EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Non-Domestic Rating (Levy and Safety Net) Regulations 2013 ("the Levy and Safety Net Regulations"). The Levy and Safety Net Regulations are part of the system for the local retention of non-domestic rates established by Schedule 7B to the Local Government Finance Act 1988. They make provision for calculating whether the Secretary of State is required to make a safety net payment to a billing authority or a major precepting authority and whether such an authority is required to make a levy payment to the Secretary of State.

Regulation 3 amends regulation 2 of the Levy and Safety Net Regulations to amend the definition of "business rates baseline".

Regulation 5 amends regulation 5 of the Levy and Safety Net Regulations to specify the business rates baseline and baseline funding levels for authorities listed in column A of Schedule 6. Schedule 6 is inserted by Schedule 2 to these Regulations.

Regulation 6 amends regulation 5 of the Levy and Safety Net Regulations to define the individual levy rate for authorities listed in Part 2 of Schedule 3 and column A of Schedule 6.

Regulation 7 amends Schedule 1 to the Levy and Safety Net Regulations to provide for the calculation of the retained rates income for authorities listed in Parts 2 to 8 of Schedule 3 and column A of Schedule 6. These amendments also provide a separate formula for calculating the retained rates income of major precepting authorities for relevant years beginning in 2020 and 2021.

Regulation 8 and Schedule 1 insert new Schedule 1B into the Levy and Safety Net Regulations. Schedule 1B makes special provision for the financial year beginning on 1st April 2020 to amend the calculation of retained rates income for the purposes of calculating whether a levy is due to be paid by an authority or a safety net payment is due to be made to an authority. The amendments ensure that in making those calculations proper account is taken of payments made by the Secretary of State to compensate local authorities for loss of business rates income as a consequence of the coronavirus pandemic.

Regulation 8 and Schedule 2 insert new Schedule 6 into the Levy and Safety Net Regulations. Schedule 6 makes provision for the business rates baseline and baseline funding level (and other associated values for the calculation of retained rates income) for the financial year beginning on 1st April 2021 in respect of new local authorities established on that date.

In calculating its retained rates income for the year beginning on 1st April 2020, the amendments made to Schedule 1, and new Schedule 1B, require a billing authority and a major precepting authority to include in its calculations amounts of rates relief awarded in accordance with guidance issued by the Secretary of State. Hard copies of the guidance can be obtained free of charge by writing to the Local Government Finance Team, Department for Levelling Up, Housing and Communities, 2 Marsham Street, Westminster, London, SW1P 4DF.

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.