EXPLANATORY MEMORANDUM TO

THE CENTRAL RATING LIST (ENGLAND) (AMENDMENT) (No. 3) REGULATIONS 2016

2016 No. 882

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 The Central Rating List (England) (Amendment) (No. 3) Regulations 2016 ("the Amending Regulations") amend the Central Rating List (England) Regulations 2005 (S.I. 2005/551) ("the Central Rating List Regulations"), which describe the hereditaments[1] to be listed on the central non-domestic rating list in force under section 52 of the Local Government Finance Act 1988 ("the central rating list") and designate the persons who occupy (or if unoccupied, own) centrally listed hereditaments ("designated persons").

2.2 The Amending Regulations amend Part 6 of the Schedule to the Central Rating List Regulations to add National Grid Gas Distribution Limited as a designated person in relation to the hereditament described in regulation 11(2) of those Regulations.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 Most non-domestic hereditaments in England appear on the local rating list for the local authority area in which they are situated and rates are paid to that local authority. However, some hereditaments appear on the central rating list and rates are paid to the Secretary of State for Communities and Local Government. These hereditaments include canals, railways and communication networks. The Central Rating List Regulations prescribe those hereditaments which must appear on the central rating list rather than a local rating list and designate the person who occupies or owns the hereditament for the purposes of rating.

4.2 Under regulation 1(3)(c) of the Central Rating List Regulations, a reference in those Regulations to a designated person by name is, unless the context otherwise requires,

[1]A hereditament is the unit of property which is the subject of rating. The statutory definition can be found in section 64 of the Local Government Finance Act 1988.

a reference to the company or body registered by or bearing that name on 1st October 2004. Transco is the designated person in relation to the hereditament described in regulation 11(1) of the Central Rating List Regulations. Transco is defined in regulation 11(4)(b) of those Regulations to mean "Transco plc and each subsidiary of National Grid Transco plc existing on 1st March 2005". Transco plc is now known as National Grid Gas plc. The central valuation officer has updated the central rating list to reflect this name change.

4.3 Regulation 2 of the Amending Regulations adds National Grid Gas Distribution Limited to Part 6 of the Schedule to the Central Rating List Regulations as a designated person in relation to the hereditament described in regulation 11(2) of those Regulations. The reference in the Regulations to National Grid Gas Distribution Limited is a reference to the company bearing that name on 5th May 2016.

5. Extent and Territorial Application

5.1 This instrument extends to England and Wales.

5.2 This instrument applies in relation to England.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Gas meters in England appear in Part 6 of the central rating list. Regulation 11 of the Central Rating List Regulations applies to a gas meter attached to a hereditament described in regulation 9(1) or (2) of the Central Rating List Regulations ("a gas pipeline"). For the purpose of the Central Rating List Regulations, the designated person in relation to a gas meter is the same as the designated person for the gas pipeline to which the meter is attached. Part 6 of the central rating list currently contains National Grid Gas plc who occupy the national gas transmission network and 4 regional distribution networks. The gas meters attached to the pipelines in these networks are all assessed under one entry for National Grid Gas plc. Part 6 of the central rating list also contains the gas meters attached to the pipelines in the gas distribution networks occupied by Wales and West Utilities Limited, Northern Gas Networks Limited and Southern Gas Networks plc (named in the Central Rating List Regulations as Blackwater 2 Limited, Blackwater F Limited and Blackwater G Limited). The central valuation officer has updated the central rating list to reflect these changes in name.

7.2 National Grid Gas plc plan to sell their 4 regional gas distribution networks as a single business. As a first step they have formed a new subsidiary (National Grid Gas Distribution Limited). They had previously planned to move the 4 regional gas distribution networks' assets ("the assets") into the new subsidiary on 31 July 2016 before selling the majority stake in the company. They now plan to move the assets into the new subsidiary on 1 October 2016 and then sell the majority stake in the company.

7.3 To reflect the previous plan to move the assets into the new subsidiary on 31 July 2016, the Central Rating List (England) (Amendment) (No. 2) Regulations 2016 (S.I. 2016/714) added National Grid Gas Distribution Limited to

Part 4 of the Schedule to the Central Rating List Regulations ("the Schedule") as a designated person in relation to the hereditament described in regulation 9(2) of those Regulations. To reflect the current plan to move the assets into the new subsidiary on 1 October 2016, the Amending Regulations add National Grid Gas Distribution Limited to Part 6 of the Schedule as a designated person in relation to the hereditament described in regulation 11(2) of those Regulations. Once the assets have been moved from National Grid Gas plc to National Grid Gas Distribution Limited, the Valuation Office Agency will separately assess the rateable value of the gas meters against National Grid Gas Distribution Limited.

Consolidation

7.4 Whilst the Central Rating List Regulations have been amended on a number of previous occasions in the most part they remain unchanged. The Department does not, therefore, intend to consolidate them.

8. Consultation outcome

8.1 There was no general consultation as the changes relate only to a very small number of ratepayers. Consultation did take place with those businesses affected by the Amending Regulations. All those affected support the changes.

9. Guidance

9.1 No guidance is required as the addition of a designated person does not alter the rating system.

10. Impact

10.1 The impact on business, charities or voluntary bodies is that National Grid Gas Distribution Limited will be assessed for business rates on the central rating list.

10.2 There is no impact on the public sector.

10.3 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.

11. Regulating small business

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

12.1 The Government will continue to keep the non-domestic rates system under review. The Government is reviewing the operation of the central rating list in light of the Chancellor of the Exchequer's plan for local government to retain 100% of business rates by the end of this Parliament.

13. Contact

13.1 Nick Cooper at the Department for Communities and Local Government Tel: 0303 4443610 or email: nick.cooper@communities.gsi.gov.uk can answer any queries regarding the instrument.