

SL(6)138 – The Non-Domestic Rating (Multiplier) (Wales) Regulations 2022

Background and Purpose

In relation to Wales, the non-domestic rating multiplier is calculated in accordance with paragraph 3B of Schedule 7 to the Local Government Finance Act 1988 (“the 1988 Act”) for each financial year when new rating lists are not being compiled. New rating lists are not being compiled for the financial year beginning on 1 April 2022.

The formula in paragraph 3B of Schedule 7 to the 1988 Act includes an item B which is the consumer prices index for September of the financial year preceding the year concerned, unless the Welsh Ministers exercise their power under paragraph 5(13A) of Schedule 7 to the Act to specify, by regulations, a different figure for item B. These regulations specify that for the financial year beginning on 1 April 2022, the figure for item B is 109.1.

The effect of these Regulations will be that the non-domestic rating multiplier remains the same figure as that calculated for the financial years beginning on 1 April 2020 and 1 April 2021.

Procedure

Made Affirmative.

These 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 2022, or before 1 March 2022 (whichever is earlier).

Technical Scrutiny

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

Merits Scrutiny

One point is identified for reporting under Standing Orders 21.3(i) and 21.3(ii) in respect of this instrument.

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



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:

- a. the importance of these Regulations and their effect on the annual local government revenue settlements, and
- b. the decision by the Welsh Government to freeze the multiplier for the financial year beginning on 1 April 2022 rather than increasing the multiplier by reference to the Consumer Prices Index (the new “default” position in the 1988 Act as amended by the Local Government and Elections (Wales) Act 2021).

The Explanatory Memorandum to these Regulations, at section 4, confirms that:

“All owners or occupiers of non-domestic properties who pay rates will benefit from the change. 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 by CPI, will reduce the income into the non-domestic rates pool in 2022-23. 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.”

Welsh Government response

A Welsh Government response is not required.

Committee Consideration

The Committee considered the instrument at its meeting on 7 February 2022 and reports to the Senedd in line with the reporting points above.

