

---

## 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”) and the Non-Domestic Rating (Levy and Safety Net) Regulations 2013 (S.I. 2013/737) (“the Levy and Safety Net Regulations”) to provide for:

- (a) changes to the administration of the rates retention scheme to give effect to the Government’s decision to create, from 1st April 2018, further pilot areas in Berkshire, Derbyshire, Devon, Gloucestershire, Kent, Leeds, Lincolnshire, London, Solent, Suffolk and Surrey (“100% pilot areas”) in which authorities will retain 100% of locally raised rates;
- (b) changes to the conditions for case A and case B hereditaments in respect of qualifying relief for deductions from central share payments; and
- (c) revised figures to be used in the calculation of levy and safety net payments for the years beginning on 1st April 2017 and 1st April 2018.

### **Amendments to the Rates Retention Regulations**

Regulation 3 amends regulation 3 of the Rates Retention Regulations to require billing authorities in 100% pilot areas to estimate amounts specified in Schedule 2 and to notify the Secretary of State and any relevant precepting authority of those amounts.

Regulation 4 amends regulation 4 of those Regulations to provide that billing authorities in 100% pilot areas are not required to make deductions from the central share payment they make to the Secretary of State.

Regulation 5 amends regulation 5 of those Regulations to change the relevant precepting authority shares in respect of particular precepting authorities to reflect tier splits agreed by the 100% pilot areas.

Regulation 6 amends regulation 9 of those Regulations to bring forward the date by which billing authorities must make end of year calculations and notify the Secretary of State of the amounts calculated.

Regulation 7 amends Schedule 2 to those Regulations to change the conditions to be satisfied by case A and case B hereditaments in respect of deductions to be made from central share payments.

Regulation 8 consequentially amends Schedule 3 to those Regulations to reflect the changes in percentage shares for billing authorities in 100% pilot areas.

Regulation 9 consequentially amends Schedule 4 to those Regulations to provide that the distribution of surpluses and deficits in the Collection Fund reflects the changes to the central and local shares in the 100% pilot areas.

Regulation 10 inserts the 100% pilot areas into Schedule 5 to those Regulations.

### **Amendments to the Levy and Safety Net Regulations**

Regulation 12 amends regulation 2 of the Levy and Safety Net Regulations to amend the definition of “business rates baseline”.

**Draft Legislation:** This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument:  
*The Non-Domestic Rating (Rates Retention and Levy and Safety Net) (Amendment) Regulations 2018 No. 463*

Regulation 13 amends regulation 5 of those Regulations to provide the business rates baseline for authorities for the year commencing on 1st April 2017.

Regulation 14 amends regulation 6 of those Regulations to provide that authorities in 100% pilot areas are to have a levy rate of zero. It also provides for the calculation of levy rates for all other authorities for years commencing on or after 1st April 2017.

Regulation 15 amends Schedule 1 to those Regulations to change the calculation of “retained rates income” for billing authorities in 100% pilot areas, with the effect that safety net payments for such authorities continue to be calculated as if the authorities were still operating under the 50% rates retention scheme (as agreed with the authorities as part of their pilot agreements). The calculation of “retained rates income” is also changed for all other authorities to take account of the adjustments of top-ups and tariffs following the 2017 revaluation and changes to small business rate relief made in the 2016 Autumn Statement.

Regulation 16 consequentially amends Schedule 3 to those Regulations to list the authorities in the 100% pilot areas.

Regulation 17 inserts Schedule 4 to those Regulations.

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.