
Neath College
Pembrokeshire College
Pencoed College
Pontypridd Technical College
Rhondda College
Swansea College
Welsh College of Horticulture
Yale Sixth Form College
Ystrad Mynach College
St David's VI Form College

Higher education institutions

North East Wales Institute
Welsh Agricultural College

Annex C to Appendix 2

Higher education institutions outside the local authority sector but in receipt of further education funding from major precepting authorities during the financial year beginning in 1992

Cardiff Institute of Higher Education
Gwent College of Higher Education
Swansea College of Higher Education
Welsh College of Music and Drama

Appendix 3

The Care in the Community Adjustment

	<i>1993-94 additional care in the community resources</i>	<i>The resource allocations adjusted by the GDP factor (Note 1)</i>
	<i>£000</i>	<i>£000</i>
Clwyd	6,830	6,647
Dyfed	4,627	4,504
Gwent	5,548	5,400
Gwynedd	3,543	3,449
Mid Glamorgan	5,081	4,945
Powys	1,597	1,555
South Glamorgan	4,916	4,785
West Glamorgan	5,371	5,227

Note:

(1) The GDP factor is the ratio of the 1993-94 and 1992-93 GDP deflators relevant on 12 November 1992 ie 1.0275.

All figures shown in the table are rounded to the nearest £1,000.

Appendix 4

The Collection Fund Interest Adjustment

<i>Billing Authorities</i>	<i>(Note 1)</i>
	£000
Aberconwy	0
Alyn and Deeside	0
Arfon	0
Blaenau Gwent	0
Brecknock	0
Cardiff	0
Carmarthen	0
Ceredigion	0
Colwyn	0
Cynon Valley	0
Delyn	-277
Dinefwr	-85
Dwyfor	0
Glyndŵr	0
Islwyn	0
Llanelli	0
Lliw Valley	0
Meirionnydd	0
Merthyr Tydfil	0
Monmouth	0
Montgomeryshire	249
Neath	0
Newport	0
Ogwr	-23
Port Talbot	0
Preseli Pembrokeshire	0
Radnorshire	0
Rhondda	-251
Rhuddlan	0
Rhymney Valley	0
South Pembrokeshire	263
Swansea	0
Taff-Ely	0
Torfaen	0
Vale of Glamorgan	0
Wrexham Maclor	0
Ynys Môn—Isle of Anglesey	0

Note:

(1) A positive (negative) amount denotes estimated interest paid (received) in 1992-93 as a result of cash flow transactions in respect of the collection fund.

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