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STATUTORY INSTRUMENTS

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1989 No. 2477

## RATING AND VALUATION

## The Railways (Rateable Values) Order 1989

*Approved by both Houses of Parliament**Made - - - - 22nd December 1989**Coming into force - 23rd December 1989*

The Secretary of State for the Environment as respects England and the Secretary of State for Wales as respects Wales, in exercise of the powers conferred on them by sections 140(4), 143(1) and 146(6) of and paragraph 3(2) of Schedule 6 to the Local Government Finance Act 1988(a), and of all other powers enabling them in that behalf, hereby make the following Order in the terms of a draft laid before, and approved by resolution of, each House of Parliament:—

## PART I

## PRELIMINARY

**Citation and commencement**

1. This Order may be cited as the Railways (Rateable Values) Order 1989 and shall come into force on the day after the day on which it is made.

**Interpretation**

2. In this Order—

“the Act” means the Local Government Finance Act 1988;

“class of hereditaments” means a class of railway hereditaments in relation to which amounts are specified in each column of the Schedule;

“railway hereditaments” means non-domestic hereditaments required by virtue of Part 4 of the Schedule to the Central Rating Lists Regulations 1989(b) to be shown in a central rating list; and

“English railway hereditaments” means such hereditaments as are so required to be shown in the central rating list for England; and

“Welsh railway hereditaments” means such hereditaments as are so required to be shown in the central rating list for Wales;

“relevant year” means any year for which a rateable value falls to be determined in accordance with this Order, and “relevant preceding year” means the year preceding a relevant year;

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(a) 1988 c.41. Paragraph 3(2) of Schedule 6 is amended by paragraph 38(13) of Schedule 5 to the Local Government and Housing Act 1989 (c.42).

(b) S.I. 1989/2263.

“year” means a chargeable financial year; and any reference to hereditaments occupied by a person includes a reference to hereditaments which, if unoccupied, are owned by that person; and references to occupation shall be construed accordingly.

#### **Rounding of numbers**

3. Where (apart from this article) any rateable value determined under this Order would include a fraction of a pound—

- (a) the fraction shall be made up to one pound if it would exceed 50p, and
- (b) the fraction shall be ignored if it would be 50p or less.

#### **Disapplication of normal basis of valuation**

4. In the case of railway hereditaments, paragraphs 2 to 2B of Schedule 6 to the Act(a) shall not apply, and the rateable values of such hereditaments shall be as specified in, or determined under the rules in, the following provisions of this Order.

## **PART II**

### **DOCKLANDS LIGHT RAILWAY**

#### **Rateable values in 1990/4**

5.—(1) The rateable value of railway hereditaments occupied by Docklands Light Railway Limited (“Docklands hereditaments”) shall be—

- (a) in the year beginning on 1st April 1990, £227,500;
- (b) in the year beginning on 1st April 1991, £341, 250;
- (c) in the year beginning on 1st April 1992—
  - (i) £455,000 during the period ending with 25th April 1992, and
  - (ii) £700,000 thereafter;
- (d) in the year beginning on 1st April 1993, £700,000.

#### **Rateable values in subsequent years**

6. In any subsequent year, the rateable value of Docklands hereditaments shall be determined by calculating in accordance with the formula—

$$£700,000 + U,$$

where U is the recalculation factor determined in accordance with article 7.

#### **Recalculation factor**

7.—(1) In this article—

j is the estimated number of millions of passenger journeys undertaken on the railways of Docklands Light Railway Limited in the relevant preceding year, and

J, subject to paragraph (4), is the estimated number of millions of passenger journeys undertaken on those railways in the year beginning on 1st April 1992,

estimated to the nearest tenth part of a million.

(2) Where in relation to any year the value attributable to j is less than that produced by calculating in accordance with the formula—

$$J \left( \frac{105}{100} \right)$$

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(a) Paragraph 2 is amended and paragraphs 2A and 2B are inserted by paragraph 38(3) to (11) of Schedule 5 to the Local Government and Housing Act 1989.

("the upper threshold") and greater than that produced by calculating in accordance with the formula—

$$J\left(\frac{95}{100}\right)$$

("the lower threshold"), the recalculation factor applicable—

- (a) in the first such year shall be 0, and
- (b) in any subsequent such year, shall be the recalculation factor applicable in accordance with this article in the relevant preceding year.

(3) Where in relation to any year the value attributable to  $j$  is equal to or exceeds the upper threshold, or is equal to or lower than the lower threshold, the recalculation factor applicable in that year shall be the figure produced by calculating in accordance with the formula—

$$£700,000\left(\frac{j-J}{3J}\right).$$

(4) In relation to any year beginning after the year in which paragraph (3) first applies, paragraphs (2) and (3) shall apply as if for  $J$  there were substituted  $K$ , where  $K$  is a number having the same value as  $j$  in the last foregoing year in which the applicable recalculation factor was that determined in accordance with paragraph (3).

(5) Where in any year the provision of a railway service by Docklands Light Railway Limited has been temporarily interrupted, any estimate required to be made for the purposes of this Part shall be made as if during the period of the interruption a normal service had been maintained.

### PART III

#### OTHER RAILWAY HEREDITAMENTS: INITIAL RATEABLE VALUES

##### Interpretation

##### 8. In this Part—

##### (a) in any formula—

$B$  is the figure applicable in relation to the relevant year for the purposes of paragraph 5(3) of Schedule 7 to the Act;

$C$  is the figure applicable in relation to the relevant year for the purposes of paragraph 5(4) of Schedule 7 to the Act;

$I$  is the figure for the retail prices index for September in the relevant preceding year;

and in relation to any class of hereditaments—

$R$  is the recalculation factor applicable to that class determined under Part V in respect of the relevant preceding year;

$RV$  is the rateable value of that class in the relevant preceding year;

##### (b) $T$ is the amount specified in relation to a class of hereditaments in column 1 of the Schedule, and

$U$  is the recalculation factor applicable to that class determined in accordance with Part V in respect of the relevant year; and

"the standard formula" means the formula  $T+U$ ;

##### (c) "intermediate year", in relation to a class of hereditaments to which paragraph (a) or (b) of article 9 applies, means any year beginning on or after 1st April 1992 and ending no later than the end of the year in which the rateable value of that class first falls by virtue of this Part to be determined in accordance with the standard formula;

and any reference to a class of hereditaments is to a class of railway hereditaments in relation to which an amount is specified in each column of the Schedule.

**Rateable values in 1990/1****9. In relation to each class of hereditaments—**

- (a) where T is greater than the relevant maximum amount calculated in relation to that class under article 10, the rateable value of that class in the year beginning on 1st April 1990 shall be the relevant maximum amount;
- (b) where T is less than the relevant minimum amount calculated in relation to that class under article 10, the rateable value of that class in the year beginning on 1st April 1990 shall be the relevant minimum amount;
- (c) where neither paragraph (a) nor paragraph (b) applies, the rateable value of that class in that year shall be T.

**10.** The relevant maximum amount in respect of a class of hereditaments is the amount produced by calculating in accordance with the formula—

$$\frac{1.2A}{M}$$

and the relevant minimum amount in respect of a class of hereditaments is the amount produced by calculating in accordance with the formula—

$$\frac{0.895A}{M}$$

where A is the amount specified in relation to that class in column 2 of the Schedule, and M is the non-domestic rating multiplier applicable to that class in pursuance of paragraph 2 of Schedule 7 to the Act.

**Increasing rateable values**

**11.—(1)** This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1990 is determined as provided in paragraph (a) of article 9.

(2) The rateable value in the year beginning on 1st April 1991 of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) For the purposes of paragraph (2), where in relation to a class of hereditaments a calculation in respect of that year according to formula 1, that is to say—

$$RV \times 1.2 \left( 1 + \frac{I-B}{C} \right) + U$$

produces an amount less than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments in that year shall be the amount calculated in accordance with formula 1; and in any other case that rateable value shall be the amount calculated in accordance with the standard formula.

**12.—(1)** This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1991 falls in pursuance of article 11 to be determined in accordance with formula 1.

(2) The rateable value in any intermediate year of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) Where in relation to a class of hereditaments and any such year a calculation in respect of that year according to formula 2, that is to say—

$$(RV - R) \times 1.2 \left( 1 + \frac{I-B}{C} \right) + U$$

produces an amount less than that produced by a calculation in respect of that year in accordance with the standard formula, the rateable value of that class of hereditaments in that year shall be the amount calculated in accordance with formula 2; and in any other case it shall be the amount calculated in accordance with the standard formula.

**Decreasing rateable values**

13.—(1) This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1990 is determined as provided in paragraph (b) of article 9.

(2) The rateable value in the year beginning on 1st April 1991 of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) For the purposes of paragraph (2), where in relation to a class of hereditaments a calculation in respect of that year according to formula 3, that is to say—

$$RV \times 0.87 \left( 1 + \frac{I-B}{C} \right) + U$$

produces an amount greater than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments shall be the amount calculated in accordance with formula 3; and in any other case it shall be the amount calculated in accordance with the standard formula.

14.—(1) This article applies to any class of hereditaments in relation to which the rateable value in the year beginning on 1st April 1991 falls in pursuance of article 13 to be determined in accordance with formula 3.

(2) The rateable value in any intermediate year of any class of hereditaments to which this article applies shall be determined in accordance with paragraph (3).

(3) Where in relation to a class of hereditaments and any such year a calculation according to formula 4, that is to say—

$$(RV - R) \times 0.87 \left( 1 + \frac{I-B}{C} \right) + U$$

produces an amount greater than that produced by a calculation in accordance with the standard formula, the rateable value of that class of hereditaments in that year shall be the amount calculated in accordance with formula 4; and in any other case it shall be the amount calculated in accordance with the standard formula.

**PART IV****OTHER RAILWAY HEREDITAMENTS:  
GENERAL PROVISION FOR RATEABLE VALUES**

15. In the case of—

- (a) any class of hereditaments to which paragraph (c) of article 9 applies, in any year beginning on or after 1st April 1991,
- (b) any class of hereditament the rateable value of which falls in pursuance of article 11(3) or 13(3) to be determined in accordance with the standard formula, in any year beginning on or after 1st April 1992, and
- (c) any class of hereditaments to which article 12 or 14 applies, in any year beginning after an intermediate year,

the rateable value of that class in such a year shall be the amount produced by calculating in respect of that year in accordance with the standard formula.

## PART V

### ANNUAL RECALCULATION OF RATEABLE VALUES

#### Interpretation

16.—(1) In this Part, in any formula—

(a) F is the figure produced by calculating in accordance with the formula—

$$\frac{g-G}{G},$$

where—

g is the estimated annual average number of millions of tonnes of revenue-earning freight carried on the railways of the British Railways Board in the period of three years ending on 31st March in the relevant preceding year; and G, subject to article 17(4), is the estimated annual average of millions of tonnes of revenue-earning freight carried on those railways in the period of three years ending on 31st March 1990,

calculated to the nearest tenth part of a million;

(b) P is the figure produced by calculating in accordance with the formula—

$$\frac{j-J}{J},$$

where—

j is the estimated annual average number of millions of passenger journeys undertaken on the railways of the relevant designated person in the period of three years ending on 31st March in the relevant preceding year, and

J, subject to articles 17(4) and 18(4), is the estimated annual average number of such passenger journeys in the period of three years ending on 31st March 1990, calculated to the nearest tenth part of a million; and

(c) T has the same meaning as in article 8(b).

(2) In this Part “designated person” means a person named in the Schedule and in relation to a class of hereditaments “relevant designated person” means the person in occupation of those hereditaments.

(3) Where in any year the provision of a railway service by a designated person has been temporarily interrupted, any estimate required to be made for the purposes of this Part in relation to that person shall be made as if during the period of the interruption a normal service had been maintained.

#### British Railways Board

17.—(1) This article applies to railway hereditaments occupied by the British Railways Board.

(2) Where in relation to any year the figure produced by calculating in relation to each class of hereditament in accordance with the formula—

$$\frac{2P+F}{3}$$

is less than 0.05 and greater than -0.05, the recalculation factor applicable to that class—

(a) in the first such year shall be 0, and

(b) in any subsequent such year, shall be the recalculation factor applicable in accordance with this article in the relevant preceding year.

(3) Where in relation to any year the figure produced by calculating in accordance with paragraph (2) is either—

(i) equal to or greater than 0.05, or

(ii) equal to or less than -0.05,

the recalculation factor applicable to that class in that year shall be calculated in accordance with the formula—

$$\frac{T(2P+F)}{9.}$$

(4) In relation to either class and any year beginning after the year in which paragraph (3) first applies, paragraph (2) shall apply as if for J and G respectively there were substituted K and H, where—

K is a number equal to the value applicable to j in the last foregoing year in which the applicable recalculation factor for that class was determined under paragraph (3), and

H is a number equal to that determined as g for that class in that year.

#### **London Underground and Tyne and Wear Metro**

18.—(1) This article applies to railway hereditaments occupied by London Underground Limited and such hereditaments occupied by the Tyne and Wear Passenger Transport Executive.

(2) Where in relation to any year the value attributable to j in respect of either class of hereditaments to which this article applies is less than that produced by calculating in respect of the class in accordance with the formula—

$$J\left(\frac{105}{100}\right)$$

(“the upper threshold”) and greater than that produced by calculating in accordance with the formula—

$$J\left(\frac{95}{100}\right)$$

(“the lower threshold”) the recalculation factor applicable to that class—

- (a) in the first such year shall be 0, and
- (b) in any subsequent such year shall be an amount equal to the recalculation factor applicable in accordance with this article in the relevant preceding year.

(3) Where in relation to any year the value attributable to j in respect of either class of hereditaments is equal to or exceeds the upper threshold or is equal to or lower than the lower threshold, the recalculation factor applicable to that class in that year shall be the figure produced by calculating in accordance with the formula—

$$\frac{T \times P}{3.}$$

(4) In relation to either class of hereditaments and any year beginning after the year in which paragraph (3) first applies to that class, paragraph (2) shall apply as if for J there were substituted K, where K is a number having the same value as j in the last foregoing year in relation to which the applicable recalculation factor for that class was that determined in accordance with paragraph (3).

21st December 1989

*Chris Patten*  
Secretary of State for the Environment

22nd December 1989

*Peter Walker*  
Secretary of State for Wales

Articles 8 to 10

## SCHEDULE

<i>Class of railway hereditaments</i>	<i>Specified amounts in millions</i>	
	<i>Column 1</i> £	<i>Column 2</i> £
English railway hereditaments occupied by the British Railways Board	203.414	44.316
Welsh railway hereditaments occupied by the British Railways Board	9.906	1.794
Hereditaments occupied by London Underground Limited	38.4	9.797
Hereditaments occupied by the Tyne and Wear Passenger Transport Executive	1.585	0.716

## EXPLANATORY NOTE

*(This note is not part of the Order)*

Under paragraph 3(2) of Schedule 6 to the Local Government Finance Act 1988, the Secretary of State may by order provide in the case of non-domestic hereditaments to be shown in the central rating lists for England and Wales that the normal rules of valuation for rating contained in paragraphs 2 to 2B of that Schedule shall not apply, and instead their rateable value shall be such as is specified, or determined in accordance with rules set out, in the order.

Article 4 provides that paragraphs 2 to 2B shall not apply in respect of railway hereditaments entered in the central rating list for England or the central rating list for Wales in accordance with the Central Rating Lists Regulations 1989 (S.I. 1989/2263), and that the rateable value of such hereditaments is to be determined in accordance with the Order.

Part II provides for valuation of railway hereditaments occupied (or, if unoccupied, owned) by Docklands Light Railway Limited. In the years 1990/4 their rateable value is to be as specified in the Order. It is adjusted after 25th April 1992, the day on which the Isle of Dogs Enterprise Zone terminates. It is adjusted in years beginning on and after 1st April 1994 by reference to the number of passengers carried on the railway in the preceding year.

Part III sets out formulae for determining the rateable values of railway hereditaments occupied (or, if unoccupied, owned) by the British Railways Board, London Underground Limited and the Tyne and Wear Passenger Transport Executive, by reference to the figure in columns 1 and 2 of the Schedule to the Order. The amount specified in column 1 (the target amount) provides the basis for calculating the rateable value, and column 2 specifies an amount (the base amount) which has been calculated by reference to the amount payable by each railway operator by way of contributions in lieu of rates in the financial year 1989/90.

For 1990/1 the rateable value of any class of hereditaments is the target amount, unless that amount exceeds by more than 20 per cent. (or is less than 89.5 per cent. of) the base amount divided by the national non-domestic rating multiplier applicable for that year under the 1988 Act, in which case it is the latter. Where the target amount does not apply in 1990/1, the transitional provisions of articles 11 to 14 apply for later years until the year in which they produce an amount which falls below (or exceeds) the amount produced by the standard formula (the target figure adjusted for that year in accordance with Part V). For that year and later years the standard formula applies.

Part V provides for annual adjustment by reference to variations in traffic.