



Localism Act 2011

2011 CHAPTER 20

PART 5

COMMUNITY EMPOWERMENT

CHAPTER 1

COUNCIL TAX

74 Council tax calculations by billing authorities in England

Before section 32 of the Local Government Finance Act 1992 insert—

“31A Calculation of council tax requirement by authorities in England

- (1) In relation to each financial year a billing authority in England must make the calculations required by this section.
- (2) The authority must calculate the aggregate of—
 - (a) the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices,
 - (b) such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices,
 - (c) the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure,
 - (d) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for,

Status: Point in time view as at 22/11/2012.

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- (e) any amounts which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and
 - (f) any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.
- (3) The authority must calculate the aggregate of—
- (a) the income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices,
 - (b) any amounts which it estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act,
 - (c) any amounts which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account for the year, and
 - (d) the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2) (a), (b), (e) and (f) above.
- (4) If the aggregate calculated under subsection (2) above exceeds that calculated under subsection (3) above, the authority must calculate the amount equal to the difference; and the amount so calculated is to be its council tax requirement for the year.
- (5) In making the calculation under subsection (2) above the authority must ignore payments which must be met from its collection fund under section 90(2) of the 1988 Act or from a trust fund.
- (6) In estimating under subsection (2)(a) above the authority must take into account—
- (a) the amount of any expenditure which it estimates it will incur in the year in making any repayments of grants or other sums paid to it by the Secretary of State, and
 - (b) the amount of any precept issued to it for the year by a local precepting authority and the amount of any levy or special levy issued to it for the year.
- (7) But (except as provided by regulations under section 41 below or regulations under section 74 or 75 of the 1988 Act) the authority must not anticipate a precept, levy or special levy not issued.
- (8) For the purposes of subsection (2)(c) above an authority's estimated future expenditure is—
- (a) that which the authority estimates it will incur in the financial year following the year in question, will charge to a revenue account for the year in accordance with proper practices and will have to defray in the year before the following sums are sufficiently available—
 - (i) sums which will be payable for the year into its general fund and in respect of which amounts will be credited to a revenue account for the year in accordance with proper practices, and

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- (ii) sums which will be transferred as regards the year from its collection fund to its general fund, and
 - (b) that which the authority estimates it will incur in the financial year referred to in paragraph (a) above or any subsequent financial year in performing its functions and which will be charged to a revenue account for that or any other year in accordance with proper practices.
- (9) In making the calculation under subsection (3) above the authority must ignore—
- (a) payments which must be made into its collection fund under section 90(1) of the 1988 Act or to a trust fund, and
 - (b) subject to paragraphs (b) and (c) of subsection (3) above, sums which have been or are to be transferred from its collection fund to its general fund.
- (10) The Secretary of State may by regulations do either or both of the following—
- (a) alter the constituents of any calculation to be made under subsection (2) or (3) above (whether by adding, deleting or amending items);
 - (b) alter the rules governing the making of any calculation under subsection (2) or (3) above (whether by deleting or amending subsections (5) to (9) above, or any of them, or by adding other provisions, or by a combination of those methods).
- (11) Calculations to be made in relation to a particular financial year under this section must be made before 11th March in the preceding financial year, but they are not invalid merely because they are made on or after that date.
- (12) This section is subject to section 52ZS below (which requires a direction to a billing authority that the referendum provisions in Chapter 4ZA are not to apply to the authority for a financial year to state the amount of the authority's council tax requirement for the year).
- (13) In this section “BID Revenue Account” has the same meaning as in Part 4 of the Local Government Act 2003.

31B Calculation of basic amount of tax by authorities in England

- (1) In relation to each financial year a billing authority in England must calculate the basic amount of its council tax by applying the formula—

$$\frac{R}{T}$$

where—

R is the amount calculated (or last calculated) by the authority under section 31A(4) above as its council tax requirement for the year;

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T is the amount which is calculated by the authority as its council tax base for the year and, where one or more major precepting authorities have power to issue precepts to it, is notified by it to those authorities (“the major precepting authorities concerned”) within the prescribed period.

- (2) Where the aggregate calculated (or last calculated) by the authority for the year under subsection (2) of section 31A above does not exceed that so calculated under subsection (3) of that section, the amount for item R in subsection (1) above is to be nil.
- (3) The Secretary of State must make regulations containing rules for making for any year the calculation required by item T in subsection (1) above; and a billing authority must make the calculation for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.
- (4) Regulations prescribing a period for the purposes of item T in subsection (1) above may provide that, in any case where a billing authority fails to notify its calculation to the major precepting authorities concerned within that period, that item must be determined in the prescribed manner by such authority or authorities as may be prescribed.
- (5) The Secretary of State may by regulations do either or both of the following—
 - (a) alter the constituents of any calculation to be made under subsection (1) above (whether by adding, deleting or amending items);
 - (b) provide for rules governing the making of any calculation under that subsection (whether by adding provisions to, or deleting or amending provisions of, this section, or by a combination of those methods).”

Commencement Information

II S. 74 in force at 3.12.2011 by S.I. 2011/2896, art. 2(g)

Status:

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