
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations designate areas in England (“designated areas”) for the purpose of paragraph 39(1) of Schedule 7B to the Local Government Finance Act 1988 (“the 1988 Act”) (local retention of non-domestic rates). They provide rules for calculating in respect of a billing authority in England all or part of whose area falls within a designated area—

- (a) the billing authority’s non-domestic rating income in respect of the designated area for a specified year; and
- (b) the proportion of that non-domestic rating income that is to be disregarded for the purpose of specified calculations under Schedule 7B to the 1988 Act.

The calculations are to be made separately for each designated area within a billing authority’s area.

Regulation 3(1) and Schedule 1 designate the areas. Copies of the maps referred to may be inspected free of charge by prior appointment with the Department for Levelling Up, Housing and Communities Business Rates Retention Team at 2 Marsham Street, London, SW1P 4DF and the principal office of the billing authority.

Regulation 3(2) provides that the designation of the areas takes effect on 1st April 2023 for the period of 25 years beginning with that date. The effect of specifying the period of designation is to trigger paragraph 39(9) of Schedule 7B to the 1988 Act which prevents the revocation of the Regulations and certain kinds of amendments to the Regulations until after the end of that period.

Regulation 4 and Schedule 2 provide the rules for the calculations. Part 1 of Schedule 2 provides rules for calculating the proportion of non-domestic rating income in respect of a designated area for a specified year that is to be disregarded for specified calculations under Schedule 7B to the 1988 Act. The proportion is calculated by subtracting the baseline amount in respect of the designated area for the specified year (calculated under Part 3 of Schedule 2) from the non-domestic rating income in respect of that area for that year (calculated under Part 2 of Schedule 2). Non-domestic rating income in respect of a designated area for a specified year is essentially the amounts payable to a billing authority under sections 43 and 45 of the 1988 Act for that year in respect of hereditaments situated in the designated area, subject to a number of adjustments.

The baseline amount in respect of a designated area for the specified year beginning with 1st April 2023 is the amount specified in column 4 of the table in Schedule 1 (this amount represents the existing non-domestic rating income for the designated area) as uprated in accordance with the formula in paragraph 3(2) of Schedule 2. For each subsequent specified year, the baseline amount is an uprated amount representing growth in the billing authority’s income in the designated area.

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, but the impact assessment prepared for the Local Government Finance Act 2012 (c. 17) is relevant:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8470/2054063.pdf