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Efficiency information on Council Tax bills for 2011-12

The topics covered in this letter are:

- Efficiency information on Council Tax bills for 2011-12
- Council Tax freeze grant
- Council Tax referendums

On 7 July 2010 the Government announced that as part of the work to revoke unnecessary secondary legislation it would remove the requirement for local authorities to include efficiency information on and with council tax bills. However, billing authorities would still have the option of including the information if they wish to.

On 15 December 2010, Bob Neill MP, Parliamentary Under-Secretary of State signed the Council Tax (Demand Notices) (England) Regulations 2010 (SI 2010/2990).

The Regulations make provision about matters to be contained in, and information to be supplied with, council tax bills. With the exception of regulation 9, they apply in relation to a notice which relates to a financial year beginning on or after 1 April 2011 and which is served by an English billing authority.

Regulation 9 dis-applies requirements concerning efficiency information which would otherwise apply to a notice which is served after the coming into force of these Regulations and which relates to the financial year beginning on 1 April 2009, or the financial year beginning on 1 April 2010.

The Regulations will come into force on 14 January 2011 and are available on the Office of Public Sector Information website: www.opsi.gov.uk

For further information please e-mail the Council Tax Division at council.tax@communities.gsi.gov.uk

Council Tax freeze grant

Mark Rickard's letter of 21 October provided details of the terms under which the council tax freeze grant will operate in partnership with local authorities. Below is further detail to clarify some aspects of the scheme that a number of authorities have queried:

Eligibility of the scheme

The broad intention is that a local authority that freezes or reduces its Band D council tax in 2011-12 will receive an additional grant equivalent to them having set a 2.5 per cent increase from their 2010-11 level. Specifically, the scheme refers to Band D council tax as an authority's basic amount of council tax.

Special expenses

All special items (other than parish precepts) are included in an authority's basic amount of council tax. Therefore, the average of all an authority's special items (including its special expenses) over the whole of its area is the amount that will be used to judge eligibility for the grant.

Parishes

The scheme will not apply to local precepting authorities. This is because Central Government has no power either to pay grant directly to local precepting authorities or to another authority to pass to them. Furthermore, there are some 10,000 town and parish councils in England and the Government does not consider it practical or efficient to introduce a system for allocating Central Government grants to the parish sector.

Payment of grants over the Spending Review period

Any grant paid to an authority for freezing or reducing its council tax in 2011-12 will be matched exactly in each subsequent year of the Spending Review to compensate for the income foregone for a freeze. Authorities will not have to continue to freeze or reduce their council tax from 2012-13 to continue to receive this grant.

Council Tax referendums

The Localism Bill published on 13 December includes provisions to abolish Central Government capping and instead give the public the power to approve or veto excessive council tax rises. Any authority which wishes to increase its council tax beyond a threshold determined by the Secretary of State and approved by the House of Commons will be required to hold a referendum to seek the approval of their electorate. Local people would therefore have the final say on excessive increases; a majority no-vote would mean authorities having to refund their council taxpayers. It is expected that these provisions

will come into effect from 2012-13 onwards. Council tax referendums will apply to all local, police and fire authorities; and to Police and Crime Commissioners when these posts come into being. The provisions will also apply to parish councils, subject to a de minimis threshold that will exclude the majority of smaller parishes from being required to hold a referendum.