



Department for  
Communities and  
Local Government

# Localising Support For Council Tax

Council tax base and funding for local precepting authorities

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This document/publication is also available on our website at [www.communities.gov.uk](http://www.communities.gov.uk)

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# The Consultation Process and How to Respond

## Scope of the consultation

<b>Topic of this consultation:</b>	Localising Council Tax Support
<b>Scope of this consultation:</b>	This consultation sets out the Government's proposals to provide certainty to local precepting authorities by allowing the council tax base for those areas to be calculated excluding localised council tax support reductions and whether those proposals should also apply to the calculation of special items.
<b>Geographical scope:</b>	England.
<b>Impact Assessment:</b>	The Impact Assessment for the policy has been published on the DCLG website at <a href="http://www.communities.gov.uk/publications/localgovernment/lqfblocalisingcounciltax">http://www.communities.gov.uk/publications/localgovernment/lqfblocalisingcounciltax</a>

## Basic Information

<b>To:</b>	This consultation is aimed primarily at local government.
<b>Body responsible for the consultation:</b>	The Department for Communities and Local Government is responsible leading on the policy and the consultation exercise.
<b>Duration:</b>	28 August 2012 – 09 October 2012
<b>Enquiries and how to respond</b>	<p>For enquiries and to respond to this consultation. Please e-mail <a href="mailto:CTB-REFORM@communities.gsi.gov.uk">CTB-REFORM@communities.gsi.gov.uk</a></p> <p>When responding, please ensure you have the words "Council Tax Base Consultation Response" in the email subject line.</p> <p>Alternatively you can write to:            Localising Council Tax Benefit Team            Department of Communities and Local Government            5/J1 Eland House            Bressenden Place            LONDON SW1E 5DU</p> <p>For more information, please see <a href="http://www.communities.gov.uk">www.communities.gov.uk</a></p>
<b>After the</b>	The Government will publish its response to the consultation in the

<b>consultation:</b>	Autumn.
<b>Compliance with the Code of Practice on Consultation:</b>	This will be a 6 week consultation and builds on the 8 week Funding Arrangements consultation published 17 May 2012. In this consultation we are seeking views from local authorities, fire authorities and parish councils and believe that this will provide sufficient time for considered responses.

## Background

<b>Getting to this stage:</b>	<p>The Department consulted on proposals for localisation of council tax support in England last year, and the Government response setting out the details of the policy of localisation, was published alongside the Local Government Finance Bill in December 2011. The response to the consultation responses can be found at <a href="http://www.communities.gov.uk/publications/localgovernment/lgfblocalisingcounciltax">http://www.communities.gov.uk/publications/localgovernment/lgfblocalisingcounciltax</a></p> <p>In May 2012, the Department consulted on how the Government intends to distribute funding to support local schemes and sought views on possible adjustments to allocations to avoid potential budgetary pressures in a few authorities. The Funding Arrangements consultation paper can be found at: <a href="http://www.communities.gov.uk/publications/localgovernment/2146644">http://www.communities.gov.uk/publications/localgovernment/2146644</a></p>
<b>Previous engagement:</b>	<p>The Department consulted last year on proposals for localising council tax support, including running a series of engagement events. The response to the outcome of consultation was published in December 2011: <a href="http://www.communities.gov.uk/publications/localgovernment/localisingtaxresponse">http://www.communities.gov.uk/publications/localgovernment/localisingtaxresponse</a></p> <p>The Department continues to engage with local authorities and representative organisations through regular meetings, and attendance at local authority events.</p>

## How to respond

1. The questions on which we are seeking views are on pages 13 and 15. Responses to this consultation must be received by **5pm on 9 October 2012**.
2. You can respond by email to [CTB-REFORM@communities.gsi.gov.uk](mailto:CTB-REFORM@communities.gsi.gov.uk)

or write to:

Localising Council Tax Support Team  
Department for Communities and Local Government  
5/J1 Eland House

Bressenden Place  
London SW1E 5DU

3. When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of an organisation, please give a summary of the people and organisations it represents and, where relevant, who else you have consulted in reaching your conclusions.

## Additional copies

4. This consultation paper is available on the Department for Communities and Local Government website at [www.communities.gov.uk/corporate/publications/consultations](http://www.communities.gov.uk/corporate/publications/consultations) you may obtain a hard copy of this consultation paper from the address given at paragraph 2 above.

5. If you require this publication in an alternative format please email [CTB-REFORM@communities.gsi.gov.uk](mailto:CTB-REFORM@communities.gsi.gov.uk) stating the title of this consultation documents or online via the website at [www.communities.gov.uk](http://www.communities.gov.uk)

## Confidentiality and data protection

6. Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

7. If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, in itself, be regarded as binding on the department.

8. DCLG will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

9. Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

## Help with queries

10. Questions about the policy issues raised in the document can be sent to the address given at paragraph 2 above.

11. A copy of the consultation criteria from the Code of Practice on Consultation is at <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>. Are you satisfied that this consultation has followed these criteria? If not or you have any other observations about how we can improve the process please email: [consultationcoordinator@communities.gsi.gov.uk](mailto:consultationcoordinator@communities.gsi.gov.uk)

or write to:

DCLG Consultation Co-ordinator  
Zone 8/J6  
Eland House, Bressenden Place  
London  
SW1E 5DU

# Chapter 1

## Introduction

- 1.1 The Local Government Finance Bill supports the Government's commitment to delivering economic growth, decentralising control over finance and reducing the deficit.
- 1.2 The Government has decided that from 2013, council tax support will take the form of council tax reductions which will have the effect of reducing a billing authority's council tax base.
- 1.3 This document provides the draft statutory instrument intended to give effect to the Government's proposals for the calculation of the council tax base to include local reductions. It also sets out further proposals intended to provide certainty for the funding of local precepting authorities.
- 1.4 The proposals do not impact on the design of schemes or the support to be offered for claimants, and should not prevent local authorities from continuing to work to their original timetables.
- 1.5 The consultation will close on 9 October 2012. Details of how to respond to this consultation are set out at the beginning of this document. The Government will publish its response to the consultation in the autumn.

## Contents and next steps

- **Section two** sets out the Government's proposals for calculating the council tax base to include localised council tax support reductions. Annex A includes a draft of the amending regulations.
- **Section three** seeks views on the Government's proposals for providing certainty for the funding of local precepting authorities
- **Section four** seeks views on whether those proposals should be applied for all other special items.
- **Section five** sets out the proposed next steps.



# Chapter 2

## Calculation of the council tax base for an authority's whole area

- 2.1 As stated in chapter 5 of the Localising Support for Council Tax - Statement of Intent<sup>1</sup>, the Government's intention is to amend the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (SI 1992/612) (as amended) ("the Council Tax Base Regulations") to ensure the calculation of the council tax base takes account of local council tax reduction schemes.
- 2.2 The council tax base is, for the purposes of calculating a billing authority's and a major precepting authority's council tax, the taxable capacity of an area or part of an area.
- 2.3 It is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year (item T in the formula for calculating the basic amount of council tax<sup>2</sup>).
- 2.4 New regulation 4(1) of the draft statutory instrument at annex A will include new item Z in the formula for calculating relevant amounts. Item Z will have the effect of allowing billing authorities to take account of the local council tax support reductions, under proposed new section 13A of the Local Government Finance Act 1992 ("the 1992 Act") contained in the Local Government Finance Bill.
- 2.5 The draft amending statutory instrument at annex A will be a consolidated version of the Council Tax Base Regulations. The publication of this statutory instrument in draft form is intended to give authorities an opportunity to make any comments to ensure that the final version will fully implement the policy.

## New Homes Bonus and Tax Base Reporting

- 2.6 The New Homes Bonus<sup>3</sup> is a powerful, simple and transparent incentive that means that those local authorities which promote and welcome growth can share in the economic benefits and build the communities in which people want to live and work.
- 2.7 The Government provides additional funding or a 'bonus' for new homes by match funding the additional council tax raised for new

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<sup>1</sup> <http://www.communities.gov.uk/documents/localgovernment/pdf/2146581.pdf>

<sup>2</sup> Section 31(B)(1) of the Local Government Finance Act 1992

<sup>3</sup> <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>

homes and empty properties brought back into use, with an additional amount for affordable homes for the following six years.

- 2.8 Currently local authorities are required to return the Council Tax Base Return (CTB1) form<sup>4</sup> each year. This form provides a snapshot of the tax base at that point, including the value of discounts and exemptions granted.
- 2.9 The New Homes Bonus is calculated using figures submitted by local authorities on the CTB1 form. It is not the Government's intention that the localisation of council tax support and amendments to the Council Tax Base Regulations set out in this document will impact on the calculation of the New Homes Bonus.
- 2.10 The changes proposed in this document relate only to changes to the council tax base for the purposes of setting council tax. Following the introduction of local council tax support, we expect that for transparency purposes, the CTB1 form will provide information both including and excluding the impact that local reductions will have on the tax base.
- 2.11 The New Homes Bonus will continue to be calculated as now and the CTB1 return form local authorities have to complete each year will be amended to ensure that information collected does not impact on the calculation of the New Homes Bonus.

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<sup>4</sup> Data collected on the CTB form are used to calculate the council tax base for formula grant purposes; the form brings together data on stock numbers, additions, demolitions and empty homes and is also used to calculate increases in effective stock.

# Chapter 3

## Providing certainty for the funding of local precepting authorities

- 3.1 The Government's policy of providing funding to billing and major precepting authorities will have the effect of reducing the council tax requirement which, depending on the design of the council tax reduction scheme, could offset the reduction in the council tax base.
- 3.2 The Government set out in "*Funding Arrangements Consultation*", published 17 May 2012<sup>5</sup> that billing and local precepting authorities, such as parish and town councils, should work together to manage the impacts on local precepting authorities' Band D levels.
- 3.3 This could be achieved by billing authorities passing down an element of funding to the local precepting authority so the funding is taken into account when calculating the local precepting authority's council tax requirement.
- 3.4 However, as there would not be a statutory duty on billing authorities to pass on funding to local precepting authorities this approach may not provide certainty for local tax payers or for the funding of local precepting authorities.

### Unadjusted Council Tax Base - Calculation of council tax base for part of a billing authority area

- 3.5 The council tax base for part of a billing authority's area, which is represented as item TP in section 34(3) of the 1992 Act, is calculated in accordance with Regulation 6 of the Council Tax Base Regulations.
- 3.6 To provide certainty for local tax payers and for funding local precepting authorities, the Government proposes that the amendments set out in chapter 2 will not apply to local precepting authorities.
- 3.7 This would be given effect as follows:
  - The council tax base for part of a billing authority's area, which is represented as item TP in section 34(3) of the 1992 Act, is calculated in accordance with Regulation 6 of the Council Tax Base Regulations.

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<sup>5</sup> <http://www.communities.gov.uk/publications/localgovernment/2146644>

- Regulation 6(2) of the draft statutory instrument at annex A states the calculation of the tax base for part of a billing authority's area must be in accordance with the rules contained in regulation 4. The draft statutory instrument will insert new item 'Z' in the calculation of the relevant amounts at regulation 4.
- It is proposed that new item 'Z' will not apply in respect of the calculation set out in regulation 6 of the draft statutory instrument.

## Potential impact of this proposal

### Local Precepting Authority

- 3.8 This would mean the council tax base for local precepting authorities would be calculated excluding council tax support reductions.
- 3.9 The local precepting authority's element of the council tax band D would therefore remain at the same level as now, (providing the local precepting authority does not increase their precept). Billing authorities would continue to pay the precept to local precepting authorities, and there would be no need for billing authorities to pass down funding as a separate exercise.
- 3.10 This approach provides certainty for local tax payers and because billing authorities are required to fund the precept, there would also be certainty over the funding of local precepting authorities.

### Billing Authorities

- 3.11 The Government proposes to use the Secretary of State's powers under section 98 of the Local Government Finance Act 1998 to direct billing authorities to transfer an amount they estimate to be necessary to offset the cost of reductions attributable to local precepting authorities to the collection fund.
- 3.12 The transfer of such an amount would ensure that the billing authority can continue to calculate their council tax requirement and level of council tax as proposed in the "*Funding Arrangements Consultation*".
- 3.13 This action will prevent the calculation of the billing authority's council tax requirement and the level of council tax being affected as a consequence of providing certainty for the funding of local precepting authorities.

**Question:**

**Do you agree that the council tax base for local precepting authorities should be calculated excluding council tax support reductions in order to provide certainty for local taxpayers and for the funding of local precepting authorities?**

**Question:**

**Do you agree that the Secretary of State should also direct billing authorities to transfer an amount they estimate to be necessary to offset the cost of reductions attributable to local precepting authorities from their general fund to the collection fund?**

# Chapter 4

## Proposed policy for Special Items

4.1 Under section 35 of the 1992 Act special items are expenditure in respect of parish precepts and also 'parish type' functions carried out by the billing authority elsewhere in its area and, by way of resolution, in respect of certain levies. The special items for a billing authority can be summarised as:

- Precepts issued to (or anticipated by) the billing authority by local precepting authorities, for example parish councils, which are applicable to part of the authority's area; and
- Special expenses are:
  - A. the expenses of meeting a levy or special levy issued to (or anticipated by) the authority (provided the billing authority has made a resolution to this effect);
  - B. expenses which an authority believes will have to be met out of amounts transferred or to be transferred from the collection fund to the general fund and which arise out of the authority's possession of property held in trust for part of its area;
  - C. expenses an authority's believes will have to be met out of an amount transferred or to be transferred from the collection fund to the general fund, which relate to a part of its area, provided that expenses of the same kind which relate to another part of its area are to be met out of property held in trust for that part;
  - D. expenses incurred by a billing authority in performing in part of its area a function performed elsewhere in its area by the sub-treasurer of the Inner Temple, the under-treasurer of the Middle Temple, a parish council or the chairman of a parish meeting (provided the billing authority has not made a resolution to the contrary effect); and
  - E. expenses incurred by the authority in performing in part of its area a function performed elsewhere in its area by a body with power to issue a levy or special levy to it (provided the billing authority has made a resolution to this effect).

4.2 Special expenses B – E are currently included in the calculation of an authority's 'relevant basic amount of council tax'. This is used to determine whether or not an authority has exceeded the council tax excessiveness principles for billing authorities and is required to hold a

referendum, whilst special expense A (levies for waste or transport for example) is not.

- 4.3 Similarly, special items for major precepting authorities are calculated under section 45 and listed under section 46 of the 1992 Act. They can be summarised as:
- F. the expenses of meeting a levy issued to (or anticipated by) the authority (provided the authority has made a resolution to this effect), and;
  - G. special expenses (as a result of the resolution under F above) which relate to part of the authority's area in which the levying body carries out functions.
- 4.4 The proposal to calculate item TP excluding localised council tax reductions (set out in chapter 3) has implications for the calculation of special items for billing authorities and major precepting authorities. This is because item TP is also used to calculate the amount of council tax applicable for special items and special expenses which relate to part of a billing authority's area under section 34 of the 1992 Act and part of a major precepting authority area under section 45.
- 4.5 To ensure that we do not over complicate the calculation of the council tax base for part of a billing or major precepting authority area the Government proposes to have one calculation of item TP. This would mean that the unadjusted council tax base applied to local precepting authorities would equally apply to all special items and expenses.
- 4.6 However, we are interested in your views on whether the unadjusted council tax base should be used to calculate each of the different special items.
- 4.7 If responses demonstrate a need for different calculations, we will consider prescribing different rules for calculating the authority's council tax base, for part of its area, for different special items.

### **Question:**

**Should legislation permit the council tax base (TP) for each of the items A – E listed above for billing authorities and F and G for major precepting authorities to be calculated *including* or *excluding* localised council tax support reductions (new item Z in the draft regulations)?**

Please include your answers in the tables below:

**BILLING AUTHORITY**

<b>Special item</b>	<b>Include or exclude LCTS reductions?</b>	<b>Reason (brief explanation, if any)</b>
<b>A</b>		
<b>B</b>		
<b>C</b>		
<b>D</b>		
<b>E</b>		

**MAJOR PRECEPTING AUTHORITY**

<b>Special item</b>	<b>Include or exclude LCTS reductions?</b>	<b>Reason (brief explanation, if any)</b>
<b>F</b>		
<b>G</b>		



# Chapter 5

## Next steps

### Timetable for amendments

- 5.1 The Government's intention is that the draft statutory instrument at annex A will come into force by 30 November 2012 to ensure the council tax base setting process is not affected.
- 5.2 Subject to the outcome of this consultation, further amendments will be made to the draft statutory instrument at annex A to give effect to the proposals set out in chapter 3.
- 5.3 The Government will look to amend sections 34 and 45 of the 1992 Act to give the flexibility required for the proposals set out in chapter 4.

### Additional proposed amendments

- 5.4 The Government intends to consult separately on possible further changes to the Council Tax Base Regulations in respect of the empty home premium under new powers in Local Government Finance Bill.
- 5.5 It is intended the result of that consultation will inform whether further amendments to the Council Tax Base Regulations are needed. Any amendments will be made to the draft statutory instrument at annex A and will be laid in the autumn to ensure the statutory instrument is in force by 30 November 2012.

# Annex A

Consequential amendments to other statutory instruments will be made with the final version of this draft statutory instrument.

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## STATUTORY INSTRUMENTS

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2012 No.

### COUNCIL TAX, ENGLAND

#### The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012

<i>Made</i>	- - - -	***
<i>Laid before Parliament</i>		***
<i>Coming into force</i>	- -	***2012

The Secretary of State for Communities and Local Government, in exercise of the powers conferred by sections 31B(1), (3), (4) and (5), 34(4), 42B(1), (3), (4) and (5), 45(3) to (5), 48(3) to (6), 52ZX(5), (7) and (8) and 113(1) and (2) of the Local Government Finance Act 1992(a), makes the following Regulations:

#### Citation, commencement, application and interpretation

1.—(1) These Regulations may be cited as the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012 and shall come into force on XXXX 2012.

(2) These Regulations apply in relation to England only.

(3) For the purposes of these Regulations—

- (a) unless the context otherwise requires, any reference to a section or a Schedule is a reference to a section of, or a Schedule to, the Local Government Finance Act 1992; and
- (b) a dwelling is exempt if it belongs to a class prescribed by an order made by the Secretary of State under section 4(2).

(4) In these Regulations—

“the 1988 Act” means the Local Government Finance Act 1988;

“the 1992 Act” means the Local Government Finance Act 1992;

“the 1999 Act” means the Greater London Authority Act 1999;

“the authority’s list” means the copy of the authority’s valuation list deposited by it under section 22(8);

“chargeable dwelling” means any dwelling in respect of which council tax is payable;

“a relevant percentage” means a percentage by which the amount of council tax payable in respect of any chargeable dwelling and any day is reduced due to the application of a discount under section 11 or 11A.

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(a) 1992 c. 14. See section 116(1) for the definition of “prescribed”. Section 13A as originally enacted was inserted by the Local Government Act 2003 (c. 26), section 76 and substituted by the Local Government Finance Act 2012 (c.XX), section 9. Relevant amendments were made by the Localism Act 2011 (c. 20), sections 72(1), 74, 79 and Schedules 5 and 7.

## Application of rules

2. The rules contained in these Regulations are to apply to the making for any financial year beginning on or after 1st April 2013 of the calculations required by item T in sections 31B(1), 42B(1), and 52ZX(5) of the 1992 Act and section 88(2) of the 1999 Act and item TP in sections 34(3), 45(3) and 48(3) and (4) of the 1992 Act and item TP2 in section 89(4) of the 1999 Act.

## Calculation of billing authority's council tax base

3.—(1) Subject to paragraph (4), for the purposes of item T in section 31B(1), a billing authority's council tax base for a financial year shall be calculated by applying the formula—

A x B

where—

A is the total of the relevant amounts for that year for each of the valuation bands which is shown or is likely to be shown for any day in that year in the authority's valuation list as applicable to one or more dwellings situated in its area;

B is the authority's estimate of its collection rate for that year.

(2) A billing authority shall estimate its collection rate for a financial year for the purposes of paragraph (1) by estimating the aggregate of the amounts which are likely to be paid to the authority as mentioned in sub-paragraph (a) below or transferred to its collection fund as mentioned in sub-paragraph (b) below, less any amounts which are likely to be transferred from its collection fund as mentioned in that sub-paragraph, in that or any other financial year, expressed as a proportion of its estimate of the aggregate of—

- (a) the total of any amounts in respect of council tax for that year which are payable to the authority under the 1992 Act less the total of any council tax reductions for that year falling within paragraph (3)(a) or (b) below; and
- (b) the total of any amounts in respect of council tax reductions which are transferable for that year to the authority's collection fund pursuant to directions under section 98(5) of the 1988 Act less the total of any such amounts which are transferable for that year from the authority's collection fund pursuant to directions under section 98(4) of the 1988 Act.

(3) For the purposes of paragraph (2), "council tax reductions" means any amount—

- (a) by which the amount a person is liable under the 1992 Act to pay in respect of council tax is reduced pursuant to regulations under section 138 of the Social Security Administration Act 1992(a);
- (b) which an authority determines pursuant to paragraph 6 or 7 of Schedule 2 that a person is not required to pay; or
- (c) by which the amount a person is liable to pay in respect of council tax is reduced pursuant to regulations under section 13.

(4) Where it appears to the authority likely that, for any financial year, the Secretary of State for Defence will pay to it a sum in respect of the council tax which would be payable if Class O exempt dwellings situated in its area were not exempt, the authority shall add to the amount given by the formula in paragraph (1) for that year such amount as the authority considers appropriate in relation to its tax base by reference to the sum likely to be paid by the Secretary of State for Defence.

(5) For the purposes of paragraph (4), "Class O exempt dwellings" means any dwellings which are exempt dwellings by virtue of belonging to Class O prescribed by the Council Tax (Exempt Dwellings) Order 1992(b).

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(a) 1992 c. 5.

(b) S.I. 1992/558; relevant amendments were made by S.I. 1992/294.

### Calculation of the relevant amounts for a financial year beginning on or after 1st April 2013

4.—(1) For the purposes of regulation 3, the relevant amount for a financial year beginning on or after 1st April 2013 (“the year”) for a valuation band (“the band”) is the amount found by applying the formula—

$$((H - Q + J) - Z) \times (F \text{ divided by } G)$$

where—

H is the number of chargeable dwellings in the area of the billing authority listed in the band on the relevant day calculated by the authority in accordance with paragraph (2);

Q is a factor to take account of the discounts to which the amount of council tax payable was subject on the relevant day calculated in accordance with paragraph (4);

J is the amount of any adjustment in respect of changes in the number of chargeable dwellings or discounts calculated by the authority in accordance with paragraph (6);

Z is the total amount that the authority estimates will be applied pursuant to the authority’s council tax reduction scheme in relation to the band, expressed as an equivalent number of chargeable dwellings in that band;

F is the number which, in the proportion set out in section 5(1), is applicable as regards the year to dwellings listed in the band;

G is the number which, in that proportion, is applicable as regards the year to dwellings listed in valuation band D.

(2) The authority shall calculate the number of chargeable dwellings for the purposes of item H in paragraph (1) above by deducting from the number of dwellings listed in the band on the relevant day its estimate of the number of such dwellings which were exempt on that day.

(3) For the purposes of paragraph (2), the authority shall ascertain the number of dwellings listed in any valuation band by reference to—

- (a) the state on the relevant day of the authority’s list, including any alterations of the list which were shown as having effect on that day; and
- (b) any alterations of the valuation list maintained by the listing officer for that authority which were not shown on the authority’s list but of which the authority had been informed by the listing officer and which had effect on that day.

(4) Q is the aggregate of amounts found by multiplying, for each different relevant percentage, R by S, where—

R is the number of dwellings taken into account for the purposes of item H in paragraph (1), for which the amount of council tax payable for the relevant day was reduced by that relevant percentage, estimated by the authority in accordance with paragraph (5);

S is that relevant percentage.

(5) The authority shall make the estimates required for the purpose of Z in paragraph (1) and for the purpose of paragraph (4) on the basis of all the information available to the authority on the relevant day.

(6) The authority shall calculate the amount of any adjustment for the purposes of item J in paragraph (1) as equal to the amount by which the number which the authority calculates in accordance with paragraph (7) exceeds the number which the authority calculates in accordance with paragraph (8); and if there is no such excess, the adjustment shall be nil or, as the case may be, a negative amount.

(7) Subject to paragraph (11), the authority shall calculate the aggregate of—

- (a) the authority’s estimate of the number of chargeable dwellings which are not ascertained for the purposes of paragraph (2) as listed in the band on the relevant day but which will be listed in the band for the whole or part of the year; and
- (b) the aggregate of amounts found by multiplying, for each different relevant percentage, U by V, where—

U is the authority's estimate of the number of dwellings in respect of which the amount of council tax payable for the relevant day was reduced by that relevant percentage and which were taken into account for the purposes of item R in paragraph (4), but in respect of which the amount of council tax payable for the whole or part of the year will not be reduced by that relevant percentage;

V is that relevant percentage.

(8) Subject to paragraph (11), the authority shall calculate the aggregate of—

- (a) the authority's estimate of the number of chargeable dwellings which are ascertained for the purposes of paragraph (2) as listed in the band on the relevant day but which—
  - (i) will not be listed in the band for the whole or part of the year; or
  - (ii) will be exempt at any time in the year or that part of the year for which they will be listed; and
- (b) the aggregate of amounts found by multiplying, for each different relevant percentage, W by X, where—

W is the number of dwellings, taken into account for the purposes of item H in paragraph (1) or falling within paragraph (7)(a), in respect of which the amount of council tax payable for the whole or part of the year will be reduced by that relevant percentage, and which were not taken into account for the purposes of item R in paragraph (1), estimated by the authority in accordance with paragraph (4);

X is that relevant percentage.

(9) For the purposes of calculating item Z in paragraph (1), the estimate shall take account of the following—

- (a) the amount estimated by the authority by which the total amount to be applied pursuant to its council tax reduction scheme will increase as a result of—
  - (i) the number of chargeable dwellings which are not ascertained for the purposes of paragraph (2) as listed in the band on the relevant day but which will be listed in the band for the whole or part of the year;
  - (ii) any increase in the number of persons who will become entitled to a reduction during the year; and
- (b) the amount estimated by the authority by which the total amount to be applied pursuant to its council tax reduction scheme will decrease as a result of—
  - (i) the number of chargeable dwellings which are ascertained for the purposes of paragraph (2) as listed in the band on the relevant day but which will not be listed in the band for the whole or part of the year or which will be exempt at any time in the year or that part of the year for which they will be listed;
  - (ii) any decrease in the number of persons who will cease to be entitled to a reduction during the year.

(10) For the purposes of making any of the calculations or estimates referred to in paragraphs (1), (2), (7), (8) and (9), in any case where—

- (a) the person who is liable to pay council tax in respect of a dwelling listed in any of the valuation bands B to H is liable to pay a reduced amount pursuant to regulations under section 13; and
- (b) the reduced amount is calculated by reference to a different valuation band from the band in which it is listed,

the authority shall treat the dwelling as being listed in the different valuation band for the period in respect of which the calculation is made.

(11) Where it appears to the authority likely that—

- (a) a dwelling will be listed in a band in the authority's list, or will not be so listed, for part of the year;

- (b) a dwelling will be exempt for part of the year during a period for which it will be listed in a band in the authority's list; or
- (c) the amount of council tax payable in respect of a dwelling will be subject to a discount of a relevant percentage, or a reduction, for part of the year,

the authority shall, for the purposes of making any of the estimates referred to in paragraphs (7), (8) or (9), treat such a dwelling or discount as a fraction produced by dividing the number of days in that part of the year by the number of days in the year.

(12) For the purposes of this regulation, the relevant day in respect of financial years beginning on or after 1st April 2013 is 30th November in the financial year preceding that for which the relevant amount is calculated.

**Band A dwellings: reductions for disability**

5.—(1) For the purposes of regulations 3 and 4, dwellings listed in band A in respect of which a reduced amount of council tax is payable pursuant to the Council Tax (Reductions for Disabilities) Regulations 1992(a) shall be treated as if they were listed in a band additional to those set out in section 5.

(2) In respect of the additional band, F in regulation 4(1) shall be 5.

**Calculation of billing authority's council tax base for a part of its area**

6.—(1) For the purposes of item TP in section 34(3) and item T in section 52ZX(5), a billing authority's council tax base for a part of its area for any financial year ("the year") shall be calculated by applying the formula—

$$M \times (N \text{ divided by } (M+O))$$

where—

- M is the unscaled council tax base for that part of the authority's area for the year;
- N is the authority's council tax base for the year for the purposes of item T in section 31B(1);
- O is the unscaled council tax base for the remaining part of the authority's area for the year.

(2) For the purposes of paragraph (1), the unscaled council tax base for a part of a billing authority's area for the year shall be calculated in accordance with the rules contained in regulations 3 or, as the case may be, 4 but, for these purposes,—

- (a) any reference to dwellings shall be construed as a reference to dwellings situated in the part of the authority's area for which its council tax base is being calculated;
- (b) item B in regulation 3 is the amount determined for that item for the purposes of the calculation required by item T in section 31B(1); and
- (c) in regulation 4, the relevant day in respect of the year is—
  - (i) where the authority determines the amount for item TP in section 34(3) and item T in section 52ZX(5) in the period beginning on 1st December and ending on 31st January in the preceding financial year, 30th November in the preceding financial year; and
  - (ii) in any other case, the day on which the authority calculates the relevant amount for the year for the purposes of item TP in section 34(3) and item T in section 52ZX(5).

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(a) S.I. 1992/554 amended by S.I. 1993/95, 1999/1004 and 2005/702.

### **Calculation of council tax base for the purposes of a major precepting authority**

7.—(1) For the purposes of item T in section 42B(1) or 44(1) of the 1992 Act and section 88(2) of the 1999 Act and item TP in section 45(3) of the 1992 Act and item TP2 in section 89(4) of the 1999 Act, the council tax base for a billing authority's area for any financial year shall be calculated in accordance with the rules contained in regulations 3 or, as the case may be, 4 and, for these purposes, item B in regulation 3 and items H, Q, J and Z in regulation 4, and any amount added in accordance with regulation 3(4), are the amounts determined for those items or so added for the purposes of the calculation required by item T in section 31B(1) or 33(1).

(2) For the purposes of item T in section 42B(1) or 44(1) and item TP in sections 45(3) and 48(3) and (4), the council tax base for a part of a billing authority's area for any financial year shall be calculated in accordance with the rules contained in regulation 6 and, for these purposes, where the council tax base for that year for that part of the billing authority's area has been calculated for the purposes of item TP in section 34(3), items H, Q, J and Z in regulation 4, and any amount added in accordance with regulation 3(4), are the amounts determined for those items or so added for the purposes of the calculation required by item TP in that subsection.

### **Prescribed period**

8. The period beginning on 1st December and ending on 31st January in the financial year preceding that for which the calculation of the council tax base is made is hereby prescribed for the purposes of item T in sections 31B(1), 42B(1), and 52ZX(5) of the 1992 Act and section 88(2) of the 1999 Act and item TP in sections 45(3) and 48(3) and (4) of the 1992 Act and item TP2 in section 89(4) of the 1999 Act.

### **Determination of billing authority's council tax base**

9.—(1) Item T in section 31B(1) shall, in any case where a billing authority fails to notify its calculation for a financial year to each of the major precepting authorities concerned within the period prescribed in regulation 8, be determined by those authorities in the following manner.

(2) In any case where the billing authority has notified its calculation to one or more of the major precepting authorities concerned, item T shall be determined as the amount so notified by each of the major precepting authorities concerned.

(3) Subject to paragraph (5), in any other case item T shall be determined in accordance with the rules contained in regulations 3 or, as the case may be, 4, on the basis of all the information available to the major precepting authority making the determination but, for this purpose, the relevant day in respect of a financial year is the day on which the authority calculates the relevant amount for the year for the purposes of the determination.

(4) A major precepting authority making a determination of item T for a financial year in accordance with paragraph (3) shall have regard to, in particular,—

- (a) the amount of the billing authority's council tax base determined for item T for the preceding financial year; and
- (b) any amount calculated as the billing authority's council tax base for the financial year in question by the Secretary of State for the purposes of the distribution of revenue support grant under Part 5 of the 1988 Act.

(5) Where one of the major precepting authorities concerned ("the first authority") has made a determination of item T for a financial year in accordance with paragraph (3), item T shall be determined by the other major precepting authorities concerned as the amount determined by the first authority.

(6) In this regulation, "the major precepting authorities concerned" are any major precepting authorities which have power to issue precepts to the billing authority.

### **Determination of council tax base for the purposes of a major precepting authority**

**10.**—(1) Item T in section 42B(1) of the 1992 Act and section 88(2) of the 1999 Act or, as the case may be, item TP in section 45(3) or 48(3) or (4) of the 1992 Act or item TP2 in section 89(4) of the 1999 Act shall, in any case where one or more of the billing authorities concerned fails to notify any calculation required by those items for a financial year to a major precepting authority within the period prescribed in regulation 8, be determined by the major precepting authority in the following manner.

(2) In any case where one or more of the amounts required to be calculated by the item in question (a “required amount”) is notified to the major precepting authority within the period prescribed in regulation 8, the item shall be equal to the aggregate of such amounts and any other required amounts determined in accordance with paragraph (4) or, as the case may be, (5).

(3) In any other case the item in question shall be equal to the aggregate of the required amounts determined in accordance with paragraph (4) or, as the case may be, (5).

(4) Where the required amount is the amount of a billing authority’s council tax base, the required amount shall be equal to the amount determined for item T in section 31B(1) for the financial year in question.

(5) Where the required amount is the amount of a billing authority’s council tax base for a part of its area, the required amount shall be calculated in accordance with the rules contained in regulation 6 on the basis of all the information available to the major precepting authority making the determination and, for this purpose, the relevant day in respect of a financial year is the day on which the authority calculates the relevant amount for the year for the purposes of the determination.

(6) In this regulation, “the billing authorities concerned” are any billing authorities to which the major precepting authority issues precepts for the financial year in question.

### **Determination of council tax base for the purposes of a local precepting authority**

**11.**—(1) Item T in section 52ZX(5) shall, in a case where a billing authority fails to notify its calculation for a financial year to the local precepting authority concerned within the period prescribed in regulation 8, be determined by the local precepting authority in the following manner.

(2) Item T shall be determined in accordance with the rules contained in regulation 6 on the basis of all the information available to the local precepting authority but, for this purpose, the relevant day in respect of a financial year is the day on which the authority calculates the relevant amount for the year for the purposes of the determination.

(3) The local precepting authority shall, in particular, have regard to any amount calculated for the preceding financial year by the billing authority—

- (a) as item TP in section 34(3) for the part of its area falling within the local precepting authority’s area, or
- (b) as item T in section 52ZX(5).

### **Revocation of Regulations**

**12.** The following Regulations are revoked in relation to a financial year beginning on or after 1st April 2013—

- (a) the Local Authorities (Calculation of Council Tax Base) (England) Regulations 1992(a);
- (b) the Local Authorities (Calculation of Council Tax Base) (Amendment) Regulations 1992(b);

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(a) S.I. 1992/ 612.  
(b) S.I. 1992/1742.



- (c) the Local Authorities (Calculation of Council Tax Base) (Amendment) (No 2) Regulations 1992<sup>(a)</sup>;
- (d) the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 1999<sup>(b)</sup>;
- (e) the Local Authorities (Calculation of Council Tax Base) (Amendment—Greater London Authority) Regulations 1999<sup>(c)</sup>;
- (f) the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003<sup>(d)</sup>;
- (g) the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) (No 2) Regulations 2003<sup>(e)</sup> (SI 2003/3181).

Signed by authority of the Secretary of State for Communities and Local Government

Date Parliamentary Under Secretary of State  
Department for Communities and Local Government

### EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations contain rules for the calculation of the council tax base, which is an amount required by the Local Government Finance Act 1992 to be used in the calculation of the council tax by billing authorities and major precepting authorities and in the calculation of the amount of a precept payable by each billing authority to a major precepting authority. They apply to the financial years beginning on or after 1st April 2013.

Regulations 3 to 5 provide for the calculation of the amount of a billing authority's council tax base for the purposes of the calculation of its council tax. Under the rules, the council tax base is, in essence, the number of dwellings in an area belonging to each valuation band, modified to take account of the proportion applying to dwellings in each band under section 5 of the 1992 Act, discounts under section 11 and in certain cases reduced amounts payable under section 13 of the Act, as well as reductions under a council tax scheme required by section 13A, and the proportion of the council tax for the year which the billing authority expects to be able to collect.

Regulation 6 provides for the calculation of a billing authority's council tax base for a part of its area for the purposes of the calculation of its council tax similarly to the way in which the council tax base is to be calculated for the whole of a billing authority's area under regulations 3 to 5.

Regulation 7 provides for the calculation of the council tax base of the area or part of the area of a billing authority for the purposes of the calculation of a major precepting authority's council tax and the amount payable by a billing authority to a major precepting authority, based on the rules set out in regulations 3 to 6.

Regulation 8 prescribes a period for the notification by a billing authority of the council tax base of its area or a part of its area to a major precepting authority. Regulations 9 and 10 provide for how the council tax base is to be determined where a billing authority fails to notify its calculation to a major precepting authority within the period prescribed by regulation 8. Regulation 11 provides for the determination of council tax base for the purposes of a local precepting authority

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(a) S.I. 1992/2943.  
 (b) S.I. 1999/3123.  
 (c) S.I. 1999/3437.  
 (d) S.I. 2003/3012.  
 (e) S.I. 2003/3181.

and regulation 12 revokes the Local Authorities (Calculation of Council Tax Base) (England) Regulations 1992 and subsequent amending instruments.

A full impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.