
EXPLANATORY NOTE

(This note is not part of the Order)

Under paragraph 3(2) of Schedule 6 to the Local Government Finance Act 1988, the Secretary of State may by order provide in the case of non-domestic hereditaments to be shown in the central rating lists for England and for Wales that the normal rules of valuation for rating contained in paragraphs 2 to 2B of that Schedule are not to apply to such hereditaments, and instead their rateable value shall be such as is specified, or determined in accordance with rules set out, in the order.

Water supply hereditaments occupied (or, if unoccupied, owned) by water undertakers named in Part 6 of the Schedule to the Central Rating Lists Regulations 1989 (S.I.1989/2263) are required by those Regulations to be shown on those lists. This Order provides (article 4) that paragraphs 2 to 2B shall not apply in respect of such hereditaments, and sets out rules according to which their rateable values are to be determined.

Part II sets out formulae for determining the rateable values of water supply hereditaments by reference to the figures in columns 1 and 2 of the Schedule to the Order. The amount specified in column 1 (the target amount) provides the basis for calculating the rateable value for each such class of hereditament, and column 2 specifies an amount (the base amount) which has been calculated by reference to the amount payable in respect of each undertaker's hereditaments by way of rates in the financial year 1989/90.

For 1990/91 the rateable value of any class of hereditaments is the target amount, unless that amount exceeds by more than 20 per cent (or is less than 89.5 per cent of) the base amount divided by the national non-domestic rating multiplier applicable for that year under the 1988 Act, in which case it is the latter. Where the target amount does not apply in 1990/91, the transitional provisions of articles 8 to 11 apply for later years until the year in which they produce an amount which falls below (or exceeds) the amount produced by the standard formula (the target figure adjusted for that year in accordance with Part IV). For that year and later years the standard formula applies.

Part IV provides for annual adjustment by reference to variations in water supply.