
DRAFT STATUTORY INSTRUMENTS

2021 No.

The Non-Domestic Rating (Designated Area) Regulations 2021

Citation and commencement

1.—(1) These Regulations may be cited as the Non-Domestic Rating (Designated Area) Regulations 2021.

(2) These Regulations come into force on the day after the day on which they are made.

Interpretation

2. In these Regulations—

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

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

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

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

“local list” means a local non-domestic rating list(1);

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

“preceding year” means the chargeable financial year(2) 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;

“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(3); and

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

Designation of area

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

(2) The designation made by paragraph (1) takes effect on the first day of the first year after the condition specified in paragraph (3) is met and has effect for the period of 25 years beginning with that date.

(1) See section 41(1) of the 1988 Act for the meaning of “local non-domestic rating list”. Section 41(1) was amended by paragraph 59 of Schedule 13 to the Local Government Finance Act 1992 (c. 14).

(2) See section 145(1) of the Local Government Finance Act 1988 for the meaning of “chargeable financial year”.

(3) Relevant amendments were made to Schedule 7 by section 62 of the Local Government Act 2003 (c. 26).

(3) The condition specified by this paragraph is that the Secretary of State is satisfied that arrangements are in place for the amount to be disregarded by virtue of these Regulations to be used by the Tees Valley Combined Authority and Redcar and Cleveland Borough Council for the benefit of the designated area.

(4) These Regulations cease to have effect unless the Secretary of State has written to the Tees Valley Combined Authority and Redcar and Cleveland Borough Council confirming the condition in paragraph (3) is met by the end of the specified period.

(5) In paragraph (4) the “specified period” is the period beginning on the day these Regulations come into force and ending on 31st March 2021.

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

4.—(1) Part 1 of Schedule 2 provides rules for calculating the proportion of the billing authority’s non-domestic rating income in respect of the 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)(4);
- (v) paragraph 26 (calculations of safety net payments)(5);
- (vi) paragraph 30 (calculations relating to distribution of remaining balance)(6);

(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).

Amendment of the Non-Domestic Rating (Rates Retention) Regulations 2013

5.—(1) The Non-Domestic Rating (Rates Retention) Regulations 2013(7) are amended as follows.

(2) In regulation 3(1) (calculation of non-domestic rating income) after sub-paragraph (g) insert—

“(h) the amount (if any) specified by regulation 7B(2).”.

(3) After regulation 7A (payments with respect to shale oil or gas hereditaments) insert—

(4) The calculation under paragraph 23 must be made in accordance with regulations under paragraph 22.
(5) The calculation under paragraph 26 must be made in accordance with regulations under paragraph 25.
(6) The calculation under paragraph 30 must be made in accordance with the basis of distribution specified in the regulations under that paragraph.
(7) S.I. 2013/452, amended by S.I. 2014/96, S.I. 2015/628, 2016/1268, 2017/496, 2017/1321, 2018/463, 2019/709, 2020/449 and 2020/1202.

“Payments with respect to designated area

7B.—(1) The amount specified by this regulation is the proportion of Redcar and Cleveland Borough Council’s non-domestic rating income calculated in accordance with Part 1 of Schedule 2 to the Non-Domestic Rating (Designated Area) Regulations 2021(8).

(2) For each year that the designation under those Regulations has effect Redcar and Cleveland Borough Council must make a payment to the Tees Valley Combined Authority equal to 50% of the amount (if any) estimated, in accordance with regulation 3, as the amount specified by this regulation.

(3) The payment must be made in the course of the relevant year in accordance with the schedule of instalments.”.

(4) In regulation 9(1)(c) (end of year calculations) after “7A(2)” insert “, 7B(2)”.

(5) In regulation 10 (reconciliation of disregarded amounts) after paragraph (3) insert—

“(3A) Where the difference relates to a hereditament situated within the area designated by Schedule 1 to the Non-Domestic Rating (Designated Area) Regulations 2021—

(a) if the certified amount is less than the estimated amount—

(i) the Tees Valley Combined Authority must pay an amount equal to 50% of the difference to Redcar and Cleveland Borough Council; and

(ii) Redcar and Cleveland Borough Council must transfer an amount equal to 50% of the difference from its general fund to its collection fund; or

(b) if the certified amount is more than the estimated amount—

(i) Redcar and Cleveland Borough Council must pay an amount equal to 50% of the difference to the Tees Valley Combined Authority; and

(ii) Redcar and Cleveland Borough Council must transfer an amount equal to 50% of the difference from its collection fund to its general fund.”.

(6) In Schedule 3 (transfer from collection fund to general fund), in the definition of “T”—

(a) omit “and” at the end of paragraph (a); and

(b) at the end of paragraph (b) insert

“, and

(c) the Tees Valley Combined Authority in accordance with regulation 7B (payments with respect to designated area);”.

We consent to the making of these Regulations

Date

Name
Name
Two of the Lords Commissioners of Her
Majesty’s Treasury

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK
Statutory Instrument: *The Non-Domestic Rating (Designated Area) Regulations 2021 No. 404*

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

Date

Name
Minister of State
Ministry of Housing, Communities and Local
Government