

Explanatory Memorandum to the Non-Domestic Rating (Demand Notices) (Wales) (Amendment) Regulations 2018

This Explanatory Memorandum has been prepared by the Local Government Strategic Finance Division and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Non-Domestic Rating (Demand Notices) (Wales) (Amendment) Regulations 2018.

Mark Drakeford AM
Cabinet Secretary for Finance
2 February 2018

1. Description

Billing authorities are required to serve non-domestic rates demand notices on people liable for non-domestic rates under the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989.

The contents of demand notices are currently prescribed by the Non-Domestic Rating (Demand Notices) (Wales) Regulations 2017 (“the 2017 Regulations”). The Non-Domestic Rating (Demand Notices) (Wales) (Amendment) Regulations 2018 (“the 2018 Regulations”) amend the 2017 Regulations. The only change being made by the 2018 Regulations is to Schedule 2 to the 2017 Regulations, which prescribes the content of the explanatory notes that must accompany the demand notices issued to ratepayers to help them to understand their rates bills. The change simply ensures that the reference to the small business rates relief scheme in the explanatory notes is up-to-date.

2. Legislative background

The 2018 Regulations are made under sections 62 and 146(6) of, and paragraphs 1 and 2(2)(h) of Schedule 9 to, the Local Government Finance Act 1988 (“the 1988 Act”). These are Secretary of State powers, which were transferred in relation to Wales, to the National Assembly by the National Assembly for Wales (Transfer of Functions) Order 1999. The functions of the National Assembly for Wales were subsequently transferred to the Welsh Ministers by virtue of section 162 of, and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006.

The 2017 Regulations were made to coincide with the 2017 revaluation of non-domestic rates in Wales. Previous regulations (the Non-Domestic Rating (Demand Notices) (Wales) Regulations 1993 (“the 1993 Regulations”)) had been made by the Secretary of State and had been amended frequently. The Welsh Government took the opportunity to consolidate all the amendments in the 2017 Regulations. The 2017 Regulations replaced the 1993 Regulations, with the only substantive changes being made to the explanatory notes prescribed in Schedule 2 to the 2017 Regulations. The explanatory notes must accompany the demand notices issued to ratepayers by billing authorities (county councils and county borough councils in Wales).

One of the matters that billing authorities are required to provide information on in the explanatory notes is the small business rates relief scheme that operates in Wales. The current reference within the explanatory notes is to the relief scheme set out in the Non-Domestic Rating (Small Business Relief) (Wales) Order 2015. As of 1 April 2018, a new small business rates relief scheme will operate in Wales. This is contained in the Non-Domestic Rating (Small Business Relief) (Wales) Order 2017 (“the 2017 Order”). The 2018 regulations amend the 2017 regulations so that the reference in explanatory notes is to the small business relief scheme that will operate under the 2017 Order.

The 2018 Regulations will apply to demand notices issued by or on behalf of billing authorities in Wales with respect to financial years beginning on or after 1 April 2018.

The Regulations are subject to the negative resolution procedure (section 143(3) of the 1988 Act).

3. Matters of special interest to the Constitutional and Legislative Affairs Committee

There are no matters of special interest to the Committee.

4. Purpose and intended effect of the legislation

Local authorities are required to serve non-domestic rating demand notices (rates bills) under Part II of the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989. The only substantive change made by the 2018 Regulations is to update a reference to the small business rates relief scheme that operates in Wales in the prescribed explanatory notes which billing authorities must make available to ratepayers to help them in understanding their bills. The explanatory notes can be provided in either paper or electronic form. The 2018 Regulations will apply to demand notices issued with respect to financial years beginning on or after 1 April 2018.

The content of the explanatory notes that accompany demand notices are reviewed on a regular basis to ensure they accurately reflect the system for non-domestic rates in Wales. The explanatory notes for 2018-19 bills need to be revised to ensure the information provided in respect of the small business rates relief scheme is relevant and up-to-date.

The amendments to the explanatory notes reflect the introduction of the permanent Small Business Rate Relief scheme from 1 April 2018.

5. Consultation

No formal consultation has been undertaken. The 2018 Regulations makes a minor amendment to the explanatory notes prescribed within Schedule 2 to the 2017 Regulations. The amendment ensures that the information which billing authorities provide with demand notices is up-to-date. As a result, they are mainly of interest to billing authorities and have no effect on ratepayers other than to ensure they are provided with the correct information with their rates bills. Billing authorities have been informed of the intention to make these Regulations.

6. Regulatory Impact Assessment

The 2018 Regulations make only a minor change to the content of the explanatory notes that billing authorities are required to supply with demand notices. They are technical in nature, of interest mainly to billing authorities and have limited effect on ratepayers. As such, a regulatory impact assessment has not been prepared.