

SCHEDULE 2

Regulations 2 and 4

Calculations for designated areas

PART 1

Proportion of non-domestic rating income to be disregarded

1.—(1) Unless sub-paragraph (2) applies, the proportion of a billing authority's non-domestic rating income in respect of a designated area for a specified year is the difference between the authority's—

- (a) non-domestic rating income in respect of the designated area for that year, and
- (b) baseline amount in respect of the designated area for that year.

(2) If the baseline amount is greater than or equal to the non-domestic rating income, the proportion is zero.

PART 2

Calculation of non-domestic rating income

2.—(1) A billing authority's non-domestic rating income in respect of a designated area for a specified year is the amount calculated in accordance with the formula—

$$(A - B) + (C - D) - E + F + G - H$$

where—

A is the total of the amounts credited to the authority's collection fund income and expenditure account in that year in accordance with proper practices⁽¹⁾ in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area;

B is the total of the amounts charged to the authority's collection fund income and expenditure account in that year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area;

C is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B made to the authority in that year in respect of hereditaments situated in the designated area;

D is the amount of any transitional protection payments under paragraph 33(1) of Schedule 7B made by the authority in that year in respect of hereditaments situated in the designated area;

E is the total of the amounts credited to the authority's collection fund income and expenditure account in that year in accordance with proper practices in respect of non-domestic rates payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

F is the total of the amounts charged to the authority's collection fund income and expenditure account in that year in accordance with proper practices in respect of non-domestic rates

(1) The meaning of proper practices is given in section 21 of the Local Government Act 2003 (c. 26), which applies to these Regulations by virtue of subsection (4)(e) of that section.

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payable under sections 43 and 45 of the 1988 Act in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

G is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B made by the authority in that year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies;

H is the amount of transitional protection payments under paragraph 33(1) of Schedule 7B made to the authority in that year in respect of hereditaments situated in the designated area to which sub-paragraph (2) applies.

- (2) This sub-paragraph applies to a hereditament which—
- (a) is to be treated as one hereditament by virtue of regulations made under section 64(3)(b) of the 1988 Act, and
 - (b) would have constituted three or more separate hereditaments had regulations under section 64(3)(b) not been made.
- (3) In this paragraph, references to an authority's collection fund income and expenditure account are a reference to a revenue account to which, in accordance with proper practices, amounts are credited or charged in respect of the authority's income or expenditure relating to sums paid or to be paid into or payments met or to be met from the authority's collection fund.

PART 3

Calculation of the baseline amount

For a specified year that is a revaluation year

3.—(1) Subject to sub-paragraph (2), if a specified year is a revaluation year a billing authority's baseline amount in respect of a designated area for the specified year is the amount calculated in accordance with the formula—

$$J \times \left(\frac{L \times N_2}{M \times N_1} \right)$$

(2) For the specified year beginning with 1st April 2023, a billing authority's baseline amount is calculated in accordance with the formula—

$$K \times \left(\frac{L \times N_2}{M \times N_1} \right)$$

For a specified year that is not a revaluation year

4. If a specified year is not a revaluation year, a billing authority's baseline amount in respect of a designated area for the specified year is the amount calculated in accordance with the formula—

$$J \times \frac{N_2}{N_1}$$

Interpretation of Part 3

5.—(1) In this Part—

J is the baseline amount calculated for the preceding year;

K is the amount provided in column 4 of the table in Schedule 1 in relation to the designated area;

L is the aggregate rateable values shown in the billing authority's local list for 1st April in the specified year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, falling within the designated area;

M is the aggregate rateable values shown in the billing authority's local list for 31st March in the preceding year for the hereditaments, other than those hereditaments to which paragraph 2(2) applies, falling within the designated area;

N_1 is the small business non-domestic rating multiplier for the preceding year;

N_2 is the small business non-domestic rating multiplier for the specified year.

(2) For the purposes of paragraph 3 of this Schedule, the rateable value of a hereditament shown in the billing authority's local list for 31st March in the preceding year is taken to be the rateable value that would have been shown in that list for that day had the circumstances relating to that hereditament been as they were on 1st April in the specified year.