

# Factsheet: Reforming the Central Rating List (Clause 10-11)

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## **Why are you reforming the central rating list?**

The central rating list is used to accommodate the business rates assessment of large properties – typically the utility networks such as gas, water and electricity – which are not suitable for being assessed to local rating lists (held by local authorities). Business rates paid by properties on the central list are collected by central government not councils, though the revenue is used for the benefit of local government. The Government intends to review the contents of the central rating list in time for the introduction of 100% business rates retention. To support this, clauses 10 and 11 introduce charitable and unoccupied property relief for relevant properties on the central list and replace the current regulatory system for determining the contents of the central rating list with powers of direction. An improved, more responsive and up to date central rating list will provide stability for both business ratepayers and local government under 100% business rates retention.

## **What is the policy hoping to achieve and where are we now?**

Allowing the Secretary of State to control the contents of the central list by direction will make the process more flexible and will provide the opportunity to keep up to date and review the role of the central list to support 100% business rates retention. Introducing charitable and unoccupied relief to the central list will mean that Government can include any properties on the central list which may become eligible for these reliefs.

Alongside these powers, the Government will devise and operate a transparent policy of which properties should be appearing on the central rating list and then apply this consistently and proactively from the outset of the 100% business rates retention scheme. This will provide certainty to both ratepayers and local government. It will reduce the circumstances in which local government sees sudden shocks or windfalls from properties moving between local and central rating lists.

## **Why is legislation needed?**

Clause 10 introduces charitable and unoccupied property relief to the central rating list. Properties on local rating lists have been entitled to charitable and unoccupied property relief since business rates were first introduced in 1990. Clause 10 replicates these reliefs on the central rating list. It is of course fair that properties which would be eligible for relief on local lists should also be eligible for relief on the central list.

Under 100% business rates retention, it may become necessary to make amendments to the contents of the central list from year to year to keep pace with changes to properties and occupiers. This will be essential in ensuring properties which belong on the central list remain on the central list. It will also minimise the movement of properties between the local and central list. We believe directions are the only practical way of doing this and ensuring the central list remains fit for purpose.

## **Why are the delegated powers in clause 10 required in respect of unoccupied property relief?**

Clause 10 provides a power to prescribe a class for which unoccupied property pay non-domestic rates. This replicates for the central rating list the power that already exists in respect of local rating lists. As with unoccupied property on the local list, this will allow the Secretary of State to adjust the types of property and persons who will not be liable for chargeable amounts on unoccupied

property. Clause 10 also allows regulations to provide for the Valuation Officer to certify those properties on the central rating list that are unoccupied.

### **How do we see this working in practice?**

Ahead of the introduction of the 100% business rates retention system, the Government intends to set out a clear statement of policy for which properties and ratepayers should be assessed to the central rating list. We will then review the contents of the local and central list and ensure from the outset of the 100% retention scheme that the right properties are on the right list. This will minimise volatility in rates income for local government. Thereafter, we will use the direction powers to keep the central rating list up to date and fit for purpose for the 100% retention scheme.

### **How can I find out more?**

The Bill and Explanatory Notes have been published on the Parliament website, these will be updated regularly: <http://services.parliament.uk/bills/2016-17/localgovernmentfinance.html>. The Government's response to the consultation will be published in due course.

The contents of the central rating list can be found at the following link on the Valuation Office Agency website. <https://www.gov.uk/government/publications/the-central-rating-list-2017>

### **Key questions & answers:**

#### **What is the central rating list and what properties appear on the list?**

- The central rating list contains the rating assessment for business rates of large network utility properties such as the gas, water and electricity networks. It is held by the Valuation Office Agency and can be inspected on their website.

#### **Who receives the rates paid on the central list?**

- Business rates payable on the central rating list are paid to the Secretary of State. This revenue is in turn used for the benefit of local government.

#### **What determines whether a property appears on the central rating list?**

- Currently decisions on whether a property should appear on the central list are based upon the nature of the property, its size and geographical spread and whether it is suitable for being assessed on local lists. We do not expect to make significant changes to this policy.

#### **What are the reliefs you are introducing onto the central list?**

- Clause 10 of the Local Government Finance Bill introduces charitable and unoccupied property relief to the central rating list. These are not new reliefs. The same properties on local rating lists have been entitled to relief since business rates were first introduced in 1990. The measures in the Bill are merely replicating the relief for relevant properties on the central list.

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