



Localism Act 2011

2011 CHAPTER 20

PART 5

COMMUNITY EMPOWERMENT

CHAPTER 1

COUNCIL TAX

75 Council tax calculations by major precepting authorities in England

Before section 43 of the Local Government Finance Act 1992 insert—

“42A Calculation of council tax requirement by authorities in England

- (1) In relation to each financial year a major precepting authority in England must make the calculations required by this section.
- (2) The authority must calculate the aggregate of—
 - (a) the expenditure the authority estimates it will incur in the year in performing its functions and will charge to a 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, and
 - (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.
- (3) The authority must calculate the aggregate of—

Status: Point in time view as at 03/12/2011.

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- (a) the income which it estimates will accrue to it in the year and which it will credit to a revenue account for the year in accordance with proper practices, other than income which it estimates will accrue to it in respect of any precept issued by it, and
 - (b) the amount of the financial reserves which the authority estimates that it will use in order to provide for the items mentioned in paragraphs (a) and (b) of subsection (2) 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 a trust fund.
- (6) In estimating under subsection (2)(a) above an 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) in the case of an authority which is a county council, the amount of any levy issued to it for the year.
- (7) But (except as provided by regulations under section 74 of the 1988 Act) the authority must not anticipate a 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 to it for the year, and
 - (ii) sums in respect of which amounts will be credited to a revenue account for the year in accordance with proper practices, 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 payments which must be made into a trust fund.
- (10) In estimating under subsection (3)(a) above the authority must take into account the sums which the authority estimates will be paid to it in the year by billing authorities in accordance with regulations under section 99(3) of the 1988 Act.
- (11) The Secretary of State may by regulations do one 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

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subsections (5) to (10) above, or any of them, or by adding other provisions, or by a combination of those methods).

- (12) This section is subject to section 52ZT below (which requires a direction to a major precepting 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).

42B Calculation of basic amount of tax by authorities in England

- (1) In relation to each financial year a major precepting 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 42A(4) above as its council tax requirement for the year;

T is the aggregate of the amounts which are calculated by the billing authorities to which the authority issues precepts (“the billing authorities concerned”) as their council tax bases for the year for their areas, or (as the case may require) for the parts of their areas falling within the authority's area, and are notified by them to the authority within the prescribed period.

- (2) Where the aggregate calculated (or last calculated) by the authority for the year under subsection (2) of section 42A 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 the billing authorities concerned must make the calculations 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 precepting authority 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).”

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Commencement Information

II S. 75 in force at 3.12.2011 by S.I. 2011/2896, art. 2(g)

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