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## EXPLANATORY NOTE

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

These Regulations designate an area in England (“designated area”) 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 the billing authority in England all or part of whose area falls within the 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.

Regulation 3 and Schedule 1 designate the area. The designation of the area is made by reference to a map which is 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) or the principal office of the billing authority.

Regulation 3 further provides that the designation of the area takes effect on the first day of the first year after the condition specified is met and has effect for the period of 25 years. 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. The specified condition is that a memorandum of understanding setting out how the amount to be disregarded is to be used must be signed by the Secretary of State, the Tees Valley Combined Authority and Redcar and Cleveland Borough Council on or before 31st March 2021.

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 the 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 the designated area for a specified year is essentially the amounts payable to the 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 the designated area for the specified year beginning on 1st April 2021 is the amount specified in column 4 of the table 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.

Regulation 5 makes amendments to the Non-Domestic Rating (Rates Retention) Regulations 2013 to provide that, in each year in which the designation has effect, Redcar and Cleveland Borough Council pay 50% of the proportion of its non-domestic rating income to be disregarded for the year to the Tees Valley Combined Authority.

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:

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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