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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Non-Domestic (Levy and Safety Net) Regulations 2013 (“the Levy and Safety Net Regulations”).

The Levy and Safety Net Regulations are part of the system of local retention of non-domestic rates, established by Schedule 7B to the Local Government Finance Act 1998 (“the 1998 Act”). They make provision for calculating whether the Secretary of State is required to make a safety net payment to an authority or whether an authority is required to make a levy payment to the Secretary of State. Levy and safety net payments are calculated by reference to an authority’s non-domestic rating income and its baseline funding level. They also provide for the calculations of each authority’s “retained rates income”, which is the income that the authority has received from non-domestic rates, plus or minus any top up payments that the authority has received or tariff payment made under Part 5 of Schedule 7B to the 1998 Act. Various adjustments are made to an authority’s retained rates income for certain rate relief reductions and remissions to ensure their proper treatment in the calculations.

The amendments under regulations 2(2), (3), (5), (6) and (7) provide for further adjustments to an authority’s retained rates income to properly reflect the fact that if an authority elects to spread the cost of its provision for refunds in respect of previous years, as it is permitted to do by regulation 30J(4) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 or paragraph 1A of Schedule 4 to the Non-Domestic Rating (Rates Retention) Regulation 2013, it will have more income than currently provided for in the calculation of retained rates income in the financial year beginning on 1st April 2014, 1st April 2015, 1st April 2016 and 1st April 2017.

Regulation 2(4) amends the schedule of instalments by which payments are made through the course of the financial year.

The amendments under regulation 2(6) ensure that the calculation of an authority’s retained rates income does not include amounts which billing authorities have already received in relief in respect of an area which has been designated in regulations made under paragraph 39(1) of Schedule 7B to the Local Government Finance Act 1998 within which all or part of the authority’s area falls.

The amendments under regulation 3 remove the requirement to include certain hereditaments when calculating a billing authority’s retained rates income as a consequence of the changes made by regulation 2(4).

An impact assessment has not been prepared for this instrument as no impact on the private or voluntary sector is foreseen.