This Statutory Instrument has been made in part in consequence of defects in S.I. 2019/709 and is being issued free of charge to all known recipients of that Statutory Instrument.

Draft Regulations laid before Parliament under section 143(9D) of the Local Government Finance Act 1988, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2020 No.

RATING AND VALUATION, ENGLAND

The Non-Domestic Rating (Rates Retention, Levy and Safety Net and Levy Account: Basis of Distribution) (Amendment) Regulations 2020

Made - - - - ***

Coming into force in accordance with regulation 1

The Secretary of State for Housing, Communities and Local Government makes the following Regulations in exercise of the powers conferred by sections 99(3) and 143(1) and (2) of, and paragraphs 6, 22, 25 and 30(2) of Schedule 7B to, the Local Government Finance Act 1988(**a**) ("the 1988 Act").

In accordance with section 143(9D)(**b**) of the 1988 Act, a draft of this instrument was laid before Parliament and approved by resolution of each House of Parliament.

Citation and commencement

1.—(1) These Regulations may be cited as the Non-Domestic Rating (Rates Retention, Levy and Safety Net and Levy Account: Basis of Distribution) (Amendment) Regulations 2020.

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

(3) The amendments in regulation 3 have effect in relation to calculations for the financial year beginning with 1st April 2020 and subsequent financial years.

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

2. The Non-Domestic Rating (Rates Retention) Regulations 2013(**c**) are amended in accordance with regulations 3 and 4.

3. In Schedule 1 (non-domestic rating income), in the table in Part 2 (cost factors)—

(**a**) 1988 c.41. Section 99 was substituted by paragraph 24 of Schedule 10 to the Local Government Finance Act 1992 (c.14) and amended by Schedule 3 to the Local Government Finance Act 2012 (c.17); Schedule 7B was inserted by Schedule 1 to the Local Government Finance Act 2012. There are other amendments not relevant to this instrument.

(**b**) Section 143(9D) was inserted by section 1 of the Local Government Finance Act 2012.

(**c**) S.I. 2013/452; amended by S.I. 2014/96, S.I. 2015/628, S.I. 2016/1268, S.I. 2017/496, S.I. 2017/1321, S.I. 2018/463 and S.I. 2019/709.

(a) for the row containing the entry for "Buckinghamshire non-fringe" substitute—

"Buckinghamshire	Buckinghamshire Council	1.0719";

(b) for the row containing the entry for "Hertfordshire and Buckinghamshire fringe" substitute—

"Hertfordshire fringe	The councils of the districts of Broxbourne, Dacorum, East Hertfordshire, Hertsmere, St Albans, Three Rivers, Watford and Welwyn Hatfield	1.0816";

(c) after the row containing the entry for "Merseyside" insert—

"Milton Keynes	The council of the district of Milton Keynes	1.0675".

4. In Schedule 4 (rules for estimation and apportionment of surplus and deficit), in paragraph 2(8), after paragraph (j) in the definition of L insert—

"(k) 0% for a billing authority listed in Part 39 of Schedule 5;".

Amendment of the Non-Domestic Rating (Levy and Safety Net) Regulations 2013

5. The Non-Domestic Rating (Levy and Safety Net) Regulations 2013(**a**) are amended in accordance with regulations 6 and 7.

6. In regulation 6 (individual levy rates and safety net thresholds)—

(a) in paragraph (2A), after "(2D)," insert "(2DA),";

(b) after paragraph (2D) insert—

"(2DA) For an authority listed in Parts 9 and 20 to 34 of Schedule 3, and a pool of authorities named in those Parts, the individual levy rate for a relevant year beginning on 1st April 2019 is zero.";

(c) in paragraph (2E), omit sub-paragraph (b) (together with "or" at the end of sub-paragraph (a)).

7.—(1) Schedule 1 (calculation of retained rates income) is amended as follows.

(2) In paragraph 1(1)—

(a) for the first formula substitute—

" $K\,(L + N - M - O + T + U + Y) + (P - Q)$ ";

(b) in the definition of P—

(i) in paragraph (a), for "or (d)" substitute ", (d) or (e)";

(ii) in paragraph (d), after "Parts" insert "2 to 9 or";

(iii) after paragraph (d) insert—

"(e) where the billing authority is listed in Parts 2 to 8 of Schedule 3, for the relevant year beginning on 1st April 2020, the amount calculated for that authority in accordance with the formula—

$$A \times (B \div C)$$

where—

A is the amount specified for that authority in column E of Schedule 4;

(**a**) S.I. 2013/737; amended by S.I. 2014/822, S.I. 2015/617, S.I. 2015/2039, S.I. 2017/496, S.I. 2018/463 and S.I. 2019/709.

B is the small business non-domestic rating multiplier in relation to the year beginning on 1st April 2020; and

C is the small business non-domestic rating multiplier in relation to the year beginning on 1st April 2018;";

(c) in the definition of Q—

(i) in paragraph (a), for "or (d)" substitute ", (d) or (e)";

(ii) in paragraph (d), after "Parts" insert "2 to 9 or";

(iii) after paragraph (d) insert—

"(e) where the billing authority is listed in Parts 2 to 8 of Schedule 3, for the relevant year beginning on 1st April 2020, the amount calculated for that authority in accordance with the formula—

$$A \times (B \div C)$$

where—

A is the amount specified for that authority in column F of Schedule 4;

B is the small business non-domestic rating multiplier in relation to the year beginning on 1st April 2020; and

C is the small business non-domestic rating multiplier in relation to the year beginning on 1st April 2018;";

(d) after the definition of "T" omit "and" and insert—

"U is the amount calculated in accordance with sub-paragraph (4C) in respect of a relevant year; and".

(3) In paragraph 1(4B)—

(a) in paragraph (b), after "paragraph (c)" insert "or (d)";

(b) after paragraph (c), insert—

"(d) for Buckinghamshire Council, for a relevant year beginning on or after 1st April 2020, 71.6%.".

(4) After paragraph 1(4B) insert—

"(4C) The amount calculated in accordance with this sub-paragraph is the amount which is the difference between—

(a) (i) the total of the amounts credited to the billing authority's collection fund income and expenditure account in the relevant year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of—

(aa) a day in that year, and

(bb) a day in a previous year where the amount was not credited in a previous year; less

(ii) the total of the amounts charged to the billing authority's collection fund income and expenditure account in the relevant year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of —

(aa) a day in that year, and

(bb) a day in a previous year where the amount was not charged in a previous year; and

(b) the amount that would have been calculated under paragraph (a) if section 43(4E) were omitted.".

(5) In paragraph 2—

(a) for the first formula substitute—

“ $S\,(R + U + V + Z) + (P - Q)$ ”;

(b) in the definition of P, in paragraph (d), for “21” substitute “9 and 20”;

(c) in the definition of Q, in paragraph (d), for “21” substitute “9 and 20”;

(d) after the definition of “U” omit “and” and insert—

“V is the sum of the amounts calculated in accordance with paragraph 1(4C) for each of the billing authorities that is required to make payments to the major precepting authority for the relevant year under Part 4 of Schedule 7B to the 1988 Act; and”.

Amendment of the Non-Domestic Rating (Rates Retention and Levy and Safety Net) (Amendment) and (Levy Account: Basis of Distribution) Regulations 2019

8.—(1) The table in Schedule 5 to the Non-Domestic Rating (Rates Retention and Levy and Safety Net) (Amendment) and (Levy Account: Basis of Distribution) Regulations 2019(**a**) (table of authorities, values for B and C) is amended as follows.

(2) In column B of the entry for—

(a) Bournemouth, Christchurch and Poole, for “£72,103,248” substitute “£71,492,000”;

(b) Dorset, for “£58,171,978” substitute “£58,783,000”.

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

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

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Non-Domestic Rating (Rates Retention) Regulations 2013 (S.I. 2013/452) (“the Rates Retention Regulations”), the Non-Domestic Rating (Levy and Safety Net) Regulations 2013 (S.I. 2013/737) (“the Levy and Safety Net Regulations”) and the Non-Domestic Rating (Rates Retention and Levy and Safety Net) (Amendment) and (Levy Account: Basis of Distribution) Regulations 2019 (S.I. 2019/709) (the “Basis of Distribution Regulations”). The Regulations being amended are all part of the system of local retention of non-domestic rates, established by Schedule 7B to the Local Government Finance Act 1988 (“the rates retention system”).

The Rates Retention Regulations provide, amongst other things, for what is meant by a billing authority’s “non-domestic rating income” for the purposes of the rates retention system. Regulation 3 of these Regulations amends the Rates Retention Regulations to alter the cost factor used in calculations of Buckinghamshire Council’s non-domestic rating income for a financial year, consequent on local authority structural change in Buckinghamshire. Regulation 4 amends Part 39 of Schedule 5 to the Rates Retention Regulations.

The Levy and Safety Net Regulations make provision for calculating whether, within the rates retention system, the Secretary of State is required to make a safety net payment to an authority and whether an authority is required to make a levy payment to the Secretary of State. Regulation 6 of these Regulations makes amendments to the levy rate for certain authorities. Regulation 7 amends Schedule 1 to the Levy and Safety Net Regulations to ensure the calculation of “retained

(**a**) S.I. 2019/709; regulation 19 introduces Schedule 5 to the Regulations as it applied in relation to financial year 2018/19, and regulation 20 of those Regulations made amendments to Schedule 5 for financial years 2019-20 onwards.

rates income" for billing authorities takes account of relief given for telecommunications infrastructure and to make minor amendments.

Part 4 of the Basis of Distribution Regulations provide for the calculations used in the distribution to authorities of a surplus in the levy account. That account is kept by the Secretary of State under Part 6 of Schedule 7B to the Local Government Finance Act 1988. Regulation 8 amends the Basis of Distribution Regulations following a recent local government reorganisation.

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.

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