STATUTORY INSTRUMENTS

2025 No. 180

RATING AND VALUATION, ENGLAND

The Non-Domestic Rating (Designated Areas) Regulations 2025

Made - - - -	*18th February 2025*
Laid before Parliament	*20th February 2025*
Coming into force - -	*1st April 2025*

The Secretary of State makes these Regulations in exercise of the powers conferred by section 143(1) of, and paragraph 39 of Schedule 7B to, the Local Government Finance Act 1988(**a**) ("the 1988 Act").

These Regulations are made with the consent of the Treasury in accordance with paragraph 39(13) of Schedule 7B to the 1988 Act.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Non-Domestic Rating (Designated Areas) Regulations 2025.

(2) These Regulations come into force on 1st April 2025 and extend to England and Wales.

Interpretation

2. In these Regulations—

"the 1988 Act" means the Local Government Finance Act 1988;

"billing authority" means a billing authority(**b**) in England, part of whose area falls within a designated area;

"designated area" means an area designated under regulation 3(1);

"local list" means a local non-domestic rating list(**c**);

"non-domestic rating income", in relation to a billing authority, means the amount calculated under Part 2 of Schedule 2 in respect of a designated area for a specified year;

(**a**) 1988 c. 41. Schedule 7B was inserted by section 1 of, and Schedule 1 to, the Local Government Finance Act 2012 (c. 17).
(**b**) See section 144(2) of the Local Government Finance Act 1988 for the definition of "billing authority".
(**c**) See section 41(1) of the Local Government Finance Act 1988 (c. 41) for the meaning of "local non-domestic rating list".

"non-domestic rating multiplier", in relation to a chargeable financial year(**a**), means the non-domestic rating multiplier for the year calculated by the Secretary of State under Schedule 7 to the 1988 Act(**b**);

"preceding year" means the chargeable financial year immediately preceding the specified year for which a calculation under Part 3 of Schedule 2 is made;

"revaluation year" means a year in which a local list must be compiled under section 41 of the 1988 Act(**c**);

"Schedule 7B" means Schedule 7B to the 1988 Act;

"small business non-domestic rating multiplier", in relation to a chargeable financial year, means the small business non-domestic rating multiplier for that year calculated by the Secretary of State under Schedule 7 to the 1988 Act;

"small business rate baseline amount", in relation to a billing authority, means the amount calculated under paragraph 3 or 4 (as appropriate) of Schedule 2 in respect of a designated area for a specified year;

"specified year" means, in relation to a designated area, a chargeable financial year falling within the period of years specified in relation to that area in regulation 3(2) or (3) (as the case may be);

"standard business rate baseline amount", in relation to a billing authority, means the amount calculated under paragraph 5 or 6 (as appropriate) of Schedule 2 in respect of a designated area for a specified year;

"total baseline amount", in relation to a billing authority, means the amount calculated under paragraph 7 of Schedule 2 in respect of a designated area for a specified year.

Designation of areas

3.—(1) The areas listed in Schedule 1 are designated for the purposes of these Regulations.

(2) Subject to paragraph (3), the designations take effect on 1st April 2025 for the period of 24 years beginning with that date.

(3) The designation of the Riverside Sunderland—Crown Works Studios Designated Area takes effect on 1st April 2025 for the period of 25 years beginning with that date.

Proportion of non-domestic rating income for a designated area to be disregarded

4.—(1) Part 1 of Schedule 2 provides rules for calculating the proportion of a billing authority's non-domestic rating income in respect of a designated area for a specified year.

(2) The proportion is to be disregarded for the purpose of calculations under—

(a) any of the following provisions of Schedule 7B—

(i) paragraph 6 (payments to the Secretary of State in respect of the central share);

(ii) paragraph 13 (calculations following local government finance report);

(iii) paragraph 16 (calculations following amending report);

(**a**) See section 145(1) of the Local Government Finance Act 1988 for the meaning of "chargeable financial year".

(**b**) Amendments were made to Schedule 7 by section 62 of the Local Government Act 2003 (c. 26) and section 15 of, and the Schedule to, the Non-Domestic Rating Act 2023 (c. 53).

(**c**) Section 41 was amended by paragraph 19 of Schedule 5 to the Local Government and Housing Act 1989 (c. 42), paragraph 59 of Schedule 13 to the Local Government Finance Act 1992 (c. 14), sections 29 and 30 of the Growth and Infrastructure Act 2013 (c. 27), section 1 of the Non-Domestic Rating (Lists) Act 2021 (c. 8) and section 5 of the Non-Domestic Rating Act 2023 (c. 53).

(iv) paragraph 23 (calculations of levy payments)(**a**);

(v) paragraph 26 (calculations of safety net payments)(**b**);

(vi) paragraph 30 (distribution of remaining balance)(**c**);

(b) regulations made under any of the following provisions of Schedule 7B—

(i) paragraph 7 (administrative arrangements for payments in respect of the central share);

(ii) paragraph 9 (payments by billing authorities to major precepting authorities);

(iii) paragraph 10 (administrative arrangements for payments by billing authorities to major precepting authorities);

(iv) paragraph 28 (regulations about payments on account).

Amendment of the Non-Domestic Rating (Designated Areas etc) Regulations 2017

5.—(1) The Non-Domestic Rating (Designated Areas etc) Regulations 2017(**d**) are amended as follows.

(2) In regulation 3 (interpretation), in paragraph (a) of the definition of "period of designation", after "York Central Enterprise Zone—York Central Site Designated Area" insert "and the Heart of the South West—Huntspill Energy Park Designated Area".

(3) In regulation 4 (designation of areas)—

(a) in paragraph (3), for "the York Central Enterprise Zone—York Central Site Designated Area", substitute "an area listed in paragraph (4)";

(b) after paragraph (3) insert—

"(4) The areas are—

(a) the Heart of the South West—Huntspill Energy Park Designated Area,

(b) the York Central Enterprise Zone—York Central Site Designated Area.".

We consent to the making of these Regulations

Nicholas Dakin
Jeff Smith
Two of the Lords Commissioners of His Majesty's Treasury

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

Khan
Parliamentary Under Secretary of State
Ministry of Housing, Communities and Local Government

18th February 2025

(**a**) The calculation under paragraph 23 must be made in accordance with regulations made under paragraph 22.
(**b**) The calculation under paragraph 26 must be made in accordance with regulations made under paragraph 25.
(**c**) The calculation under paragraph 30 must be made in accordance with the basis of distribution specified in the regulations made under that paragraph.
(**d**) S.I. 2017/318, amended by S.I. 2017/471 and 2024/183.

SCHEDULE 1

Regulation 3

Local retention of non-domestic rates: designation of areas

1. Each of the areas listed in column 2 of the table in this Schedule is designated by reference to the area or areas bounded externally by the outer edge of the red line shown on the map specified in column 1 on the table.

2. A reference in this Schedule to a map is to one of the maps numbered 1 to 6 and entitled "Maps referred to in Schedule 1 to the Non-Domestic Rating (Designated Areas) Regulations 2025" of which prints, signed by a member of the Senior Civil Service in the Ministry for Housing, Communities and Local Government, are deposited and available for inspection at the offices of the Secretary of State for Housing, Communities and Local Government, and in relation to each map, at the offices of the billing authority to which the map relates as specified in column 3 of the table in this Schedule.

3. For the purposes of determining a designated area, where part only of a hereditament is situated within an area shown on a map, the whole of the hereditament is to be included within that designated area.

Numbered map (Column 1)	Designated area (Column 2)	Billing authority (Column 3)	Value of J (£) (see paragraph 8 of Schedule 2) (Column 4)	Value of N (£) (see paragraph 8 of Schedule 2) (Column 5)
1	Infinity Park Derby—Derby City	Derby City Council	0	0
2	Infinity Park Derby—South Derbyshire	South Derbyshire District Council	6,861	0
3	Hartington—Staveley	Chesterfield Borough Council	13,772	0
4	Tees Valley Investment Zone—Hartlepool Site	Hartlepool Borough Council	695,027	1,388,596
5	Tees Valley Investment Zone—Middlesbrough Site	Middlesbrough Council	1,205,870	3,925,803
6	Riverside Sunderland—Crown Works Studios	Sunderland City Council	49,388	31,741

SCHEDULE 2

Regulations 2 and 4

Calculations for designated areas

PART 1

Proportion of non-domestic rating income to be disregarded

1.—(1) Unless sub-paragraph (2) applies, the proportion of a billing authority's non domestic rating income in respect of a designated area for a specified year is the difference between the authority's—

(a) non-domestic rating income in respect of the designated area for that year, and

(b) total baseline amount in respect of the designated area for that year.

(2) If the total baseline amount is greater than or equal to the non-domestic rating income, the proportion is zero.

PART 2

Calculation of non-domestic rating income

2.—(1) A billing authority's non-domestic rating income in respect of a designated area for a specified year is the amount calculated in accordance with the formula—

$$(A - B) + (C - D) - E + F + G - H$$

where—

"A" is the total of the amounts credited to the authority's collection fund income and expenditure account in that year in accordance with proper practices(**a**) in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area;

"B" is the total of the amounts charged to the authority's collection fund income and expenditure account in that 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 hereditaments situated in the designated area;

"C" is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B made to the authority in that year in respect of hereditaments situated in the designated area;

"D" is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B made by the authority in that year in respect of hereditaments situated in the designated area;

"E" is the total of the amounts credited to the authority's collection fund income and expenditure account in that year in accordance with proper practices in respect of

(**a**) The meaning of "proper practices" is given in section 21 of the Local Government Act 2003 (c. 26), which applies to these Regulations by virtue of subsection (4)(e) of that section.

non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

"F" is the total of the amounts charged to the authority's collection fund income and expenditure account in that 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 hereditaments situated in the designated area to which sub-paragraph (2) applies;

"G" is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B made by the authority in that year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

"H" is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B made to the authority in that year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies.

(2) This sub-paragraph applies to a hereditament which—

(a) is to be treated as one hereditament by virtue of regulations made under section 64(3)(b) of the 1988 Act, and

(b) would have constituted three of more separate hereditaments had regulations under section 64(3)(b) not been made.

(3) In this paragraph, references to an authority's collection fund income and expenditure account are references to a revenue account to which, in accordance with proper practices, amounts are credited or charged in respect of the authority's income or expenditure relating to sums paid into or payments met or to be met from the authority's collection fund.

PART 3

Calculation of the baseline amounts

Small business rate baseline: non revaluation year

3.—(1) If a specified year is not a revaluation year, a billing authority's small business rate baseline amount in respect of a designated are for the specified year is the amount calculated under sub-paragraph (2) or (3).

(2) For the specified year beginning with 1st April 2025, a billing authority's small business rate baseline amount is calculated in accordance with the formula—

$$J \times \frac{K2}{K1}$$

(3) For a subsequent specified year that is not a revaluation year, the small business rates baseline amount is calculated in accordance with the formula—

$$L \times \frac{K2}{K1}$$

Small business rate baseline: revaluation year

4. If a specified year is a revaluation year, a billing authority's small business rate baseline amount in respect of a designated area for the specified year is the amount calculated in accordance with the formula—

$$L \times \frac{M2 \times K2}{M1 \times K1}$$

Standard business rate baseline: non-revaluation year

5.—(1) If a specified year is not a revaluation year, a billing authority's standard business rate baseline amount in respect of a designated area for the specified year is the amount calculated under sub-paragraph (2) or (3).

(2) For the specified year beginning with 1st April 2025, a billing authority's standard business rates baseline amount is calculated in accordance with the formula—

$$N \times \frac{P2}{P1}$$

(3) For a subsequent specified year that is not a revaluation year, the standard business rate baseline amount is calculated in accordance with the formula—

$$Q \times \frac{P2}{P1}$$

Standard business rate baseline revaluation year

6. If a specified year is a revaluation year, a billing authority's standard business rate baseline amount in respect of a designated area for the specified year is the amount calculated in accordance with the formula—

$$Q \times \frac{R2 \times P2}{R1 \times P1}$$

Total baseline

7. A billing authority's total baseline amount in respect of a designated area for the specified year is the sum of the small business rate baseline amount for the specified year and the standard business rate baseline amount for the specified year.

Interpretation of Part 3

8.—(1) In this Part—

"J" is the amount provided in column 4 of the table in Schedule 1 in relation to the designated area;

"K1" is the small business non-domestic rating multiplier for the preceding year;

"K2" is the small business non-domestic rating multiplier for the specified year;

"L" is the small business rate baseline amount in relation to the designated area calculated for the preceding year;

"M1" is the aggregate rateable values shown in the billing authority's local list for 31st March in the preceding year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies—

(a) that fall within the designated area, and

(b) in respect of which "M" is "D" on 31st March in the preceding year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act (interpretation)(**a**)

"M2" is the aggregate rateable values shown in the billing authority's local list for 1st April in the specified year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies—

(a) that fall within the designated area, and

(b) in respect of which "M" is "D" on 1st April in the specified year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act;

"N" is the amount provided in column 5 of the table in Schedule 1 in relation to the designated area;

"P1" is the non-domestic rating multiplier for the preceding year;

"P2" is the non-domestic rating multiplier for the specified year;

"Q" is the standard business rate baseline amount in relation to the designated area calculated for the preceding year;

"R1" is the aggregate rateable values shown in the billing authority's local list for 31st March in the preceding year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies—

(a) that fall within the designated area, and

(b) in respect of which "M" is "B" on 1st April in the specified year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act(**b**);

"R2" is the aggregate rateable values shown in the billing authority's local list for 1st April in the specified year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, that—

(a) fall within the designated area, and

(b) in respect of which "M" is "B" on 1st April in the specified year pursuant to paragraph 10(9) of Schedule 4ZA to the 1988 Act.

(2) For the purposes of paragraphs 4 and 6 of this Schedule, the rateable value of a hereditament shown in the billing authority's local list for 31st March in the preceding year is taken to be the rateable value that would have been shown in that list for that day had the circumstances relating to that hereditament been as they were on 1st April in the specified year.

(**a**) Schedule 4ZA was inserted into the Local Government Finance Act 1988 by section 1 of the Non-Domestic Rating Act 2023 (c. 53). For the meaning of "M", see paragraph 10(9) of Schedule 4ZA. For the meaning of "D", see paragraph 10(5) of Schedule 4ZA.

(**b**) For the meaning of "B", see paragraph 10(3) of Schedule 4ZA.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations designate areas in England ("designated areas") for the purpose of paragraph 39(1) of Schedule 7B to the Local Government Finance Act 1988 ("the 1988 Act") (local retention of non-domestic rates). They provide rules for calculating in respect of a billing authority in England all or part of whose area falls within a designated area—

(a) the billing authority's non-domestic rating income in respect of the designated area for a specified year; and

(b) the proportion of that non-domestic rating income that is to be disregarded for the purpose of specified calculations under Schedule 7B to the 1988 Act.

The calculations are to be made separately for each designated area within a billing authority's area.

Regulation 3(1) and Schedule 1 designate the areas. Copies of the maps referred to may be inspected free of charge by prior appointment with the Ministry of Housing, Communities and Local Government, Business Rates Retention Team at 2 Marsham Street, London, SW1P 4DF and the principal office of the billing authority.

Regulation 3(2) and (3) provide that the designation of the areas takes effect on 1st April 2025 and, depending on the area, will have effect for the period of 25 or 24 years beginning with that date. The effect of specifying the period of designation is to trigger paragraph 39(9) of Schedule 7B to the 1988 Act which prevents the revocation of the Regulations and certain kinds of amendments to the Regulations until after the end of that period.

Regulation 4 and Schedule 2 provide the rules for the calculations. Part 1 of Schedule 2 provides rules for calculating the proportion of non-domestic rating income in respect of a designated area for a specified year that is to be disregarded for specified calculations under Schedule 7B to the 1988 Act. The proportion is calculated by subtracting the baseline amount in respect of the designated area for the specified year (calculated under Part 3 of Schedule 2) from the non-domestic rating income in respect of that area for that year (calculated under Part 2 of Schedule 2). Non-domestic rating income in respect of a designated area for a specified year is essentially the amounts payable to a billing authority under sections 43 and 45 of the 1988 Act for that year in respect of hereditaments situated in the designated area, subject to several adjustments.

The total baseline amount in respect of a designated area for the specified year beginning with 1st April 2025 is the sum of the amounts specified in columns 4 and 5 of the table in Schedule 1 as uprated in accordance with the formulae in paragraphs 3(2) and 5(2) of Schedule 2. The amounts in columns 4 and 5 of the table represent the existing non-domestic rating income for the designated area, split by hereditaments subject to the small business non-domestic rating multiplier and those subject to the non-domestic rating multiplier. For each subsequent specified year, the baseline amount is an uprated amount representing growth in the billing authority's income in the designated area.

Regulation 5 amends the Non-Domestic Rating (Designated Areas etc) Regulations 2017 (S.I. 2017/318) to extend the period of designation for the Heart of the South West – Huntspill Energy Park designated area.

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,

but the impact assessment prepared for the Local Government Finance Act 2012 (c. 17) is relevant, and the assessment can be viewed at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8470/2054063.pdf

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