



Department for  
Communities and  
Local Government

## Localising support for council tax

The Collection Fund (Council Tax Reductions) (England)  
Directions 2013

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# Discretionary discounts under Section 13A of the Local Government Finance Act 1992

At present the full cost of section 13A discretionary discounts are borne by the billing authority in accordance with the Collection Fund (Council Tax Reductions) (England) Directions 2003.

The new section 13A in the Local Government Finance Act 1992, inserted by the Local Government Act 2012, now also includes local authority council tax reductions schemes which will mean that unless the 2003 Directions are amended, the full cost of local council tax reductions schemes will also be borne solely by billing authorities.

The Government's policy has not changed with regard to discretionary discounts so we are therefore replacing the 2003 Directions to ensure only discretionary discounts under new section 13A(1)(c), which replaces the previous 13A discretionary reductions, continue to be borne by the billing authority.

The new direction is attached at annex A.

# Annex A

## Local Government Finance Act 1988

### The Collection Fund (Council Tax Reductions) (England) Directions 2013

- 1
  - (1) The Secretary of State, in exercise of his powers under sections 98(4) to (6) of the Local Government Finance Act 1988, hereby makes the following directions.
  - (2) The directions contained below (CT98(4)/2013/1, CT98(4)/2013/2, CT98(5)/2013/1 and CT98(5)/2013/2) have effect for the financial year beginning 1 April 2013 and subsequent years.
  - (3) Directions CT98(4)/31, CT98(4)/32, CT98(5)/32 and CT98(5)/33, made under sections 98(4) to (6) of the Local Government Finance Act 1988 (on 28 November 2003) are revoked in relation to the financial year beginning on 1 April 2013 and subsequent years but shall continue to have effect both in relation to previous financial years and in so far as is necessary for calculations under any other direction.
- 2
  - (1) In these directions –

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

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

“instalment day” means:-

    - (a) a day on which an amount is or will be transferred from the authority’s collection fund under section 97(1) of the 1988 Act in accordance with the Local Authorities (Funds) (England) Regulations 1992 (S.I. 1992/2428),
    - (b) where no such amount is or will be so transferred in the financial year in question, the first working day in May and in each subsequent month up to and including February in that year,

and (in either case) the last working day of the financial year in question.

**Direction CT98(4)/2013/1 under section 98(4) of the 1988 Act: adjustment of reduced amount of council tax under section 13A(1)(c) of the 1992 Act**

- 3 The Secretary of State hereby directs that a billing authority shall transfer to its general fund from its collection fund the amount (if it is a positive amount) calculated in accordance with the following formula –

$$A - B$$

where –

A is the total of the amounts calculated by the authority in relation to the financial year under direction CT98(5)/2013/1 below,

B is the amount by which the amounts liable to be paid to the authority in respect of council tax as it has effect for the financial year are less than the amounts which would be so payable but for any reductions granted by the billing authority under section 13A(1)(c) of the 1992 Act

such amount, if any, to be transferred on the last instalment day of the financial year.

**Direction CT98(4)/2013/2 under section 98(4) of the 1988 Act: adjustment of reduced amounts of council tax under section 13A(1)(c) of the 1992 Act for preceding years**

- 4 The Secretary of State hereby directs that a billing authority shall transfer to its general fund from its collection fund the amount (if it is a positive amount) calculated in accordance with the following formula –

$$A - B$$

where –

A is the total of the amounts calculated by the authority in relation to any preceding financial year, under directions CT98(5)/2013/1 and CT98(5)/2013/2 below, less the total of the amounts calculated by the authority in relation to that preceding year under direction CT98(4)/2013/1 above the under this direction,

B is the amount by which the amounts liable to be paid to the authority in respect of council tax as it has effect for that preceding financial year are less than the amounts which would be so payable but for any reductions granted by the billing authority under section 13A(1)(c) of the 1992 Act;

such amount, if any, to be transferred on the last instalment day of the financial year.

**Direction CT98(5)/2013/1 under section 98(5) of the 1988 Act: reduced amounts of council tax under section 13A(1)(c) of the 1992 Act**

- 5 The Secretary of State hereby directs that a billing authority shall transfer to its collection fund from its general fund the amount (if it is a positive amount) calculated on an instalment day in the financial year in accordance with the following formula –

$$\frac{A - B}{C}$$

where –

A is the amount, calculated on the instalment day, by which the amounts liable to be paid to the authority in respect of council tax as it has effect for the financial year are less than the amounts which would be so payable but for any reductions granted by the billing authority under section 13A(1)(c) of the 1992 Act,

B is the total of the amounts calculated by the authority, under this direction and in relation to the financial year, on instalment days preceding that on which the amount is calculated,

C is the number of instalment days remaining (immediately before the day on which the amount is calculated) in the financial year;

such amount, if any, to be transferred on or before the last instalment day in the financial year.

**Direction CT98(5)/2013/2 under section 98(5) of the 1988 Act: reduced amounts of council tax under section 13A(1)(c) of the 1992 Act for preceding years**

- 6 The Secretary of State hereby directs that a billing authority shall transfer to its collection fund from its general fund the amount (if it is a positive amount) calculated on an instalment day in the financial year in accordance with the following formula –

$$A - B$$

where –

A is the amount, calculated on the instalment day, by which the amounts liable to be paid to the authority in respect of council tax as it has effect for any preceding financial year are less than the amounts which would be so payable but for any reductions granted by the billing authority under section 13A(1)(c) of the 1992 Act,

B is the total of the amounts calculated by the authority in relation to that preceding financial year under direction CT98(5)/2013/1 above and under this direction, less the total of the amounts calculated by the authority under directions CT98(4)/2013/1 and CT98(4)/2013/2 above, in relation to that preceding financial year;

such amount, if any, to be transferred on or before the last instalment day in the financial year.

Signed by authority of the Secretary of State

A handwritten signature in cursive script, appearing to read 'Claire Cooper', written in dark ink.

Claire Cooper  
Deputy Director  
Local Government Finance Division  
Department for Communities and Local Government.

15 March 2013