

EXPLANATORY MEMORANDUM TO

THE CENTRAL RATING LIST (ENGLAND) (AMENDMENT) REGULATIONS 2016

2016 No. 146

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 The Central Rating List (England) (Amendment) Regulations 2016 (“the Amending Regulations”) amend the Central Rating List (England) Regulations 2005 (S.I. 2005/551) (“the Central Rating List Regulations”), which describe the hereditaments¹ to be listed on the central rating list and designate the persons who occupy (or if unoccupied, own) centrally listed hereditaments (“designated persons”).
- 2.2 The Amending Regulations make amendments in respect of the persons designated in relation to National Grid and a long distance pipe-line hereditament.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 Pursuant to the power in section 53(4) of the Local Government Finance Act 1988 (“the Act”), the amendment made by regulation 2(3) has effect from a date earlier than the date on which the Amending Regulations are to be made. See paragraph 7.2 below for further explanation of this amendment.

Other matters of interest to the House of Commons

- 3.2 This entire instrument applies only to England.
- 3.3 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

- 4.1 Most non-domestic hereditaments in England appear on the local rating list for the local authority area in which they are situated and rates are paid to that local authority. However, some hereditaments appear on a central rating list and rates are paid to the Secretary of State for Communities and Local Government. These hereditaments include canals, railways and communication networks. The Central Rating List Regulations, which are made under section 53 of the Act, prescribe those hereditaments which must appear on the central list rather than a local list and

¹A hereditament is the unit of property which is the subject of rating. The statutory definition can be found in section 64 of the Local Government Finance Act 1988.

designate the person who occupies or owns the hereditament for the purposes of rating.

- 4.2 Regulation 2 of the Amending Regulations makes amendments relating to designated persons in Part 7 (electricity transmission hereditaments) and Part 12 (long distance pipe-line hereditaments) of the Schedule to the Central Rating List Regulations (“the Schedule”). Regulation 2(2) amends the definition of “National Grid” in regulation 12 with the result that the National Grid subsidiary operating the electricity interconnector with France ceases to be a designated person under Part 7 of the Schedule. As a result the French interconnector will be valued on a local rating list. Regulation 2(2) has effect from 1 April 2017. Regulation 2(3) amends Part 12 of the Schedule to reflect a change in occupation of a centrally listed pipeline hereditament. Pursuant to the power in section 53(4) of the Act, regulation 2(3) has effect from the date on which ownership of the pipeline changed – 30 April 2015 - which is earlier than the date on which the Amending Regulations are to be made. Section 53(4) provides that amending regulations altering the designated person in relation to whom a description of hereditament is prescribed may have effect from a date earlier than the making of the regulations.

5. Extent and Territorial Application

- 5.1 This instrument extends to England and Wales.
- 5.2 The territorial application of this instrument is set out in Section 3 under “Other matters of interest to the House of Commons”.

6. European Convention on Human Rights

- 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

Electricity Transmission Hereditaments

- 7.1 The definition of “National Grid” in respect of electricity transmission hereditaments includes each subsidiary of National Grid Transco plc existing on 1 March 2005. This ensures that the electricity interconnector with France (which is operated through such a subsidiary) is included in the National Grid central list entry. However, other electricity interconnectors which became subsidiaries of National Grid Transco plc after 1 March 2005 are not included in the National Grid definition and are assessed individually on local rating lists. To ensure all electricity interconnectors are treated equally, the Amending Regulations remove from the definition of National Grid the reference to each subsidiary of National Grid Transco plc. As a result, from 1 April 2017, the French interconnector will be assessed for rating on a local rating list in the normal way.

Long Distance Pipe-line Hereditaments

- 7.2 The Amending Regulations amend Part 12 of the Schedule by substituting the name of a designated person in respect of centrally listed long distance pipe-line hereditaments. This reflects changes in that business sector. As a result, long distance pipe-line hereditaments occupied or, if unoccupied, owned by ShelfCo123 Limited (with effect from 30 April 2015) are to be shown on the central rating list for England.

This is consistent with the position for similar businesses operating long distance pipe-line hereditaments. The Secretary of State for Defence is removed from the list as the ownership of its long-distance pipeline hereditament was transferred to ShelfCo123 Limited on 30 April 2015 as a consequence of the Ministry of Defence selling the Government Pipeline and Storage System to Compañía Logística de Hidrocarburos (CLH) of Spain on that date.

Consolidation

- 7.3 Whilst the Central Rating List Regulations have been amended on a number of previous occasions in the most part they remain unchanged. The Department does not, therefore, intend to consolidate them.

8. Consultation outcome

- 8.1 There was no general consultation as the changes relate only to a very small number of ratepayers. Consultation did take place with those businesses affected by the Amending Regulations. All those affected support the changes.

9. Guidance

- 9.1 No guidance is required as the changes to the names of designated persons does not alter the rating system.

10. Impact

- 10.1 The impact on business, charities or voluntary bodies is that the pipeline occupied by Shelfco123 Ltd will be assessed for business rates on the central rating list from 30 April 2015 and the electricity interconnector with France will, from 1 April 2017, be assessed separately from National Grid on a local rating list.
- 10.2 There is no impact on the public sector.
- 10.3 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.

11. Regulating small business

- 11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

- 12.1 There are no plans to monitor or review the names of designated persons for the purposes of the Central Rating List Regulations, apart from when a change in trading name or occupier requires a further alteration.

13. Contact

- 13.1 Nick Cooper at the Department for Communities and Local Government Tel: 0303 4443610 or email: nick.cooper@communities.gsi.gov.uk can answer any queries regarding the instrument.