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24 March 2011

Dear Chief Executive/Chief Fire Officer,

COUNCIL TAX FREEZE GRANT

My letter of 21 October 2010 set out the terms of the council tax freeze scheme. I am now writing to inform you that all eligible authorities in England have voluntarily frozen or reduced their council tax in 2011-12 and as a result will qualify to receive additional government grant equivalent to a 2.5% increase in their Band D council tax. We have today published individual grant amounts that we expect to pay out to each authority at: www.communities.gov.uk/documents/localgovernment/xls/1872076.xls

Calculation of the grant is line with the principles of the scheme that I advised in my previous letter, namely:

- i) For the Greater London Authority (GLA), this in two parts (the aggregate rounded to the nearest pound)¹:
 - 2.5% of the amount calculated by the Authority under section 88(2) of the GLA Act 1999 for 2010-11 *multiplied* by the council tax base (CTB) for the whole of the GLA's area for 2011-12; *plus*
 - 2.5% of the amount calculated under section 89(4) of the GLA Act 1999 for 2010-11 *multiplied* by the CTB for the metropolitan police district for 2011-12.
- ii) For a local authority which was restructured in 2009 and which calculated its basic amounts of council tax for 2010-11 under Part 4 of the Local Government (Structural Changes) (Finance) Regulations 2008 (SI 2008/3022), 2.5% of its 2010-11 average basic amount of council tax for the whole authority *multiplied* by the authority's CTB for 2011-12 (rounded to the nearest pound).
- iii) For all other authorities, 2.5% of their 2010-11 basic amount of council tax multiplied by their CTB for 2011-12 (rounded to the nearest pound)².

¹ By reference to the BR3 form, this is a 2.5% increase in the amount for 2010-11 in line 14, column 1 *multiplied* by the amount for 2011-12 in line 13, column 1; *plus* a 2.5% increase in the amount for 2010-11 in line 14 column 2 *multiplied* by the amount for 2011-12 in line 13, column 2.

² See *consistent approach* below for how this has been applied for major precepting authorities.

As advised, confirmation that an authority had set its basic amount of council tax for 2011-12 at a level which meets the terms of the scheme was as provided on the usual Budget Requirement (BR form) returned to this department.

However, we have become aware of a small number of major precepting authorities (MPAs) where the submitted CTB figure supplied on the BR form do not equal the sum of the CTB figures supplied by the billing authorities in their area. We would ordinarily expect these figures to balance.

Ministers have decided to take a consistent approach, so the grant for the MPAs will be based upon the sum of CTB from all billing authorities in their geographical area rather than simply using the information in each MPA's BR form. The discrepancies are not significant, but where difference is greater than £15, we will write separately to the billing authorities listed below (copied to the relevant MPAs) to confirm that they have indeed used the correct CTB figure in their BR return:

- Spelthorne (Surrey County Council and Surrey Police)
- Isles of Scilly (Devon & Cornwall Police)
- South Kesteven (Lincolnshire Police)

Should any authority wish to challenge its amount proposed grant or require any further information please e-mail: counciltax.consultations@communities.gsi.gov.uk; or contact David Kelly at this address, or on telephone 0303 444 2099 by **31 March**.

Once all amounts have been agreed, the Department will make the necessary payments to authorities through the grant-making powers in section 31 of the Local Government Act 2003 ('section 31') and by ten monthly instalments over the period April 2011 to January 2012. The first payments will be made before the end of April.

Please note that:

- i) the Government intends to provide supplementary funding to each local authority in subsequent years of the Spending Review via section 31 grants to compensate them for the council tax income foregone during 2011-12; and
- ii) this exercise is purely to determine the final grant payments and it will not result in any changes to an authority's BR Form.

I am copying this letter to chief finance officers, the Chair of the LGA, the Chair of the APA, the President of the Chief Fire Officers' Association, the Chair of CIPFA and the Chief Executive of IRRV.

Yours sincerely,



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