
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make various amendments to the system for the local retention of non-domestic rates (“NDR”) established by Schedule 7B to the Local Government Finance Act 1988 (the “1988 Act”) to provide for:

- (a) amendments to the calculation of local authorities’ income from NDR for the purposes of determining the proportion that must be paid to the Secretary of State and for adjusting payments to billing authorities as a result of a transitional relief scheme;
- (b) amendments to the means of calculating whether the Secretary of State is required to make a safety net payment to a local authority or whether a local authority is required to make a levy payment to the Secretary of State;
- (c) amendments to the provisions for determining the distribution of any remaining balance of the levy account kept by the Secretary of State under Part 6 of Schedule 7B to the 1988 Act.

Amendment of the Non-Domestic Rating (Transitional Protection Payments) Regulations 2013 (S.I. 2013/106) (the “TPP Regulations”)

Regulation 2 amends the TPP Regulations so that public lavatories relief is disregarded when calculating a billing authority’s actual or deemed NDR income.

Amendment of the Non-Domestic Rating (Rates Retention) Regulations 2013 (S.I. 2013/452) (the “Rates Retention Regulations”)

Schedule 1 to the Rates Retention Regulations provides for the calculation of billing authorities’ NDR income. For a special authority, a prescribed amount is deducted which has the effect of allowing retention of an additional proportion of NDR (the “offset”). Regulation 3 of these Regulations amends the prescribed offset in Schedule 1 to the Rates Retention Regulations to reflect the inflationary uplift in the NDR multiplier in 2023.

Amendment of the Non-Domestic Rating (Levy and Safety Net) Regulations 2013 (S.I. 2013/737) (the “L&SN Regulations”)

Authorities’ “baseline funding levels” are used, for the purposes of these Regulations, to calculate levy and safety net payments. These levels were set at the introduction of the NDR retention system and are adjusted annually in line with the inflationary change to the small business NDR multiplier and at a revaluation. For the financial year commencing on 1st April 2023, the multiplier includes a specific proportion of inflationary uplift, following the freezing of the multiplier and the 2023 revaluation. Regulation 6 of these Regulations amends the L&SN Regulations so that the baseline funding levels only reflect the inflationary change to the multiplier.

The calculation of levy and safety net payments also uses authorities’ “retained rates income” and Schedule 1 to the L&SN Regulations provides for how this is to be calculated. Regulation 7 of these Regulations amends Schedule 1 to provide for the calculation of retained rates income for authorities listed in column A of Schedule 7; to factor in public lavatories relief; and, for major precepting authorities, to add back into the calculation specific relief awarded in accordance with prescribed guidance issued by the Secretary of State.

Regulation 8 amends Schedule 6 to provide for the baseline funding level, and other values for the calculation of retained rates income, for the financial year beginning on 1st April 2023 to reflect the relevant local authority restructuring.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Regulations 5, 9 and the Schedule relate to a new Schedule 7 to the L&SN Regulations. Schedule 7 provides for values used for the calculation of retained rates income for the authorities listed in column A of the table in that Schedule. These are authorities with increased NDR retention arrangements, which are disregarded for the purpose of calculating levy and safety net payments.

Amendment of 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 “2019 Regulations”)

Regulation 10 amends the 2019 Regulations to reflect the relevant local authority restructuring.

In calculating its retained rates income for the years beginning on 1st April 2022 and 2023, the amendments made to Schedule 1 to the L&SN Regulations require a major precepting authority to include in its calculations amounts of rates relief awarded in accordance with guidance issued by the Secretary of State. Copies of the guidance are available online, as indicated in the footnotes to these Regulations. Hard copies of the guidance can be obtained free of charge by writing to the Local Government Finance Team, Department for Levelling Up, Housing and Communities, 2 Marsham Street, Westminster, London, SW1P 4DF.

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.