EXPLANATORY MEMORANDUM TO

THE CENTRAL RATING LIST (ENGLAND) (AMENDMENT) REGULATIONS 2026

2026 No. 172

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Ministry of Housing, Communities and Local Government and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Alison McGovern MP, Minister of State (Minister for Local Government and Homelessness) at the Ministry of Housing, Communities and Local Government confirms that this Explanatory Memorandum meets the required standard.

2.2 Michelle Warbis, Deputy Director for Local Tax and Pensions, at the Ministry of Housing, Communities and Local Government confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Zoe Hawthorne at the Ministry of Housing, Communities and Local Government can be contacted by email at the following address with any queries regarding the instrument: ndr@communities.gov.uk. Alternatively, the department can be contacted by telephone: 0303 444 2674

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 At the 2025 Budget on 26 November 2025, the government confirmed that from the 1 April 2026 a new high value multiplier (or tax rate) would apply to all properties with a rateable value at or above £500,000.

4.2 Currently, several long-distance pipelines occupied by the same person may be assessed for business rates on the central rating list held by the Secretary of State under a combined single rateable value. As a result, some pipelines which may have had a rateable value of less than £500,000 will in fact appear under a combined rateable value of more than £500,000. The instrument ensures that where a long distance pipeline ratepayer occupies more than one pipeline, each pipeline has its own individual entry within the central rating list. This will ensure that where for example, the disaggregated rateable value of each pipeline is below £500,000, but cumulatively would total £500,000 or above, the ratepayer will pay on the correct multiplier for each pipeline.

Where does the legislation extend to, and apply?

4.3 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales.

4.4 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England.

5. Policy Context

What is being done and why?

5.1 Most non-domestic properties (in rating law known as "hereditaments") appear on the local non-domestic rating list ("local rating list") for the local authority area in which they are situated with business rates paid to that local authority. However, some hereditaments appear on the central non-domestic rating list ("the central rating list") compiled and maintained under section 52 of the Local Government Finance Act 1988 ("the 1988 Act"). Business rates on the central rating list are paid to the Secretary of State for Housing, Communities and Local Government. The person liable for business rates is the occupier of the property, or, if it is empty, the owner.

5.2 The Central Rating List (England) Regulations 2005 (S.I. 2005/551) ("the Central Rating List Regulations") which are made under section 53, 64 and 65 of the 1988 Act,[1] 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 business rates. Those hereditaments include for example, certain large railway networks, water supply networks and long-distance pipelines.

5.3 For most types of hereditament that appear on the Central Rating List provision is made to ensure multiple hereditaments are treated as a single hereditament for the purposes of rating.[2] This is because those multiple hereditaments (which say make up a water supply or electricity network) are valued as one entity. This is not the position for Long-distance pipeline hereditaments where each hereditament within the central list entry retains its own identity and is valued separately.

5.4 This instrument makes amendments to Part 12 "Long-distance pipe-line hereditaments" of the Schedule to the Central Rating list Regulations to prescribe what hereditaments must appear on the Central Rating List and designate the owner / occupier for each hereditament. The amendments ensure that where a ratepayer occupies multiple hereditaments, each individual pipeline has its own entry within the Central Rating List.

5.5 Alongside ensuring that each Long-distance pipeline hereditament has its own entry within the Central Rating List, the amendment also updates the names of designated owner / occupier where this name has changed (e.g. because the company name has changed).

5.6 If the amendments were not made some Long-distance pipeline ratepayers would be incorrectly billed at the 1 April 2026, as the cumulative rateable value of all their hereditaments could exceed the £500,000 rateable value threshold put in place in determining who is liable to pay the high value multiplier. This would result in the affected ratepayers being overcharged on those pipelines whose individual rateable values are less than £500,000.

What was the previous policy, how is this different?

5.7 Part 12 of the Central Rating List Regulations contained a single entry and description for each long-distance pipeline ratepayer – that entry being made up of the designated occupier / owner and a uniform description "Cross-country pipe-lines (within the

[1] The Central Rating List (England) Regulations 2005, https://www.legislation.gov.uk/uksi/2005/551/introduction

[2] See regulation 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 of the Central Rating List (England) Regulations 2005 https://www.legislation.gov.uk/uksi/2005/551/contents

meaning of the Pipe-lines Act 1962 situated within the area of more than one billing authority."[3]

5.8 In a context where only two non-domestic rating multipliers were in effect – the small business multiplier for properties with rateable value below £51,000, and the standard multiplier for properties with ratable value at £51,000 and above – it was not necessary to require each hereditament to have its own individual entry as no single hereditament would have been liable for the small business multiplier.

5.9 Following the introduction of the high value multiplier from 1 April 2026 for all hereditaments with a rateable value at or above £500,000, the previous policy would have led to some pipelines with a rateable value of less than £500,000 incorrectly paying the high value multiplier where the total rateable value for the ratepayer's central list entry was £500,000 or above.

5.10 Where a long-distance pipe-line ratepayer has more than one hereditament the descriptions in Part 12 of the Schedule are updated to provide a description of each individual hereditament ensuring that each pipeline has its own rateable value. Where a long-distance pipe-line ratepayer only has one hereditament – and therefore only one entry on the Central Rating List – a general description is used, rooted in the meaning of a cross-country pipeline as per the Pipe-Lines Act 1962.

5.11 In considering the approach to this instrument to reflect the new context (i.e. the introduction of the High Value Multiplier), thought has been given to the future proofing of the regulations. It is acknowledged that there may be an instance where either (a) a ratepayer currently occupying only one pipeline purchases another, (b) a pipeline is sold / changes hands, or (c) a new pipeline is constructed. This would necessitate an update to Part 12 of the regulations to reflect that change. It should be acknowledged that, practically, the changing hands of these types of hereditaments is infrequent, as is the construction of new pipelines.

5.12 In the case of (a) the definition utilised for ratepayers with singular pipelines will ensure the purchase of a second pipeline does not render the description unfit for purpose. However, should this circumstance arise under the current arrangements, the Department will need to undertake amendments to ensure the owner / occupier and description of the hereditaments is accurate to prevent any possible overcharging of the ratepayer.

6. Legislative and Legal Context

How has the law changed?

6.1 Section 53(1) of the Local Government Finance Act 1988 makes provision that the Secretary of State may by regulations designate a person and prescribe in relation to him one or more descriptions of relevant non-domestic hereditament.

6.2 These regulations amend the Central Rating List Regulations to designate the person and prescribe one or more descriptions of relevant non-domestic hereditaments in relation to that person as required for those ratepayers on the central list that occupy / own long-distance pipelines.

Why was this approach taken to change the law?

6.3 This is the only possible approach to make the necessary changes.

[3] See Part 12 of the Schedule, https://www.legislation.gov.uk/uksi/2005/551/schedule

7. Consultation

Summary of consultation outcome and methodology

7.1 As this is an administrative change to ensure the accuracy of the Central Rating List for the purposes of ensuring ratepayers are billed correctly, no formal consultation was undertaken.

7.2 The Ministry of Housing, Communities and Local Government has engaged with affected ratepayers or their representatives and the Valuation Office Agency to ensure the amendments to designated ratepayers and hereditament descriptions are accurate and achieve the desired outcome.

8. Applicable Guidance

8.1 The processes to ensure the Central Rating List appears as prescribed by the Regulations is well established. The Department does not intend to issue formal guidance on this amendment but will continue to work closely with the Valuation Office Agency and ratepayers as part of usual stewardship of the tax.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because it amends a local taxation regime and amendments to any tax are excluded from the definition of a regulatory provision.[4]

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because the amendments ensure that Long-distance pipeline ratepayers receive accurate non-domestic rating bills from 1 April 2026. Failure to undertake these amendments would result in some ratepayers being overcharged.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because Long-distance pipeline ratepayers are not public sector bodies.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is to continue to keep the administration of business rates under review as is usual government practice.

[4] Definition of Regulatory Provision, Better Regulation Framework, Guidance, September 2023. See https://www.gov.uk/government/publications/better-regulation-framework

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

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

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").