

2014 No. 98

RATING AND VALUATION, ENGLAND

The Non-Domestic Rating (Designated Areas) Regulations 2014

Made - - - - *20th January 2014*

Laid before Parliament *24th January 2014*

Coming into force - - *17th February 2014*

The Secretary of State for Communities and Local Government, in exercise of the powers conferred by paragraph 39 of Schedule 7B to the Local Government Finance Act 1988(a), makes the following Regulations:

These Regulations are made with the consent of the Treasury in accordance with paragraph 39(13) of Schedule 7B to the Local Government Finance Act 1988.

Citation and commencement

1. These Regulations may be cited as the Non-Domestic Rating (Designated Areas) Regulations 2014 and come into force on 17th February 2014.

Interpretation

2. In these Regulations—

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

“designated area” means an area designated by regulation 3 and Schedule 1;

“local list” means a list compiled and maintained in accordance with section 41 of the 1988 Act(b);

“non-domestic rating income” has the meaning given by Schedule 2;

“preceding year” means the year immediately preceding the year for which a calculation under these Regulations is being made;

“relevant billing authority” means a billing authority in England all or part of whose area falls within a designated area;

“small business non-domestic rating multiplier”, in relation to a year, means the small business non-domestic rating multiplier for the year determined under Part 1 of Schedule 7 to the 1988 Act(c); and

(a) 1988 c.41. Schedule 7B was inserted into the Local Government Finance Act 1988 by section 1 of, and Schedule 1 to, the Local Government Finance Act 2012 (c.17).

(b) Section 41 was amended by section 139 of, and paragraphs 19 and 79(3) of Schedule 5 to, the Local Government and Housing Act 1989 (c.42); section 117(1) of, and paragraph 59 of Schedule 13 to, the Local Government Finance Act 1992 (c.14); section 60(1) of the Local Government Act 2003 (c.26).

(c) Relevant amendments were made to Schedule 7 by section 62 of the Local Government Act 2003.

“specified year” means a year falling within the period specified in regulation 4.

Designation of areas

3. The areas referred to in Schedule 1 are designated for the purposes of these Regulations.

Period of designation

4. The designations made by regulation 3 and Schedule 1 take effect on 1st April 2014 and remain in effect for a period of 25 years beginning with that date.

Calculation of the proportion of non-domestic rating income to be disregarded

5.—(1) Schedule 2 contains rules for the calculation, in relation to each relevant billing authority and for each specified year, of a proportion of the authority’s non-domestic rating income in respect of the designated area or areas within which all or part of the authority’s area falls.

(2) The amount calculated in accordance with Part 1 of Schedule 2 in relation to a relevant billing authority for a specified year in respect of a designated area is to be disregarded for the purposes of the calculations under the following provisions of Schedule 7B to the 1988 Act as those provisions apply to the authority for the year—

- (a) paragraph 6 (payments in respect of the central share);
- (b) regulations under paragraph 7 (administrative arrangements for payments in respect of the central share);
- (c) regulations under paragraph 9 (payments by billing authorities to major precepting authorities);
- (d) regulations under paragraph 10 (administrative arrangements for payments by billing authorities to major precepting authorities);
- (e) paragraph 13 (calculations following local government finance report);
- (f) paragraph 16 (calculations following amending report);
- (g) paragraph 23 (calculations of levy payments);
- (h) paragraph 26 (calculations of safety net payments);
- (i) regulations under paragraph 28 (calculations of payments on account);
- (j) paragraph 30 (calculations relating to distribution of remaining balance).

We consent to the making of these Regulations

Mark Lancaster
Stephen Crabb

16th January 2014

Two of the Lords Commissioners of Her Majesty’s Treasury

Signed by authority of the Secretary of State for Communities and Local Government

Brandon Lewis
Parliamentary Under Secretary of State

20th January 2014

Department for Communities and Local Government

SCHEDULE 1

Regulation 3

Local retention of non-domestic rates: designation of areas

1. Each of the areas listed in column 1 of the table in this Schedule is designated by reference to the area or areas bounded externally by the outer edge of the blue line shown on the map or maps specified in column 2 of the table, but excluding the hatched area or areas shown on that or those maps.

2. A reference in this Schedule to a map is to one of the maps numbered 1 to 7 and entitled “Maps referred to in Schedule 1 to the Non-Domestic Rating (Designated Areas) Regulations 2014”, of which prints, signed by a member of the Senior Civil Service in the Department for Communities and Local Government, are deposited and available for inspection at the offices of the Secretary of State for Communities and Local Government and, in relation to each map, at the offices of the relevant billing authority to which the map relates.

3. For the purposes of determining a designated area, where part only of a hereditament is situated within an area shown on a map, the whole of the hereditament is taken to be included within that designated area.

<i>Designated area</i> (Column 1)	<i>Numbered map</i> (Column 2)	<i>Baseline figure</i> (see <i>paragraph 3(2) of Schedule</i> <i>2)</i> (Column 3)
North Somerset	1	191,247
Bath and North East Somerset	2	4,703,086
South Gloucestershire	3, 4 and 5	616,612
Bristol City	6 and 7	6,337,223

SCHEDULE 2

Regulation 5

Rules for calculation of the amount to be disregarded

PART 1

Calculation of the proportion of non-domestic rating income to be disregarded for the purpose of calculations under Schedule 7B to the 1988 Act

1.—(1) For the purposes of regulation 5, but subject to sub-paragraph (2), the proportion of a relevant billing authority’s non-domestic rating income for a specified year in respect of a designated area within which all or part of the authority’s area falls is the difference between—

- (a) the amount of the authority’s non-domestic rating income for that year in respect of that area calculated in accordance with Part 2; and
- (b) the amount calculated in relation to the authority for that year in respect of that area in accordance with Part 3.

(2) Where the amount calculated in accordance with Part 3 is greater than or equal to the amount calculated in accordance with Part 2, the proportion for the purposes of regulation 5 is zero.

PART 2

Calculation of non-domestic rating income

2.—(1) A relevant billing authority's non-domestic rating income in respect of a designated area for a specified year is the amount calculated in accordance with the formula—

$$(A - B) + (C - D) - E + F + G - H$$

where—

A is the total of the amounts credited to the authority's collection fund income and expenditure account in the year in accordance with proper practices^(a) in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area;

B is the total of the amounts charged to the authority's collection fund income and expenditure account in the year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area;

C is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made to the authority in the year in respect of hereditaments situated in the designated area;

D is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made by the authority in the year in respect of hereditaments situated in the designated area;

E is the total of the amounts credited to the authority's collection fund income and expenditure account in the year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

F is the total of the amounts charged to the authority's collection fund income and expenditure account in the year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

G is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made by the authority in the year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

H is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B to the 1988 Act made to the authority in the year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies.

(2) This sub-paragraph applies to a hereditament which—

- (a) is to be treated as one hereditament by virtue of regulations under section 64(3)(b) of the 1988 Act; and
- (b) would have constituted three or more separate hereditaments had regulations under section 64(3)(b) not been made.

(3) In this paragraph, references 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 amounts in respect of the authority's income or expenditure relating to sums paid or to be paid into or payments met or to be met from the authority's collection fund.

a) The meaning of proper practices is given in section 21 of the Local Government Act 2003 (c.26), which applies to these Regulations by virtue of subsection (4)(e) of that section.

PART 3

Calculation of the amount deducted from non-domestic rating income

3.—(1) If the specified year is not a year in which local lists must be compiled, the amount to be calculated for the purposes of paragraph 1(1)(b) in relation to the authority for the year in respect of the area is that described in sub-paragraph (2) or (3) (as the case may be).

(2) For the year beginning on 1st April 2014, that amount is calculated in accordance with the formula—

$$J \times \frac{K_2}{K_1}$$

where—

J is the figure provided in column 3 of the table in Schedule 1 in relation to the designated area;

K₂ is the small business non-domestic rating multiplier for the year beginning on 1st April 2014; and

K₁ is the small business non-domestic rating multiplier for the year beginning on 1st April 2013.

(3) For the year beginning on 1st April 2015, and for a subsequent specified year which is not a year in which local lists must be compiled, that amount is calculated in accordance with the formula—

$$L \times \frac{M_2}{M_1}$$

where—

L is the amount calculated in accordance with sub-paragraph (2), this sub-paragraph or paragraph 4(2), as the case may be, for the preceding year;

M₂ is the small business non-domestic rating multiplier for the specified year concerned; and

M₁ is the small business non-domestic rating multiplier for the preceding year.

4.—(1) If the specified year is a year in which local lists must be compiled (“the revaluation year”), the amount to be calculated for the purposes of paragraph 1(1)(b) in relation to the authority for the year in respect of the area is that described in sub-paragraph (2).

(2) That amount is the amount calculated in accordance with the formula—

$$N \times \left(\frac{P \times R_2}{Q \times R_1} \right)$$

where—

N is the amount calculated in accordance with paragraph 3(2) or 3(3), as the case may be, for the preceding year;

P is the aggregate rateable values shown in the relevant billing authority’s local list for 1st April in the revaluation year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, falling within the designated area;

Q is the aggregate rateable values shown in the relevant billing authority’s local list for 31st March in the preceding year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, falling within the designated area;

R₂ is the small business non-domestic rating multiplier for the revaluation year;

R_1 is the small business non-domestic rating multiplier for the preceding year.

(3) For the purposes of this paragraph, the rateable value of a hereditament shown in the relevant billing authority's local list for 31st March in the preceding year is to be taken to be the rateable value that would have been shown in that list for that day had the circumstances relating to that hereditament been as they were on 1st April in the revaluation year.

EXPLANATORY NOTE

(This note is not part of the Regulations)

The purpose of these Regulations is to designate specific areas within which a proportion of the non-domestic rating income is to be calculated in accordance with the Regulations. Such proportions are to be disregarded by each billing authority all or part of whose area falls within the designated area for the purpose of particular calculations made under Schedule 7B to the Local Government Finance Act 1988 ("the 1988 Act") (local retention of non-domestic rates).

Regulation 3 and Schedule 1 designate the areas in relation to which a proportion of the non-domestic rating income is to be disregarded from certain calculations. The designations are made by reference to maps which are available for inspection at the office of the Secretary of State for Communities and Local Government or the office of the billing authority in whose area the designated area falls.

Regulation 4 specifies that the designations take effect on the 1st April 2014, and have effect for a period of 25 years. The effect of specifying the years is to trigger paragraph 39(9) of Schedule 7B to the 1988 Act, which restricts the type of amendments that may be made to the Regulations and prevents the revocation of the Regulations until after the end of the 25 year period.

Regulation 5 and Schedule 2 provide for the calculation of the proportion of non-domestic rating income that is to be disregarded. The starting point is the definition of non-domestic rating income which is essentially the amounts payable to the authority under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area, subject to a number of adjustments. The non-domestic rating income is then compared to a baseline figure representing existing non-domestic rating income in the area, which is to be uplifted each year, to produce an amount representing growth in income in the area. The calculation is to be made separately for each billing authority in respect of each of its designated areas.

No separate impact assessment has been prepared for these Regulations, but the impact assessment prepared for the Local Government Finance Act 2012 is relevant:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8470/2054063.pdf

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£5.75

UK2014012019 01/2014 19585

<http://www.legislation.gov.uk/id/uksi/2014/98>

ISBN 978-0-11-110864-2



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