STATUTORY INSTRUMENTS

2017 No. 496

RATING AND VALUATION, ENGLAND

The Non-Domestic Rating (Rates Retention) and (Levy and Safety Net) (Amendment) Regulations 2017

Made - - - - 29th March 2017

Coming into force in accordance with regulation 1

The Secretary of State for Communities and Local Government makes the following Regulations in exercise of the powers conferred by sections 97(2A) and (2B)(**1**), 99 and 143(1) and (2) of, and paragraphs 6, 7, 8, 9, 10, 11, 22, 25 and 37 of Schedule 7B to, the Local Government Finance Act 1988(**2**) ("the 1988 Act").

In accordance with section 143(9D)(**3**) of the 1988 Act, a draft of this instrument was laid before Parliament and approved by resolution of each House of Parliament.

These Regulations are made with the consent of the Treasury in accordance with paragraph 8(3) of Schedule 7B to the 1988 Act.

PART 1

Preliminary

Citation and commencement

1.—(1) These Regulations may be cited as the Non-Domestic Rating (Rates Retention) and (Levy and Safety Net) (Amendment) Regulations 2017.

(2) These Regulations come into force on the day after the day on which they are made.

(**1**) Subsections (2A) and (2B) were inserted by the Local Government Finance Act 2012 (c. 17), section 5(1) and (2)(b) and Schedule 3, Part 2, paragraphs 23 and 25(1) and (2).

(**2**) 1988 c. 41. Schedule 7B was inserted by section 1 of, and Schedule 1 to, the Local Government Finance Act 2012. Section 97 was substituted by paragraph 22 of Schedule 10 to the Local Government Finance Act 1992 (c. 14) and subsection (2A) was inserted by paragraph 25(2) of Schedule 3 to the Local Government Finance Act 2012.

(**3**) Section 143(9D) was inserted by section 1 of the Local Government Finance Act 2012.

PART 2

Rates retention

Amendment of the Non-Domestic Rating (Rates Retention) Regulations 2013

2. The Non-Domestic Rating (Rates Retention) Regulations 2013(**4**) are amended as follows.

Amendment of regulation 3

3. In regulation 3 (calculation and notification of non-domestic rating income and other amounts) —

(a) after paragraph (1)(d) insert—

"(da) for a billing authority listed in Parts 2 to 6 of Schedule 5, the amount that is its estimate of the amount (if any) specified by paragraph 2 of Schedule 2 for that year;

(db) for a billing authority listed in Parts 2 to 6 of Schedule 5, the amount that is its estimate of the amount (if any) specified by paragraph 3 of Schedule 2 for that year;"; and

(b) after paragraph (2) insert—

"(2A) In relation to the relevant year commencing on 1st April 2017, a billing authority listed in Parts 2 to 6 of Schedule 5 must on or before 30th April 2017 notify the Secretary of State and any relevant precepting authority of the amounts it has calculated under paragraph (1)(da) and (db) for that relevant year.".

Amendment of regulation 4

4. In regulation 4 (payment to the Secretary of State in respect of the central share), after paragraph (2) insert—

"(3) In relation to a relevant year commencing on or after 1st April 2017, this regulation does not apply to a billing authority listed in Parts 2 to 6 of Schedule 5.".

Amendment of regulation 5

5. In regulation 5 (payments by billing authorities to major precepting authorities in respect of share of income)—

(a) in paragraph (3), for "The" substitute "Unless paragraph (3A) applies, the"; and

(b) after paragraph (3) insert—

"(3A) For a relevant year commencing on or after 1st April 2017, the relevant precepting authority shares are—

(a) 37% where the relevant precepting authority is the Greater London Authority;

(b) 5% where the relevant precepting authority is the West of England Combined Authority(**5**).".

(**4**) S.I. 2013/452; amended by S.I. 2014/96, 2015/628 and 2016/1268.
(**5**) The West of England Combined Authority was established under article 3 of the West of England Combined Authority Order 2017 (S.I. 2017/126).

Amendment of regulation 6

6. In regulation 6 (payments to major precepting authorities in respect of deductions from central share payments)—

(a) in paragraph (1), for "of qualifying relief specified by paragraph 3 of Schedule 2 (case B hereditaments)" substitute "specified by paragraph 3 of Schedule 2 (case B hereditaments) or paragraph 2(1) of Schedule 2A (special provision for deduction from the central share payment)"; and

(b) in paragraph (2) for "the specified" substitute "each specified".

Amendment of regulation 11

7. In regulation 11 (reconciliation of amount deducted from central share payment)—

(a) before paragraph (1) insert—

"(A1) This regulation applies in relation to a relevant year if a billing authority deducts an amount under regulation 4(1) from its central share payment for that year.";

(b) in paragraph (3), for "For" substitute "Unless paragraph (4) applies, for"; and

(c) after paragraph (3) insert—

"(4) In relation to a relevant year commencing on or after 1st April 2017, the percentage shares are—

(a) 44.8% where the billing authority is listed in Part 1 of Schedule 5; and

(b) 55.2% where the relevant precepting authority is the Greater London Authority.".

Amendment of Schedule 2A

8. In paragraph 1 of Schedule 2A (special provision for deduction from the central share payment)(**6**)—

(a) in sub-paragraph (1), for "This" substitute "Subject to sub-paragraph (1A), this"; and

(b) after sub-paragraph (1) insert—

"(1A) This Schedule does not apply to a billing authority listed in Part 2 of Schedule 5 for a relevant year beginning on or after 1st April 2017.".

Amendment of Schedule 3

9. In the definition of "Q" in Schedule 3 (transfer from collection fund to general fund)—

(a) in paragraph (a), for "50%" substitute "unless paragraph (e) applies, 50%";

(b) in paragraph (b), for "49%" substitute "unless paragraph (e) applies, 49%";

(c) in paragraph (c), for "40%" substitute "unless paragraph (e) applies, 40%";

(d) in paragraph (d), for "30%" substitute "unless paragraph (e) applies, 30%"; and

(e) after paragraph (d) insert—

"(e) for a relevant year beginning on or after 1st April 2017—

(i) for a billing authority listed in Parts 2 to 4 of Schedule 5, 99%;

(ii) for a billing authority listed in Part 5 of Schedule 5, 94%;

(iii) for a billing authority listed in Part 6 of Schedule 5, 100%;".

(**6**) Schedule 2A was inserted by S.I. 2016/1268.

Amendment of Schedule 4

10.—(1) In Schedule 4 (rules for estimation and apportionment of surplus and deficit), paragraph 2 is amended as follows.

(2) In sub-paragraph (1), for "The" substitute "Unless sub-paragraph (1A), (1B), (1C) or (1D) applies, the".

(3) After sub-paragraph (1) insert—

"(1A) For the relevant year beginning on 1st April 2018, the Secretary of State's share of any surplus or of any deficit estimated for that year under paragraph 1 by a billing authority listed in Part 1 of Schedule 5 is calculated in accordance with the formula—

$$(A-(B+C-D-E))\times 33\% + ((B+C-D-E)\times 50\%)$$

(1B) For the relevant year beginning on 1st April 2018, the Secretary of State's share of any surplus or of any deficit estimated for that year under paragraph 1 by a billing authority listed in Parts 2 to 6 of Schedule 5 is calculated in accordance with the formula—

$$(B+C-D-E)\times 50\%$$

(1C) For a relevant year beginning on or after 1st April 2019, the Secretary of State's share of any surplus or of any deficit estimated for that year under paragraph 1 by a billing authority listed in Part 1 of Schedule 5 is 33%.

(1D) For a relevant year beginning on or after 1st April 2019, the Secretary of State's share of any surplus or of any deficit estimated for that year under paragraph 1 by a billing authority listed in Parts 2 to 6 of Schedule 5 is zero.".

(4) In sub-paragraph (2)—

(a) for "A relevant" substitute "Unless sub-paragraph (2A) or (2B) applies, a relevant"; and

(b) after "regulation 5(3)" insert "or (3A)".

(5) After sub-paragraph (2) insert—

"(2A) Where the relevant precepting authority is the Greater London Authority, its share of any surplus or of any deficit—

(a) for the relevant year beginning on 1st April 2017, is 20%;

(b) for the relevant year beginning on 1st April 2018, is calculated in accordance with the formula—

$$(A-(B+C-D-E))\times 37\% + ((B+C-D-E)\times 20\%)$$

(2B) Where the relevant precepting authority is the West of England Combined Authority, its share of any surplus or of any deficit—

(a) for the relevant year beginning on 1st April 2017, is zero;

(b) for the relevant year beginning on 1st April 2018, is calculated in accordance with the formula—

$$(A-(B+C-D-E))\times 5\%$$

(6) In sub-paragraph (3), for "The" substitute "Unless any of the following sub-paragraphs applies, the".

(7) After sub-paragraph (3) insert—

"(4) For the relevant year beginning on 1st April 2018, for a billing authority listed in Parts 2 to 4 of Schedule 5, the billing authority's share of any surplus or of any deficit for that year is calculated in accordance with the formula—

$$(A-(B+C-D-E))\times 99\%+((B+C-D-E)\times 49\%)$$

(5) For the relevant year beginning on 1st April 2018, for a billing authority listed in Part 5 of Schedule 5, the billing authority's share of any surplus or of any deficit for that year is calculated in accordance with the formula—

$$(A-(B+C-D-E))\times 94\%+((B+C-D-E)\times 49\%)$$

(6) For the relevant year beginning on 1st April 2018, for a billing authority listed in Part 6 of Schedule 5, the billing authority's share of any surplus or of any deficit for that year is calculated in accordance with the formula—

$$(A-(B+C-D-E))\times 100\%+((B+C-D-E)\times 50\%)$$

(7) For a relevant year beginning on or after 1st April 2019, the billing authority's share of any surplus or of any deficit for that year is—

(a) for a billing authority listed in Parts 2 to 4 of Schedule 5, 99%;

(b) for a billing authority listed in Part 5 of Schedule 5, 94%;

(c) for a billing authority listed in Part 6 of Schedule 5, 100%.

(8) In this paragraph—

A is the surplus or deficit estimated for the relevant year beginning on 1st April 2018;

B is the amount mentioned in paragraph 1(3)(a);

C is the amount mentioned in paragraph 1(3)(e);

D is the amount mentioned in paragraph 1(4)(a);

E is the amount mentioned in paragraph 1(4)(g).".

Insertion of Schedule 5

11. After Schedule 4 insert Schedule 5 which is set out in Schedule 1 to these Regulations.

PART 3

Levy and safety net

Amendment of the Non-Domestic Rating (Levy and Safety Net) Regulations 2013

12. The Non-Domestic Rating (Levy and Safety Net) Regulations 2013(**7**) are amended as follows.

Amendment of regulation 5

13. In regulation 5 (business rates baseline and baseline funding level)—

(a) in paragraph (3), for "a year commencing on or after 1st April 2014" substitute "the years commencing on 1st April 2014, 1st April 2015 and 1st April 2016 and for the years commencing on or after 1st April 2018";

(b) after paragraph (3) insert—

"(3A) The baseline funding level for an authority for the year commencing on 1st April 2017 is the amount calculated in accordance with the formula—

(**7**) S.I. 2013/737; amended by S.I. 2014/822, 2015/617 and 2015/2039.