

**EXPLANATORY MEMORANDUM TO**  
**THE NON-DOMESTIC RATING (CONSEQUENTIAL AND OTHER**  
**AMENDMENTS) (ENGLAND) REGULATIONS 2024**

**2024 No. 246**

**1. Introduction**

1.1 This explanatory memorandum has been prepared by Department for Levelling Up, Housing and Communities and is laid before Parliament by Command of His Majesty.

**2. Declaration**

2.1 Simon Hoare, Minister for Local Government at the Department for Levelling Up, Housing and Communities confirms that this Explanatory Memorandum meets the required standard.

2.2 Chris Megainey, Deputy Director for Local Taxation and Pensions, at the Department for Levelling Up, Housing and Communities confirms that this Explanatory Memorandum meets the required standard.

**3. Contact**

3.1 Nick Cooper at the Department for Levelling Up, Housing and Communities Telephone: 0303 444 3610 or email: [nick.cooper@levellingup.gov.uk](mailto:nick.cooper@levellingup.gov.uk) can be contacted with any queries regarding the instrument.

**Part One: Explanation, and context, of the Instrument**

**4. Overview of the Instrument**

*What does the legislation do?*

4.1 Business rates are a recurrent tax paid on most non-domestic properties. The Non-Domestic Rating Act 2023 (“the 2023 Act”) introduced new provisions for determining which businesses pay on which multiplier (or tax rate). This instrument makes consequential changes to the regulations governing the transitional relief scheme to ensure those ratepayers in transitional relief continue to have their bill calculated by reference to the appropriate multiplier.

4.2 The instrument also makes other minor changes consequential on the 2023 Act, corrects an error in consequential regulations made in 2023 and adds a new national fibre optic network to the central rating list (which is held by the Department for national networks unsuitable for local rating lists).

*Where does the legislation extend to, and apply?*

4.3 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales.

4.4 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England.

## 5. Policy Context

### *What is being done and why?*

#### *Addition to the central rating list*

- 5.1 Most non-domestic properties are for the purposes of non-domestic rates (known as “business rates”) included on local rating lists held by local authorities. However, some properties are by their size and nature unsuitable for local rating lists and are instead included on a central rating list held by the Secretary of State. These are typically utility networks spanning several local authority areas such as energy, telecommunication, and rail networks.
- 5.2 The government keeps the contents of the central rating list under review<sup>1</sup>. The charity London Grid for Learning Trust plans to operate a fibre network providing broadband and digital services to about 2,500 schools across England. The government has concluded that this network meets the criteria for inclusion in the central rating list. Regulation 2 of this instrument therefore adds London Grid for Learning Trust into the central rating list.

#### *Consequential changes associated with the 2023 Act*

- 5.3 The 2023 Act introduced a number of reforms to the non-domestic rating system including new rules for the setting and application of the two multipliers (or tax rates) for England – the National Non-Domestic Rating Multiplier and the lower Small Business Non-Domestic Rating Multiplier.
- 5.4 The new provisions allow the Treasury to determine, by regulations, which ratepayers pay on which multiplier. These replaced the previous provisions which were linked to entitlement to Small Business Rate Relief. The Treasury has used those powers to confirm that the threshold below which ratepayers are entitled to the Small Business Non-Domestic Rating Multiplier remains at £51,000 rateable value.
- 5.5 For many ratepayers their bill from the 1 April 2024 will, therefore, be determined in line with the new provisions in the 2023 Act. However, for some ratepayers who faced large increases at the 2023 revaluation and are entitled to transitional relief, their bills are instead found in accordance with rules in the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2022 (“the Chargeable Amounts Regulations”).
- 5.6 We therefore also need to amend the Chargeable Amount Regulations to reflect the new provisions regarding the multipliers. The changes made by regulation 3 of this instrument will ensure that properties within the transitional relief scheme whose rateable value is less than £51,000 will continue to benefit from their entitlement to the lower Small Business Non-Domestic Rating Multiplier.
- 5.7 Regulation 4 makes further technical consequential changes associated with the 2023 Act updating references to a new relief for heat networks. It also corrects an error in consequential regulations made last year when we made an unnecessary amendment to a reference to the Financial Services and Markets Act 2000. This update had already been made, for all subordinate legislation, by an earlier Order and so the amendment was not necessary. The original error and this correction therefore have no material effect but ensures the statute book is accurate.

---

<sup>1</sup> The criteria for inclusion in the central list can be found at Annex A to this 2021 consultation on the central rating list. <https://www.gov.uk/government/consultations/business-rates-revaluation-2023-the-central-rating-list/business-rates-revaluation-2023-the-central-rating-list>

*What was the previous policy, how is this different?*

5.8 No change in policy is associated with this instrument.

## **6. Legislative and Legal Context**

*How has the law changed?*

*Addition to the central rating list*

6.1 The central non-domestic rating list (“the central rating list”) is compiled and maintained under section 52 of the Local Government Finance Act 1988 (“the 1988 Act”). Business rates on the central rating list are paid to the Secretary of State for Levelling Up, Housing and Communities. The person liable for business rates is the occupier of the property or, if it is empty, the owner.

6.2 The Central Rating List (England) Regulations 2005 (S.I. 2005/551) (“the Central Rating List Regulations”) which are made under sections 53, 64 and 65 of the 1988 Act, prescribe those hereditaments which must appear on the central rating list rather than a local rating list and designate the person who occupies or owns the hereditament for the purposes of business rates. Those hereditaments include certain large, fixed line telecommunication networks and certain large railway networks.

*Consequential changes associated with the 2023 Act*

6.3 The 2023 Act made a number of changes to the 1988 Act concerning liability and mandatory reliefs, discretionary relief, administration, information, valuation and multipliers. Sections 1 to 3 and section 15 of the 2023 Act introduced new rules for determining and applying the national non-domestic rating multiplier and the small business non-domestic rating multiplier. Sections 1 to 3 of the 2023 Act introduced a power for the Treasury to prescribe which multiplier applies. The Local Government Finance Act 1988 (Prescription of Non-Domestic Rating Multipliers) (England) Regulations 2024 recently made by the Treasury provide that the threshold below which ratepayers are entitled to the Small Business Non-Domestic Rating Multiplier remains at £51,000 rateable value.

6.4 Regulation 3 and 4(3) of this instrument make a number of changes to secondary legislation consequential on changes in the 2023 Act. Regulation 6 of the Non-Domestic Rating (Consequential and Other Amendments etc.) (England) Regulations 2023 replaced a reference to Part IV of the Financial Services and Markets Act 2000 with a reference to Part 4A of that Act. That amendment was unnecessary due to a general amendment which had already been applied by article 4 of S.I. 2013/472. Regulation 4(2) of this instrument corrects that error and the procedure for free issue has been applied for these Regulations.

*Why was this approach taken to change the law?*

6.5 This is the only possible approach to make the necessary changes.

## **7. Consultation**

*Summary of consultation outcome and methodology*

7.1 The amendments in this instrument are technical and consequential and have not been subject to formal consultation. The changes made in regulation 3 were shared at the drafting stage with technical experts in the Rating Surveyors Association, the Institute of Revenues, Rating and Valuation, the Royal Institution of Chartered Surveyors, the

Local Government Association and the Chartered Institute of Public Finance and Accountancy. No comments were received from these bodies.

## **8. Applicable Guidance**

- 8.1 Guidance is not required for this instrument. However, the Government has provided a notice to billing authorities informing them of the changes that are planned ahead of the billing cycle for the 2024/25 financial year.

## **Part Two: Impact and the Better Regulation Framework**

### **9. Impact Assessment**

- 9.1 A full Impact Assessment has not been prepared for this instrument because it amends a local taxation regime and amendments to any tax are excluded from the definition of a regulatory provision<sup>2</sup>.

#### *Impact on businesses, charities and voluntary bodies*

- 9.2 There is no, or no significant, impact on business, charities or voluntary bodies as these are consequential or minor amendments which maintain existing policy.
- 9.3 The legislation does not impact small or micro businesses.
- 9.4 There is no, or no significant, impact on the public sector because these are consequential amendments which maintain existing policy.

### **10. Monitoring and review**

#### *What is the approach to monitoring and reviewing this legislation?*

- 10.1 The approach to monitoring this legislation is to keep the changes under review as part of wider tax policy<sup>3</sup>.
- 10.2 The instrument does not include a statutory review clause.

---

<sup>2</sup> Section 22(4)(a) of the Small Business, Enterprise, and Employment Act 2015.

<sup>3</sup> The instrument, which is in connection with a local taxation regime, is not subject to the duty to review regulatory provisions in secondary legislation in section 28 of the Small Business, Enterprise, and Employment Act 2015.

### **Part Three: Statements and Matters of Particular Interest to Parliament**

#### **11. Matters of special interest to Parliament**

11.1 None.

#### **12. European Convention on Human Rights**

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

#### **13. The Relevant European Union Acts**

13.1 This instrument does not relate to withdrawal from the European Union.