

SCHEDULE 1

Regulation 3

Non-Domestic Rating Income

PART 1

Calculation of non-domestic rating income

1.—(1) Subject to sub-paragraph (2) the amount specified in this paragraph is the amount calculated in accordance with the formula—

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

Where—

A is the total of the amounts credited to the billing 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;

B is the total of the amounts charged to the billing 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;

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

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

E is the billing authority's allowance for costs of collection and recovery for the year, calculated in accordance with paragraph 2; and

F is the total of amounts calculated in accordance with regulations made under paragraph 39 or 40 of Schedule 7B to the 1988 Act in respect of the billing authority as an amount to be disregarded for the purpose of a calculation of non-domestic rating income for the year.

(2) For a special authority the amount specified by this paragraph shall be the amount calculated in accordance with sub-paragraph (1)—

(a) as if the authority's non-domestic rating multipliers for a year were equal to the non-domestic rating multipliers for that year determined in accordance with Part 1 of Schedule 7 to the 1988 Act; less

(b) X, where the value of X for the financial year beginning 1st April 2013 is £10,538,000 and for subsequent years is determined by the formula—

$$X_1 \times \frac{S_2}{S_1}$$

Where—

X₁ is the value of X for the preceding year;

S₂ is the small business non-domestic rating multiplier for the relevant year;

S₁ is the small business non-domestic rating multiplier for the preceding year.

Costs of collection and recovery

2.—(1) A billing authority's allowance for costs of collection and recovery are to be calculated in accordance with the formula—

$$\left(\frac{G \times J}{H}\right) + \left(\frac{K \times M}{L}\right) + N$$

Where—

G is the number of hereditaments shown in the billing authority’s local non-domestic rating list on 30th September in the preceding year, multiplied by the cost factor for the billing authority;

H is the total of G for all billing authorities;

J is 76 per cent of the amount allowed for the costs of collection and recovery;

K is the total of the rateable values shown in the billing authority’s local non-domestic rating list on 30th September in the preceding year, multiplied by the cost factor for the billing authority;

L is the total of K for all authorities;

M is 24 per cent of the amount allowed for the costs of collection and recovery;

N is the total amount of the legal costs of the billing authority referred to in sub-paragraph (5) below.

(2) For the purposes of sub-paragraph (1), where the year to which the relevant calculation relates is a year in which local non-domestic rating lists are compiled under section 41(1) of the 1988 Act, the hereditaments shown in an authority’s local non-domestic rating list, and the rateable value of those hereditaments, shall be taken to be the hereditaments, and the rateable values, shown in the list which the valuation officer for the authority proposes to compile in that year and which has been sent to the authority under section 41(5) of the 1988 Act.

(3) The cost factor for a billing authority is the cost factor shown for that authority in Part 2 of this Schedule.

(4) The amount allowed for the costs of collection and recovery is £84,000,000.

(5) The legal costs referred to in this paragraph are the reasonable costs of another party to proceedings brought or defended by the billing authority and paid in the preceding year where the following conditions are satisfied—

(a) the proceedings were brought or defended by the authority to clarify the law as respects liability for, or the authority’s powers to enforce, non-domestic rates;

(b) before bringing or defending proceedings the authority obtained advice in writing by counsel—

(i) that the point of law concerned had not already been determined in previous proceedings; and

(ii) that a decision by the authority to bring or defend the proceedings, or to continue to do so, would be a reasonable decision; and

(c) the authority lost on that point of law and costs were awarded against the authority, or the authority withdrew from the proceedings as respects that point on the advice of counsel and payment by the authority of the other party’s reasonable costs was made by that party a condition of consenting to withdrawal.

(6) For the purposes of sub-paragraph (5)—

(a) references to proceedings are to proceedings in a court of law including the Upper Tribunal;

(b) any appeal from a decision of a court shall be regarded as separate proceedings.

PART 2

Cost Factors

<i>Area</i>	<i>Name or description of authority</i>	<i>Cost factor</i>
	The Council of the Isles of Scilly	1.5
	The Common Council of the City of London	1.4059
Inner London	The councils of the boroughs of Camden, Greenwich, Hackney, Hammersmith and Fulham, Islington, Kensington and Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth and Westminster	1.2208
West outer London	The councils of the boroughs of Barnet, Brent, Ealing, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Merton, Richmond upon Thames and Sutton	1.1113
Rest of outer London	The councils of the boroughs of Barking and Dagenham, Bexley, Bromley, Croydon, Enfield, Haringey, Havering, Newham, Redbridge and Waltham Forest	1.076
Avon	The councils of the districts of Bath & North East Somerset, Bristol, South Gloucestershire and North Somerset	1.0378
Bedfordshire & Hertfordshire non-fringe	The councils of the districts of Bedford, Central Bedfordshire, Luton, North Hertfordshire and Stevenage	1.0383
Berkshire non-fringe	The councils of the districts of Reading, West Berkshire and Wokingham	1.0806
Berkshire, Surrey & West Sussex fringe	The councils of the districts of Bracknell Forest, Crawley, Elmbridge, Epsom and Ewell, Guildford, Mole Valley, Reigate and Banstead, Runnymede, Slough, Spelthorne, Surrey Heath, Tandridge, Waverley, Windsor and Maidenhead and Woking	1.1039
Buckinghamshire non-fringe	The councils of the districts of Aylesbury Vale, Milton Keynes and Wycombe	1.0675
Cambridgeshire	The councils of the districts of Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, Peterborough and South Cambridgeshire	1.0339
Cheshire	The councils of the districts of Cheshire East, Cheshire West and Chester, Halton and Warrington	1.0130
Essex non-fringe	The councils of the districts of Braintree, Castle Point, Chelmsford, Colchester, Maldon, Rochford, Southend-on-Sea, Tendring and Uttlesford	1.0130
Gloucestershire	The councils of the districts of Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud and Tewkesbury	1.0197
Greater Manchester	The councils of the metropolitan districts of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan	1.0169

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: The Non-Domestic Rating (Rates Retention) Regulations 2013 No. 452

<i>Area</i>	<i>Name or description of authority</i>	<i>Cost factor</i>
Hampshire & Isle of Wight	The councils of the districts of Basingstoke and Deane, East Hampshire, Eastleigh, Fareham, Gosport, Hart, Havant, New Forest, Portsmouth, Rushmoor, Southampton, Test Valley and Winchester; and Isle of Wight council	1.0360
Hertfordshire & Buckinghamshire fringe	The councils of the districts of Broxbourne, Chiltern, Dacorum, East Hertfordshire, Hertsmere, South Bucks, St Albans, Three Rivers, Watford and Welwyn Hatfield	1.0816
Kent & Essex fringe	The councils of the districts of Basildon, Brentwood, Dartford, Epping Forest, Harlow, Sevenoaks and Thurrock	1.0618
Kent non-fringe	The councils of the districts of Ashford, Canterbury, Dover, Gravesham, Maidstone, Medway, Shepway, Swale, Thanet, Tonbridge and Malling and Tunbridge Wells	1.0068
Merseyside	The councils of the metropolitan districts of Knowsley, Liverpool, St Helens, Sefton and Wirral	1.0075
Northamptonshire	The councils of the districts of Corby, Daventry, East Northamptonshire, Kettering, Northampton, South Northamptonshire and Wellingborough	1.0132
Nottinghamshire	The councils of the districts of Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark and Sherwood, Nottingham and Rushcliffe	1.0121
Oxfordshire	The councils of the districts of Cherwell, Oxford, South Oxfordshire, Vale of White Horse and West Oxfordshire	1.0534
Warwickshire	The councils of the districts of North Warwickshire, Nuneaton and Bedworth, Rugby, Stratford-on-Avon and Warwick	1.0213
West Midlands	The councils of the metropolitan districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton	1.0134
West Yorkshire	The councils of the metropolitan districts of Bradford, Calderdale, Kirklees, Leeds and Wakefield	1.0055
Wiltshire	The councils of the district of Swindon and the County of Wiltshire	1.0216
Other authorities	A billing authority not named, or not falling within a description given, above	1

SCHEDULE 2

Regulation 4(1)

Qualifying relief for deduction from central share

Case A and Case B hereditaments

1.—(1) In this Schedule—

“case A hereditament” means a hereditament which is situated in both a blue area and a red area and meets the conditions in sub-paragraph (2);

“case B hereditament” means a hereditament which is situated in a red area only and meets the conditions in sub-paragraph (2);

“blue area” means an area designated by regulations made under paragraph 39 of Schedule 7B to the 1988 Act;

“red area” means an area bounded externally by the outer edge of a red line on one of the maps numbered 1 to 85 and entitled “Maps referred to in the Non-Domestic Rating (Rates Retention) Regulations 2013” 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 and, in relation to each map, the billing authority concerned.

(2) The conditions are that—

(a) a determination under section 47(1)(a) of the 1988 Act has had effect in respect of the ratepayer in relation to the hereditament for 5 years or less, disregarding any period before 1st April 2012; and

(b) the ratepayer in respect of the hereditament became the ratepayer on or before 31st March 2015.

(3) In these Regulations where part of a hereditament is situated within a blue or red area, references to a hereditament are to be read as meaning the whole of the hereditament.

Case A hereditament: calculation of qualifying relief

2.—(1) The amount specified by this paragraph is the amount which is the total of the difference between—

(a) the amount calculated for the year in accordance with sub-paragraph (2); and

(b) the amount that would have been calculated in accordance with sub-paragraph (2) had a determination under section 47(1)(a) of the 1988 Act as regards a case A hereditament not been made, but disregarding any amount by which the amount of a determination would exceed the limit on the total de minimis aid that may be granted in accordance with [Commission Regulation \(EC\) No 1998/2006](#)(1) in respect of any particular undertaking.

(2) The amount calculated in accordance with this sub-paragraph is the amount which is the total of—

(a) amounts credited to the authority’s collection fund income and expenditure account in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of a case A hereditament; less

(b) amounts charged to the authority’s collection fund income and expenditure account in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of that hereditament.

Case B hereditament: calculation of qualifying relief

3.—(1) The amount specified by this paragraph is the amount that is 50 per cent of the difference between—

(a) the amount calculated for the year in accordance with sub-paragraph (2); and

(1) [Commission Regulation \(EC\) No 1998/2006](#) of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid., Official Journal L 379, 28/12/2006 P. 0005-0010.

- (b) the amount that would have been calculated in accordance with sub-paragraph (2) had a determination under section 47(1)(a) of the 1988 Act as regards a case B hereditament not been made, but disregarding any amount by which the amount of a determination would exceed the limit on the total de minimis aid that may be granted in accordance with [Commission Regulation \(EC\) No 1998/2006](#) in respect of any particular undertaking.
- (2) The amount calculated in accordance with this sub-paragraph is the amount which is the total of—
- (a) amounts credited to the authority’s collection fund income and expenditure account in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of a case B hereditament; less
- (b) amounts charged to the authority’s collection fund income and expenditure account in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of that hereditament.

SCHEDULE 3

Regulation 8(1)

Transfer from collection fund to general fund

The amount to be transferred is the amount calculated in accordance with the formula:

$$PQ + R + (S - T) + (U - V)$$

Where—

P is the billing authority’s non-domestic rating income for the year

Q is —

- (a) 50% where the billing authority is a county council, or is a district council in an area for which there is no county council, and the authority is a fire and rescue authority;
- (b) 49% where the billing authority is a county council, or is a district council in an area for which there is no county council, and the authority is not a fire and rescue authority;
- (c) 40% where the billing authority is a district council in an area for which there is a county council; and
- (d) 30% where the billing authority is a London borough council or the Common Council of the City of London;

R is the billing authority’s allowance for costs of collection and recovery for the year, calculated in accordance with paragraph 2(1) of Schedule 1;

S is the total of amounts calculated in accordance with regulations made under paragraph 39 or 40 of Schedule 7B to the 1988 Act in respect of the billing authority as an amount to be disregarded for the purpose of a calculation of non-domestic rating income for the year;

T is the amount of any payment made to a county council in accordance with regulation 7 (payments with respect to county matters);

U is the amount of a deduction from the central share payment made in accordance with regulation 4(1);

V is the total of any amounts paid to major precepting authorities in accordance with regulation 6.

SCHEDULE 4

Regulation 13

Rules for estimation and apportionment of surplus and deficit

Calculation of surplus or deficit

1.—(1) A billing authority must estimate whether there is a surplus or deficit with respect to non-domestic rates in its collection fund for the preceding year, and if so, the amount of the surplus or deficit by calculating the difference between the amount referred to in sub-paragraph (3) and the amount referred to in sub-paragraph (4).

(2) Where the amount referred to in sub-paragraph (3) is—

- (a) more than the amount referred to in sub-paragraph (4), there is a surplus, the amount of which is the difference;
- (b) less than the amount referred to in sub-paragraph (4), there is a deficit, the amount of which is the difference;
- (c) the same as the amount referred to in sub-paragraph (4), there is no surplus or deficit.

(3) The amount referred to in this sub-paragraph is the total of—

- (a) the amount of any opening surplus with respect to non-domestic rating on the billing authority's collection fund income and expenditure account which was brought forward from the relevant prior year and was shown in the billing authority's accounts for the relevant prior year as such a surplus.;
- (b) the billing authority's estimate of the total of amounts credited or to be credited to the authority's collection fund income and expenditure account in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in the preceding year;
- (c) transitional protection payments received or to be received by the billing authority under paragraph 33(1) of Schedule 7B to the 1988 Act;
- (d) transfers to the billing authority's collection fund made or to be made under Part 3 of these Regulations (end of year reconciliations);
- (e) transfers to the collection fund and any payments by relevant precepting authorities or the Secretary of State under regulation 14 made or to be made in respect of an estimated deficit with respect to non-domestic rating in the billing authority's collection fund for the relevant prior year.

(4) The amount referred to in this sub-paragraph is the total of—

- (a) the amount of any opening deficit with respect to non-domestic rating on the billing authority's collection fund income and expenditure account which was brought forward from the relevant prior year and was shown in the billing authority's accounts for the relevant prior year as such a deficit;
- (b) the billing authority's estimate of the total of amounts charged or to be charged to the authority's collection fund income and expenditure account in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in the preceding year;
- (c) transitional protection payments made or to be made by the billing authority under paragraph 33(1) of Schedule 7B to the 1988 Act;
- (d) payments to the Secretary of State made or to be made under paragraph 6(1) of Schedule 7B to the 1988 Act;
- (e) payments to relevant precepting authorities made or to be made under regulations made under paragraph 9 of Schedule 7B to the 1988 Act;

- (f) transfers to the billing authority's general fund made or to be made under Part 3 of these Regulations;
 - (g) transfers to the billing authority's general fund and payments to relevant precepting authorities and the Secretary of State under regulation 14 in respect of an estimated surplus with respect to non-domestic rating in the billing authority's collection fund for the relevant prior year.
- (5) For the relevant year beginning 1st April 2014 the amounts referred to in sub-paragraphs (3)(a) and (4)(a) are to be zero.
- (6) In this paragraph, a reference to the relevant prior year is a reference to the year beginning two years before the beginning of the relevant year.

Apportionment of surplus and deficit

2.—(1) The Secretary of State's share of any surplus or of any deficit for a relevant year is 50% of the surplus or deficit for that year.

(2) A relevant precepting authority's share of any surplus or of any deficit for a relevant year is the amount of the surplus or deficit for that year multiplied by the relevant precepting authority share set out in regulation 5(3).

- (3) The billing authority's share of any surplus or of any deficit for a relevant year is—
- (a) 50% where the billing authority is a county council, or is a district council in an area for which there is no county council, and the authority is a fire and rescue authority;
 - (b) 49% where the billing authority is a county council, or is a district council in an area for which there is no county council, and the authority is not a fire and rescue authority;
 - (c) 40% where the billing authority is a district council in an area for which there is a county council;
 - (d) 30% where the billing authority is a London borough council or the Common Council of the City of London.