

SL(6)319 – The Non-Domestic Rating (Multiplier) (Wales) Regulations 2023

Background and Purpose

The Regulations amend, in Wales, the basis on which the non-domestic rating (NDR) multiplier is calculated, which uses the formula contained in paragraph 4B of Schedule 7 to the Local Government Finance Act 1988 ("the 1988 Act").

The Regulations apply to the financial year beginning on 1 April 2023. The Regulations disapply the use of the Consumer Prices Index (CPI) for September 2022 when calculating the NDR multiplier, and state that the calculation is undertaken using 113.9 in place of the CPI. The effect of this is to freeze the NDR multiplier for 2023-24.

Procedure

Made Affirmative.

The Regulations were made by the Welsh Ministers before they were laid before the Senedd. In accordance with paragraph 5(13C) of Schedule 7 to the 1988 Act, the Senedd must approve the Regulations before the Senedd approves the local government finance report for the financial year beginning on 1 April 2023, or before 1 March 2023 (whichever is earlier) for them to have effect.

Technical Scrutiny

No points are identified for reporting under Standing Order 21.2 in respect of this instrument.

Merits Scrutiny

The following 3 points are identified for reporting under Standing Order 21.3 in respect of this instrument.

- 1. Standing order 21.3(i) – that it imposes a charge on the Welsh Consolidated Fund or contains provisions requiring payments to be made to that Fund or any part of the government or to any local or public authority in consideration of any licence or consent or of any services to be rendered, or prescribes the amount of any such charge or payment**

The Explanatory Memorandum states that:

"All the NDR revenue collected in Wales is pooled centrally and distributed to local authorities and to police and crime commissioners as part of the annual local government settlements. The total amount to be distributed in this way is known as the Distributable Amount. It is calculated by applying the multiplier to the estimated



national total of rateable value, taking account of any surplus or deficit carried forward from previous years.

The Distributable Amount is a key component of the annual local government revenue settlements and the 1988 Act requires that it is approved by the Senedd as part of the annual Local Government Finance Reports. The multiplier, therefore, needs to be determined before the annual settlements can be finalised."

2. Standing Order 21.3(ii) – that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd

We note the importance of these Regulations and their effect on the annual local government revenue settlements. We note the decision by the Welsh Government to freeze the multiplier for the financial year beginning on 1 April 2023 rather than increasing the multiplier by reference to the CPI. This approach means the multiplier remains the same figure as that calculated for the 2020-21 and 2021-22 financial years.

We note, in particular, the following helpful paragraphs in the Explanatory Memorandum:

"All owners or occupiers of non-domestic properties in Wales who pay rates will benefit from the change and will receive lower rates bills for 2023-24 than they would have if CPI were used. Even properties which receive significant amounts of rates relief will benefit, as the residual liability will be calculated using a lower multiplier.

...

Freezing the multiplier in Wales, rather than increasing it to maintain real-terms NDR revenue in line with CPI, will reduce the income into the NDR pool in 2023 24. The reduction will be fully funded by the Welsh Government and will be reflected in the calculations for the local government settlements, so that there is no financial impact on local authorities or police budgets."

3. Standing Order 21.3(ii) – that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd

We note that there has been no consultation on the Regulations. In particular, we note the following paragraph in the Explanatory Memorandum:

"No consultation has been undertaken on the policy behind the 2023 Regulations. The proposals benefit all ratepayers in Wales and there is no impact on the resources available to local authorities and police services."

Welsh Government response

A Welsh Government response is not required.

Legal Advisers

Legislation, Justice and Constitution Committee

3 February 2023



Senedd Cymru
Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad
—
Welsh Parliament
Legislation, Justice and Constitution Committee