

BUSINESS RATE SUPPLEMENTS ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Power to impose business rate supplements

Sections 1 and 2: Power to impose a BRS and levying authorities

12. **Section 1** confers on levying authorities (which are defined in section 2(1)) a new power to levy a BRS on national non-domestic ratepayers for the purpose of raising money for expenditure on projects intended to support the economic development of the authority's area (*subsection (2)*). For the purposes of the Act, non-domestic ratepayers are those persons liable to pay national non-domestic rates under sections 43 and 45 of the Local Government Finance Act 1988.
13. **Section 2(2)** and **(3)** makes provision for two or more levying authorities to levy a BRS jointly. This provision could be used by authorities who are undertaking a joint project to promote economic development in their local areas, possibly as part of a Multi Area Agreement (where local authorities work in partnership with local agencies, for example to support economic growth). The majority of functions connected with a BRS will be exercisable jointly, although levying authorities will individually be responsible for publishing the BRS prospectus under section 5 and maintaining their own BRS revenue account under Schedule 3.

Section 3: Use of money raised by a BRS

14. This section limits how the revenue collected from a BRS can be spent. In particular:
 - *subsection (1)* provides that BRS revenues (i) can only be spent – whether directly or in the form of loan repayments (*subsection (2)*) – on the project the BRS was set up to fund, and (ii) cannot be used for expenditure the authority would have incurred if it had not established the BRS; and
 - *subsection (3)* provides that BRS revenues can never be used to fund certain services that levying authorities have existing obligations to provide.
15. *Subsection (5)* make provision for the GLA to enter into arrangements with any of its functional bodies (Transport for London, the London Development Agency, the Metropolitan Police Authority and the London Fire and Emergency Planning Authority) so that revenue collected from a BRS by the GLA may be used by the functional body on a project to which the BRS relates. *Subsections (9)* and *(11)* govern how the other provisions in section 3 are to operate where such arrangements are in place.
16. *Subsections (6), (7)* and *(10)* provide that the revenue collected from a BRS shall include voluntary financial contributions made for the purpose of enabling the project to which the BRS relates to be carried out. These subsections apply for the purposes of the whole Act as a result of section 30(2).
17. *Subsections (6) and (7)* cover voluntary financial contributions made both to levying authorities and lower-tier authorities. “Lower-tier authority” is defined in *subsection (8)*

*These notes refer to the Business Rate Supplements Act
2009 (c.7) which received Royal Assent on 2 July 2009*

and, by virtue of section 30(2), the definition applies for the purposes of the whole Act. The practical effect of the definition is that in areas where there are two tiers of local government, a lower-tier authority is the billing authority for the purposes of national non-domestic rates under Part 3 of the Local Government Finance Act 1988. In an area where there is only a single tier of local government, the billing authority and the levying authority will be one and the same.