
STATUTORY INSTRUMENTS

2017 No. 1321

RATING AND VALUATION, ENGLAND

The Non-Domestic Rating (Rates Retention) (Amendment) Regulations 2017

Made - - - - *21st December 2017*
22nd December
Laid before Parliament *2017*
Coming into force - - *19th January 2018*

The Secretary of State for Communities and Local Government makes the following Regulations in exercise of the powers conferred by sections 97(2A) and (2B) and 143(1) and (2) of, and paragraphs 6 to 8 of Schedule 7B to, the Local Government Finance Act 1988(1) (“the 1988 Act”).

These Regulations are made with the consent of the Treasury in accordance with paragraph 8(3) of Schedule 7B to the 1988 Act.

Citation and commencement

1.—(1) These Regulations may be cited as the Non-Domestic Rating (Rates Retention) (Amendment) Regulations 2017.

(2) These Regulations come into force on 19th January 2018.

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

2. The Non-Domestic Rating (Rates Retention) Regulations 2013(2) are amended as follows.

Amendment of regulation 4

3. In regulation 4 (payment to the Secretary of State in respect of the central share) for paragraph (1)(c) substitute—

“(c) for a relevant year beginning on 1st April 2017, its estimate of the amount specified by paragraph 2(1) of Schedule 2A for that year (if applicable);

(1) 1988 c. 41. Schedule 7B was inserted into the Local Government Finance Act 1988 by section 1 of, and Schedule 1 to, the Local Government Finance Act 2012 (c. 17). Section 97 was substituted by section 104 of, and paragraph 22 of Schedule 10 to, the Local Government Finance Act 1992 (c. 14) and subsections (2A) and (2B) were inserted by section 5 of, and paragraph 25(2) of Schedule 3 to, the Local Government Finance Act 2012.

(2) S.I. 2013/452; amended by S.I. 2014/96, 2015/628, 2016/1268 and 2017/496.

- (d) for a relevant year beginning on or after 1st April 2017, its estimate of the amount specified by paragraph 2 of Schedule 2B for that year (if applicable); and
- (e) for a relevant year beginning on or after 1st April 2018, its estimate of the amount specified by paragraph 2(1) of Schedule 2C for that year (if applicable).”.

Amendment of regulation 9

4. In regulation 9 (end of year calculations) after paragraph (1)(bc) insert—

“(bd) calculate the amount specified by paragraph 2(1) of Schedule 2C for the relevant year (if applicable);”.

Insertion of regulation 9B

5. After regulation 9A (special provision for end of year calculations for relevant year beginning on 1st April 2015) insert—

“Special provision for end of year calculations for relevant year beginning on 1st April 2016

9B.—(1) This regulation applies in relation to the relevant year beginning on 1st April 2016 to a billing authority to which Schedule 2C applies.

(2) In addition to the calculations made under regulation 9(1) for that year, the billing authority must calculate the amount specified by paragraph 2(1) of Schedule 2C for that year (if applicable) on or before 2nd February 2018.

(3) The billing authority must—

- (a) notify the Secretary of State on or before 2nd February 2018 of the amount calculated; and
- (b) arrange for the calculation and amount to be certified in accordance with such arrangements as the Secretary of State may direct.

(4) The person certifying the calculation and amount must send the certification to the Secretary of State and notify the billing authority of the amount so certified.”.

Amendment of regulation 11

- 6.—(1) Regulation 11 (reconciliation of amount deducted from central share payment) is amended as follows.

(2) In paragraph (2A)—

- (a) for “a relevant year beginning on or after 1st April 2017” substitute “the relevant year beginning on 1st April 2017”; and
- (b) for “regulation 4(1)(c)(i)” substitute “regulation 4(1)(c)”.

(3) In paragraph (2B) for “regulation 4(1)(c)(ii)” substitute “regulation 4(1)(d)”.

(4) After paragraph (2B) insert—

“(2C) For a relevant year beginning on or after 1st April 2018, where the amount certified under regulation 9 as the amount specified by paragraph 2(1) of Schedule 2C for that year is different from the amount deducted under regulation 4(1)(e) from the central share payment for that year—

- (a) if the certified amount is less than the deducted amount—

- (i) the billing authority must pay to the Secretary of State an amount equal to the difference; and
 - (ii) the billing authority must transfer from its general fund to its collection fund an amount equal to the difference; or
- (b) if the certified amount is more than the deducted amount—
- (i) the Secretary of State must pay to the billing authority an amount equal to the difference; and
 - (ii) the billing authority must transfer from its collection fund to its general fund an amount equal to the difference.”.

Amendment of regulation 11B

7.—(1) Regulation 11B (special provision for end of year payments in respect of relevant year beginning on 1st April 2016) is amended as follows.

(2) In paragraph (1) for “Schedule 2A or 2B” insert “Schedule 2A, 2B or 2C”.

(3) After paragraph (3) insert—

“(3A) Where an amount is certified under regulation 9B as the amount specified by paragraph 2(1) of Schedule 2C for that year (“the certified amount”)—

- (a) the Secretary of State must pay to the billing authority an amount equal to the certified amount;
- (b) the billing authority must transfer from its collection fund to its general fund an amount equal to the certified amount.”.

Insertion of regulation 11C

8. After regulation 11B insert—

“Special provision for end of year payments in respect of relevant year beginning on 1st April 2017

11C.—(1) This regulation applies in relation to the relevant year beginning on 1st April 2017 to a billing authority to which Schedule 2C applies.

(2) Where an amount is certified under regulation 9 as the amount specified by paragraph 2(1) of Schedule 2C for that year (“the certified amount”)—

- (a) the Secretary of State must pay to the billing authority an amount equal to the certified amount; and
- (b) the billing authority must transfer from its collection fund to its general fund an amount equal to the certified amount.

(3) An amount paid to an authority under this regulation is to be recognised by that authority in accordance with proper practices in a revenue account for that year.”.

Amendment of Schedule 2A

9. In paragraph 1(1) of Schedule 2A (special provision for deduction from the central share payment) for “a relevant year beginning on or after 1st April 2015” substitute “relevant years beginning on 1st April 2015, 1st April 2016 and 1st April 2017”.

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Insertion of Schedule 2C

10. After Schedule 2B insert Schedule 2C which is set out in the Schedule to these Regulations.

We consent

20th December 2017

David Rutley
Heather Wheeler
Two of the Lords Commissioners of Her
Majesty's Treasury

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

21st December 2017

Marcus Jones
Parliamentary Under Secretary of State
Department for Communities and Local
Government

SCHEDULE

Regulation 10

“SCHEDULE 2C

Regulations 4(1), 9(1), 9B, 11(2C), 11B
and 11C

Further special provision for deduction from the central share payment

Application and interpretation

1.—(1) Subject to sub-paragraph (2), this Schedule applies to the billing authorities listed in column 1 of the table set out below in relation to a relevant year beginning on or after 1st April 2016.

(2) This Schedule does not apply to a billing authority listed in Part 4 of Schedule 5 for a relevant year beginning on or after 1st April 2017.

(3) In this Schedule—

“allowance for non-collection” means an allowance made by a billing authority in its principal financial statements for a relevant year, in accordance with proper practices, to recognise amounts of non-domestic rates which the billing authority estimates will not be collected;

“growth baseline amount”, in relation to a billing authority, means the figure specified in column 2 of the table set out below in relation to that authority;

“relevant provision” means a provision made by a billing authority in its principal financial statements for a relevant year which, in accordance with proper practices, reflects amounts to be credited to ratepayers following changes to a ratepayers’ liability for non-domestic rates;

“transitional protection payment” means a payment under regulations under paragraph 33(1) of Schedule 7B to the 1988 Act.

<i>Billing authority</i>	<i>Growth baseline amount</i>
<i>Column 1</i>	<i>Column 2</i>
	(£)
<i>Tees Valley</i>	
Darlington	33,215,036
Hartlepool	33,929,304
Middlesbrough	42,103,787
Stockton-on-Tees	87,063,006
Redcar and Cleveland	39,347,040
<i>West Midlands</i>	
Birmingham	429,198,815
Coventry	123,425,084
Dudley	97,918,262
Sandwell	101,733,562
Solihull	123,660,405

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<i>Billing authority</i>	<i>Growth baseline amount</i>
<i>Column 1</i>	<i>Column 2</i>
	<i>(£)</i>
Walsall	65,738,850
Wolverhampton	76,731,439

Calculation of amount

2.—(1) Subject to sub-paragraph (2), the amount specified by this paragraph is the amount calculated in accordance with the formula—

$$(A - B + C - D + E - F + G - H + J - K) \times 50\%$$

where—

A is the total amount credited to the billing authority’s collection fund income and expenditure account in the year in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act;

B is the total amount charged to that account in the year in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act;

C is the total amount written back for the year from the allowance for non-collection;

D is the total amount written off for the year in excess of that allowance;

E is the total amount released from that allowance for the year;

F is the total amount by which that allowance is increased for the year after amounts written off against the allowance have been made for the year;

G is the amount of any transitional protection payment due to be made to the billing authority for the year;

H is the amount of any transitional protection payment due to be made by the billing authority for the year;

J is the total amount of a relevant provision utilised for the year;

K is the amount calculated in relation to the billing authority for the year in accordance with sub-paragraph (3) or (4).

(2) If the amount calculated under sub-paragraph (1) is less than zero, for the purposes of regulations 4, 9 and 9B the amount specified by sub-paragraph (1) is zero.

(3) If the year is not a year in which local lists must be compiled, the amount calculated in accordance with this sub-paragraph—

(a) for the year beginning on 1st April 2016, is the growth baseline amount in relation to the billing authority;

(b) for a year beginning on or after 1st April 2018, is the amount calculated in accordance with the formula—

$$L \times \left(\frac{M_2}{M_1} \right) \times 1.005$$

where—

L is the amount calculated for the preceding year in accordance with paragraph (b) of this paragraph;

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M_1 is the small business non-domestic rating multiplier for the preceding year;

M_2 is the small business non-domestic rating multiplier for the relevant year.

(4) If the year is a year in which local lists must be compiled (“revaluation year”), the amount calculated in accordance with this sub-paragraph is the amount calculated in accordance with the formula—

$$N \times \left(\frac{O \times Q_2}{P \times Q_1} \right) \times 1.005$$

where—

N is—

- (a) for a year beginning on 1st April 2017, the growth baseline amount in relation to the billing authority;
- (b) for any other year, the amount calculated for the preceding year in accordance with sub-paragraph (3)(b);

O is the aggregate rateable values shown in the billing authority’s local list for 1st April in the revaluation year;

P is the aggregate rateable values shown in the billing authority’s local list for 31st March in the preceding year;

Q_1 is the small business non-domestic rating multiplier for the preceding year;

Q_2 is the small business non-domestic rating multiplier for the revaluation year.”

EXPLANATORY NOTE

(This note is not part of the Regulations)

Under paragraph 6 of Schedule 7B to the Local Government Finance Act 1988 (1988 c. 41) (local retention of non-domestic rates), billing authorities are required to pay a proportion of their non-domestic rating income to the Secretary of State (“the central share payment”). The percentage determined by the Secretary of State under paragraph 4 of Schedule 7B to be a billing authority’s central share for a year is specified in the Local Government Finance Report for that year laid before the House of Commons under paragraph 5 of that Schedule.

These Regulations amend the Non-Domestic Rating (Rates Retention) Regulations 2013 (S.I. 2013/452) (“the 2013 Regulations”) to provide for deductions from central share payments by specified billing authorities in Tees Valley and the West Midlands (“specified billing authorities”).

Regulations 3, 4 and 6 amend the 2013 Regulations in relation to the administration of the deduction from the central share payment.

Regulation 5 inserts regulation 9B to make special provision for additional end of year calculations by specified billing authorities in respect of the year beginning on 1st April 2016.

Regulations 7 and 8 amend regulation 11B and insert regulation 11C to make special provision for end of year payments by specified billing authorities in respect of the years beginning on 1st April 2016 and 1st April 2017.

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Regulation 9 amends the years for which Schedule 2A is to apply to provide that the year beginning on 1st April 2017 shall be the last year in which billing authorities specified in that Schedule shall make deductions from central share payments.

Regulation 10 inserts Schedule 2C into the 2013 Regulation to provide for the calculation of the amount to be deducted. The Schedule does not apply to billing authorities listed in Part 4 of Schedule 5 to the 2013 Regulations (West of England Combined Authority) for years beginning on or after 1st April 2017. This is because those authorities are within a 100% pilot area for which provision was inserted into the 2013 Regulations by the Non-Domestic Rating (Rates Retention) and (Levy and Safety Net) (Amendment) Regulations 2017 ([S.I. 2017/496](#)) with effect from 1st April 2017.

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.