

*These notes refer to the Council Tax (New Valuation Lists for England) Act 2006 (c.7)  
which received Royal Assent on 30 March 2006*

# **COUNCIL TAX (NEW VALUATION LISTS FOR ENGLAND) ACT 2006**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

1. These explanatory notes relate to the Council Tax (New Valuation Lists for England) Act 2006 which received Royal Assent on 30 March 2006. They have been prepared by the Office of the Deputy Prime Minister in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
2. The notes need to be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

### **SUMMARY**

3. The Act removes the current requirements in the Local Government Finance Act 1992 (“the 1992 Act”) for there to be a revaluation of domestic properties, in England, for council tax purposes on 1 April 2007 and then at intervals of not more than 10 years. These requirements are replaced with a power for the Secretary of State to set the date of the first revaluation and of further revaluations. The Secretary of State will specify by order, for England, the year in which each new valuation list must be compiled (that is to say, the year in which a revaluation must take place). The new list will always be required to be compiled on the 1 April in the specified year. The orders will be subject to the affirmative resolution procedure in the House of Commons.

### **BACKGROUND**

4. The 1992 Act introduced the council tax from 1 April 1993 with valuations of domestic properties based on values at 1 April 1991. The Act did not require council tax valuations to be updated and new council tax valuation lists to be prepared. The 2001 White Paper "Strong Local Leadership - Quality Public Services"<sup>1</sup> subsequently recognised the importance of keeping property values up to date. It committed the

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<sup>1</sup> CM 5237

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Government to a first revaluation in England to be completed in time for council tax bills issued in 2007, with subsequent revaluations at least every 10 years thereafter.

5. The Local Government Act 2003 accordingly amended the 1992 Act to give statutory force to that commitment. Section 77 of that Act inserted a new section 22B into the 1992 Act, requiring the listing officer of each billing authority to compile new valuation lists for domestic properties in England on 1 April 2007, and subsequently on the 10th anniversary of the previous revaluation (or, if earlier, on a date specified by order by the Secretary of State). Section 22B also requires a draft list to be compiled on (or before) the 1 September before the date on which the list is to be compiled.

6. In July 2004 the Government invited Sir Michael Lyons to consider options for reform of the council tax as part of his independent inquiry into local government funding, and to report and make recommendations by the end of 2005. In September 2005, the Government then extended the scope and length of the Lyons Inquiry so that it could consider issues relating to the wider functions of local government and its future role as well as, and prior to, making recommendations on local government funding. The Lyons Inquiry is now expected to produce its final report at the end of 2006. In the light of this, the Government decided to postpone council tax revaluation in England<sup>2</sup> and to legislate to provide a power for the Secretary of State to make orders setting a new date for revaluation, and dates for any subsequent revaluations, so that the first revaluation in England can take full account of the further work of the Lyons Inquiry and be integrated with any other possible funding reforms, and account can be taken of relevant circumstances in determining appropriate dates for subsequent revaluations.

## **TERRITORIAL APPLICATION: WALES**

7. The Act does not affect the provisions for the revaluation of domestic properties in Wales for council tax purposes. In Wales, council tax revaluation took place on 1 April 2005. The requirement to revalue on the 10th anniversary of the previous revaluation (or, if earlier, on a date specified by order by the National Assembly for Wales) is not affected by the present proposals.

## **COMMENTARY ON SECTIONS**

8. This Act has two sections.

- Section 1 provides for the dates on which new valuation lists must be compiled for England. *Subsection (2)* inserts into section 22B of the 1992 Act a power

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<sup>2</sup> The announcement to postpone revaluation was made on 20 September 2005.

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for the Secretary of State to specify by order, for England, the year in which each new valuation list must be compiled. *Subsection (3)* removes the requirement for a new list to be compiled in relation to billing authorities in England on 1 April 2007. *Subsection (4)* amends section 22B so that the requirement for a new list to be compiled on the 10<sup>th</sup> anniversary of the first revaluation is removed for billing authorities in England (but retained for billing authorities in Wales). *Subsections (5) to (7)* make minor technical amendments to provide that any orders made by the Secretary of State under section 22B will be subject to the affirmative resolution procedure in the House of Commons.

- Section 2 provides for the short title of the Act and for its extent.

## **COMMENCEMENT DATE**

9. The commencement date for the Act is 30 March 2006.

## **HANSARD REFERENCES**

10. The following table sets out the dates and Hansard references for each stage of this Act's passage through Parliament:

<b>Stage</b>	<b>Date</b>	<b>Hansard reference</b>
<i>House of Commons</i>		
Introduction	13 October 2005	Vol. 437 Col. 465
Second Reading	07 November 2005	Vol. 439 Col. 31-127
Committee	15 November 2005	Hansard Standing Committee A
Report and Third Reading	01 December 2005	Vol. 440 Cols. 406-88
<i>House of Lords</i>		
Introduction	05 December 2005	Vol. 676 Col. 420
Second Reading	09 January 2006	Vol. 677 Cols. 29-50
Committee	07 February 2006	Vol. 678 Cols. 295-320GC
Report Stage	01 March 2006	Vol. 679 Cols. 259-76
Third Reading	08 March 2006	Vol. 679 Cols. 756-62

Royal Assent –30 March 2006      House of Lords Hansard Vol. 680 Col. 861  
House of Commons Hansard Vol. 444 Col.1061