

2018 No. 213

RATING AND VALUATION, ENGLAND

The Non-Domestic Rating (Designated Areas) Regulations 2018

Made - - - - *21st February 2018*

Laid before Parliament *22nd February 2018*

Coming into force - - *1st April 2018*

The Secretary of State for Housing, Communities and Local Government makes these Regulations in exercise of the powers conferred by section 143(1) of, and paragraph 39 of Schedule 7B to, the Local Government Finance Act 1988(a) (“the 1988 Act”).

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

Citation and commencement

1.—(1) These Regulations may be cited as the Non-Domestic Rating (Designated Areas) Regulations 2018.

(2) These Regulations come into force on 1st April 2018.

Interpretation

2. In these Regulations—

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

“baseline amount”, in relation to a billing authority, means the amount calculated under Part 3 of Schedule 2 in respect of a designated area for a specified year;

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

“designated area” means an area designated under regulation 3(1);

“local list” means a local non-domestic rating list(b);

“non-domestic rating income”, in relation to a billing authority, means the amount calculated under Part 2 of Schedule 2 in respect of a designated area for a specified year;

“preceding year” means the chargeable financial year(c) immediately preceding the specified year for which a calculation under Part 3 of Schedule 2 is made;

“revaluation year” means a year in which a local list must be compiled under section 41 of the 1988 Act;

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

(b) See section 41(1) of the 1988 Act for the meaning of “local non-domestic rating list”.

(c) See section 145(1) of the 1988 Act for the meaning of “chargeable financial year”.

“Schedule 7B” means Schedule 7B to the 1988 Act;

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

“specified year” means, in relation to a designated area, a chargeable financial year falling within the period of years specified in relation to that area in regulation 3(2).

Designation of areas

3.—(1) The areas listed in Schedule 1 are designated for the purposes of these Regulations.

(2) The designation of—

- (a) the area listed in Table 1 in Schedule 1 takes effect on 1st April 2018 for the period of 25 years beginning with that date;
- (b) the area listed in Table 2 in Schedule 1 takes effect on 1st April 2018 for the period of 16 years beginning with that date; and
- (c) the area listed in Table 3 in Schedule 1 takes effect on 1st April 2018 for the period of 12 years beginning with that date.

Proportion of non-domestic rating income for a designated area to be disregarded

4.—(1) Part 1 of Schedule 2 provides rules for calculating the proportion of a billing authority’s non-domestic rating income in respect of a designated area for a specified year.

(2) The proportion is to be disregarded for the purpose of calculations under—

- (a) any of the following provisions of Schedule 7B—
 - (i) paragraph 6 (payments in respect of the central share);
 - (ii) paragraph 13 (calculations following local government finance report);
 - (iii) paragraph 16 (calculations following amending report);
 - (iv) paragraph 23 (calculation of levy payments)^(b);
 - (v) paragraph 26 (calculations of safety net payments)^(c); or
 - (vi) paragraph 30 (calculations relating to distribution of remaining balance)^(d).
- (b) regulations made under any of the following provisions of Schedule 7B—
 - (i) paragraph 7 (administrative arrangements for payments in respect of the central share);
 - (ii) paragraph 9 (payments by billing authorities to major precepting authorities);
 - (iii) paragraph 10 (administrative arrangements for payments by billing authorities to major precepting authorities);
 - (iv) paragraph 28 (calculations of payments on account).

We consent

20th February 2018

Paul Maynard
Andrew Stephenson
Two of the Lords Commissioners of Her Majesty’s Treasury

(a) Relevant amendments were made to Schedule 7 by section 62 of the Local Government Act 2003 (c. 26).
(b) The calculation under paragraph 23 must be made in accordance with regulations under paragraph 22.
(c) The calculation under paragraph 26 must be made in accordance with regulations under paragraph 25.
(d) The calculation under paragraph 30 must be made in accordance with the basis of distribution specified in the regulations under that paragraph.

Jake Berry

Parliamentary Under Secretary of State

21st February 2018

Ministry of Housing, 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 2 of the tables 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 specified in column 1 of the tables.

2. A reference in this Schedule to a map is to one of the maps numbered 1 to 3 and entitled “Maps referred to in Schedule 1 to the Non-Domestic Rating (Designated Areas) Regulations 2018”, of which prints, signed by a member of the Senior Civil Service in the Ministry of Housing, Communities and Local Government, are deposited and available for inspection at the offices of the Secretary of State for Housing, Communities and Local Government and, in relation to each map, at the offices of the 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.

Table 1

<i>Numbered (Column 1)</i>	<i>map</i>	<i>Designated (Column 2)</i>	<i>area</i>	<i>Billing (Column 3)</i>	<i>authority</i>	<i>Value of J (£) (see paragraph 3(2) of Schedule 2) (Column 4)</i>
1		Sunderland International Advanced Manufacturing Park		Sunderland City Council		0

Table 2

<i>Numbered (Column 1)</i>	<i>map</i>	<i>Designated (Column 2)</i>	<i>area</i>	<i>Billing (Column 3)</i>	<i>authority</i>	<i>Value of J (£) (see paragraph 3(2) of Schedule 2) (Column 4)</i>
2		Croydon Local Growth Zone		Croydon London Borough Council		19,230,145

Table 3

<i>Numbered (Column 1)</i>	<i>map</i>	<i>Designated (Column 2)</i>	<i>area</i>	<i>Billing (Column 3)</i>	<i>authority</i>	<i>Value of J (£) (see paragraph 3(2) of Schedule 2) (Column 4)</i>
3		Brent Cross Local Growth Zone		Barnet London Borough Council		19,662,417

Calculations for designated areas

PART 1

Proportion of non-domestic rating income to be disregarded

1.—(1) Unless sub-paragraph (2) applies, the proportion of a billing authority’s non-domestic rating income in respect of a designated area for a specified year is the difference between the authority’s—

- (a) non-domestic rating income in respect of the designated area for that year; and
- (b) baseline amount in respect of the designated area for that year.

(2) If the baseline amount is greater than or equal to the non-domestic rating income, the proportion is zero.

PART 2

Calculation of non-domestic rating income

2.—(1) A 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 that 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 that 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 made to the authority in that 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 made by the authority in that 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 that 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 that 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;

(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.

G is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B made by the authority in that 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 made to the authority in that 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, amounts are credited or charged 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.

PART 3

Calculation of the baseline amount

For a specified year that is not a revaluation year

3.—(1) If a specified year is not a revaluation year, a billing authority's baseline amount in respect of a designated area for the specified year is the amount calculated under sub-paragraph (2) or (3).

(2) For the specified year beginning with 1st April 2018, a billing authority's baseline amount is calculated in accordance with the formula—

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

where—

J is the amount provided in column 4 of the table in Schedule 1 in relation to the designated area;

K₁ is the small business non-domestic rating multiplier for the preceding year; and

K₂ is the small business non-domestic rating multiplier for the specified year.

(3) For a subsequent specified year which is not a revaluation year, the baseline amount is calculated in accordance with the formula—

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

where—

L is the amount calculated under sub-paragraph (2), this sub-paragraph or paragraph 4(1) for the preceding year;

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

M₂ is the small business non-domestic rating multiplier for the specified year.

For a specified year that is a revaluation year

4.—(1) If a specified year is a revaluation year, a billing authority's baseline amount in respect of a designated area for the specified year 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) for the preceding year;

P is the aggregate rateable values shown in the billing authority’s local list for 1st April in the specified 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 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;

R₁ is the small business non-domestic rating multiplier for the preceding year;

R₂ is the small business non-domestic rating multiplier for the specified year.

(2) For the purposes of this paragraph, the rateable value of a hereditament shown in the billing authority’s local list for 31st March in the preceding year is 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 specified year.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations designate areas in England (“designated areas”) for the purpose of paragraph 39(1) of Schedule 7B to the Local Government Finance Act 1988 (“the 1988 Act”) (local retention of non-domestic rates). They provide rules for calculating in respect of a billing authority in England all or part of whose area falls within a designated area—

- (a) the billing authority’s non-domestic rating income in respect of the designated area for a specified year; and
- (b) the proportion of that non-domestic rating income that is to be disregarded for the purpose of specified calculations under Schedule 7B to the 1988 Act.

The calculations are to be made separately for each designated area within which a billing authority’s area falls.

Regulation 3(1) and Schedule 1 designate the areas. The designation of the areas is made by reference to maps which are available for inspection during usual office hours at the offices of the Secretary of State for Housing, Communities and Local Government (2 Marsham Street, London, SW1P 4DF) and the principal office of the billing authority.

Regulation 3(2) provides that the designation of the areas takes effect on 1st April 2018. The designation for Sunderland International Advanced Manufacturing Park has effect for a period of 25 years, for the Croydon Local Growth Zone 16 years and for the Brent Cross Local Growth Zone 12 years beginning with that date. The effect of specifying the period of designation is to trigger paragraph 39(9) of Schedule 7B to the 1988 Act which prevents the revocation of the Regulations and certain kinds of amendments to the Regulations until after the end of that period.

Regulation 4 and Schedule 2 provide the rules for the calculations. Part 1 of Schedule 2 provides rules for calculating the proportion of non-domestic rating income in respect of a designated area for a specified year that is to be disregarded for specified calculations under Schedule 7B to the 1988 Act. The proportion is calculated by subtracting the baseline amount in respect of the designated area for the specified year (calculated under Part 3 of Schedule 2) from the non-domestic rating income in respect of that area for that year (calculated under Part 2 of Schedule 2).

Non-domestic rating income in respect of a designated area for a specified year is essentially the amounts payable to a billing authority under sections 43 and 45 of the 1988 Act for that year in respect of hereditaments situated in the designated area, subject to a number of adjustments.

The baseline amount in respect of a designated area for the specified year beginning with 1st April 2018 is the amount specified in column 4 of the tables in Schedule 1 (this amount represents the existing non-domestic rating income for the designated area) as uprated in accordance with the formula in paragraph 3(2) of Schedule 2. For each subsequent specified year, the baseline amount is an uprated amount representing growth in the billing authority's income in the designated area.

An impact assessment has not been produced for this instrument because it amends an existing local tax regime. Publication of a full impact assessment is not necessary for such legislation, but the impact assessment prepared for the Local Government Finance Act 2012 (c. 17) is relevant:

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

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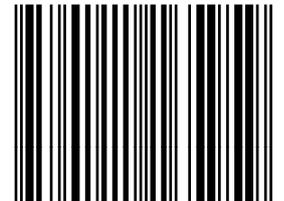
Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Jeff James, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

£6.00

UK201802211017 02/2018 19585

<http://www.legislation.gov.uk/id/uksi/2018/213>

ISBN 978-0-11-116595-9



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