EXPLANATORY MEMORANDUM TO THE

NON-DOMESTIC RATING (CHARGEABLE AMOUNTS) (ENGLAND) (AMENDMENT) REGULATIONS 2005

2005 No.

1. This explanatory memorandum has been prepared by the Office of the Deputy Prime Minister and is laid before Parliament by Command of Her Majesty. This memorandum includes information for the Joint Committee on Statutory Instruments.

2. Description

These Regulations amend the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004.(SI 2004 No. 3387)

3. Matters of special interest to the Joint Committee on Statutory Instruments

These regulations are subject to the affirmative procedure (see section 143(4) of the Local Government Finance Act 1988 as amended by paragraph 24 of schedule 7 to the Local Government Act 2003).

4. Legislative Background

These Regulations are being made under section 143(4) of the Local Government Finance Act 1988 in exercise of the powers in sections 57A, 140(4) and 143(1) and (2). Section 57A was inserted by, and section 143(4) was amended by, section 65 and paragraph 24 of schedule 7 to the Local Government Act 2003.

5. Extent

This instrument applies to England.

6. European Convention on Human Rights

The Minister of State for local and regional government has made the following statement regarding Human Rights:

In my view the provisions of the Non-Domestic Rating (Chargeable Amounts) (England) (Amendment) Regulations 2005 are compatible with the Convention rights.

7. Policy background

7.1 Properties subject to non-domestic rates are re-valued every 5 years and this can result in large increases or reductions in rate bills for some ratepayers. Transitional

arrangements to phase in the increases were put in place following the 1990, 1995 and 2000 revaluations. The cost was partly off-set by phasing in the reductions to other ratepayers. Section 65 of the Local Government Act 2003 inserts a new enabling power (section 57A) into the Local Government Finance Act 1988. This new power provides that a self - financing transitional scheme must be introduced for the 2005 re-valuation.

7.2 The Government commissioned research into the options available which incorporated consultation with the relevant stakeholders. A consultation document on the preferred options was published in August 2004.

7.3 The Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004 brought this scheme into effect. The 2005 transition scheme will phase in increases and reductions in rate bills for hereditaments shown on the local rating list as at 1st April 2005. The scheme, in contrast to previous schemes, will be self-financing within each year (i.e. the cost of limiting increases in bills matches the revenue from limiting reductions) and will run for four years rather than five. This will ensure that everyone is paying his or her normal bill by 2009/10.

7.4 The general principle applied is that ratepayers should receive the benefit of transition, or contribute towards transition even when their property changes, but that the transitional calculation remains based on the rateable value of the original property as at 1st April 2005. The value of any later new additions to the property are excluded from transition and rates are payable in full on the amount of the increase in rateable value. However alterations which reduce the rateable value of the property below the rateable value at the 1st April 2005, reduce the amount of transition in proportion to the reduction in rateable value.

7.5 Regulation 9(3)(b)(i) and (ii) of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004 refer, erroneously, to hereditaments with rateable values shown in the local list for 1st April 2000. The references to 1st April 2000 should be to 1st April 2005. Regulation 3 of these amending Regulations therefore substitutes 1st April 2000 with 1st April 2005. This will allow billing authorities to calculate correct ratepayers' liability under the transitional arrangements.

7.6 Schedule 2 of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004 deals with splits and mergers of hereditaments. Regulation 4 of these amending Regulations clarifies the way in which the chargeable amount for new split or merged hereditaments on 1st April on the central list should be determined.

8. Impact

8.1 No further Regulatory Impact Assessment (RIA) has been produced for these amending regulations. However, a RIA was produced for the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004.

8.2 These Regulations allow Billing Authorities to correctly calculate ratepayers' liability and deliver the policy intention of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2004

9. Contact

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