



Local Government Finance Act 1992

1992 CHAPTER 14

PART I

COUNCIL TAX: ENGLAND AND WALES

CHAPTER III

SETTING OF COUNCIL TAX

The requisite calculations

32 Calculation of budget requirement.

- (1) In relation to each financial year a billing authority shall 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 for the year;
 - (b) such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;
 - (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; and
 - [^{F1}(e) any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under subsection (5) of section 98 of the 1988 Act and charged to a revenue account for the year, other than (in the case of an authority in England) any amounts which it estimates will be so transferred pursuant to a direction under that subsection relating to the

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difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year.]

- (3) The authority must calculate the aggregate of—
- (a) the sums which it estimates 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, other than sums which it estimates will be so payable in respect of redistributed non-domestic rates, revenue support grant [^{F2}, additional grant [^{F3} or relevant special grant or (in the case of the Common Council only) police grant;];
 - [^{F4}(b) any amounts which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under subsection (4) of section 98 of the 1988 Act and credited to a revenue account for the year, other than (in the case of an authority in England) any amounts which it estimates will be so transferred—
 - (i) pursuant to a direction under that subsection relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year; and
 - (ii) in the case of the Common Council, pursuant to a direction under that subsection in respect of an amount calculated by reference to the provisional amount of its non-domestic rating contribution under Part II of Schedule 8 to that Act; and]
 - (c) 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), (b) and (e) 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 shall be its budget requirement for the year.
- (5) In making the calculation under subsection (2) above the authority must ignore—
- (a) payments which must be met from its collection fund under section 90(2) of the 1988 Act or from a trust fund; and
 - (b) subject to subsection (2)(e) above, sums which have been or are to be transferred from its general fund to its collection fund.
- (6) In estimating under subsection (2)(a) above the authority shall take into account—
- (a) the amount of any precept issued to it for the year by a local precepting authority; and
 - (b) the amount of any levy or special levy issued to it for the year;
- but (except as provided by regulations under section 41 below or regulations under section 74 or 75 of the 1988 Act) shall not anticipate a precept, levy or special levy not issued.
- (7) 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 and will have to defray in the year before the following sums are sufficiently available, namely—

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- (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; and
 - (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.
- (8) In making the calculation under subsection (3) above the authority must ignore, subject to paragraph (b) of that subsection, sums which have been or are to be transferred from its collection fund to its general fund.
- (9) 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 subsections (5) to (8) above, or any of them, or by adding other provisions, or by a combination of those methods).
- (10) 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.
- (11) References in this section to expenditure incurred by an authority shall be construed in accordance with section 41(3) of the ^{M1}Local Government and Housing Act 1989.
- [^{F5}(12) In this section and section 33 below—

“police grant” means the grant payable in accordance with paragraphs 2 and 3 of the police grant report (Police Grant Report (England and Wales) 1995–96) made under section 31 of the Police Act 1964 and approved by a resolution of the House of Commons on 31st January 1995; and

“relevant special grant” means any of the following grants, that is to say—

- (i) the special grant payable in accordance with paragraphs 4 and 6 of the special grant report (Special Grant Report (No. 9)) approved by a resolution of the House of Commons pursuant to section 88B of the 1988 Act on 3rd February 1994;
- (ii) the special grant payable in accordance with paragraphs 4 and 6 of the special grant report (Special Grant Report (No. 12)) approved by such a resolution on 1st February 1995; and
- (iii) the special grant payable in accordance with paragraphs 5 and 7 of that special grant report.]

Textual Amendments

- F1** S. 32(2)(e) substituted (8.2.1994) by S.I. 1994/246, reg. 3(1)
- F2** Words in s. 32(3)(a) substituted (8.2.1994) by S.I. 1994/246, reg.3(2)(a)
- F3** Words in s. 32(3)(a) substituted (3.2.1995) by S.I. 1995/234, reg. 2(1)
- F4** S. 32(3)(b) substituted (8.2.1994) by S.I. 1994/246, reg. 3(2)(b)
- F5** S. 32(12) inserted (3.2.1995) by S.I. 1995/234, reg. 2(2)

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Modifications etc. (not altering text)

- C5 Pt. I Ch. III (ss. 30-38) modified (E.) (1.2.1993) by S.I. 1993/22, art. 3(4)
 C6 Pt. I Chs. III-IV (ss. 30-52) modified (E.) (1.2.1993) by S.I. 1993/22, art. 4(2)
 C7 S. 32 applied (with modifications) (E.) (15.2.1995) by S.I. 1995/161, art. 3(2)(a)

Marginal Citations

- M1 1989 c. 42.

33 Calculation of basic amount of tax.

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

$$\frac{R - P}{T}$$

where—

R is the amount calculated (or last calculated) by the authority under section 32(4) above as its budget requirement for the year;

P is the aggregate of the sums which the authority estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant [^{F6}, additional grant]^{F7} or relevant special grant or (in the case of the Common Council only) police grant;];

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 32 above does not exceed that so calculated under subsection (3) of that section, the amount for item R in subsection (1) above shall be nil.

- [^{F8}(3) The aggregate of the sums mentioned in item P in subsection (1) above shall be increased or reduced by the amount calculated in accordance with the following formula, according to whether that amount is positive or negative

$$W + X - (Y + Z)$$

where

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W is the amount of any sum which the authority 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;

X in the case of an authority in Wales is nil and, in the case of an authority in England, is (subject to subsection (3A) below) the amount of any sum which the authority estimates will be—

(i) transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of that Act relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year; and

(ii) credited to a revenue account for the year;

Y is the amount of any sum which the authority estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of that Act;

Z in the case of an authority in Wales is nil and, in the case of an authority in England, is the amount of any sum which the authority estimates will be—

(i) transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of that Act relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year; and

(ii) charged to a revenue account for the year.

(3A) In the case of the Common Council, item X in subsection (3) above shall also include the amount of any sum which the Common Council estimates will be—

(a) transferred from its collection fund to its City fund pursuant to a direction under section 98(4) of the 1988 Act in respect of an amount calculated by reference to the provisional amount of its non-domestic rating contribution under Part II of Schedule 8 to that Act; and

(b) credited to a revenue account for the year.]

(4) Regulations under section 32(9) above may make such consequential alterations of the constituents of any calculation required by item P in subsection (1) above or subsection (3) above (whether by adding, deleting or amending items) as appear to the Secretary of State to be necessary or expedient.

(5) The Secretary of State shall make regulations containing rules for making for any year the calculation required by item T in subsection (1) above; and a billing authority shall make the calculation for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.

(6) 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 shall be determined in the prescribed manner by such authority or authorities as may be prescribed.

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Textual Amendments

- F6** In s. 33(1) the constituents of the calculation required by item P in subsection (1) of s. 33 are altered by the substitution of words (8.2.1994) by **S.I. 1994/246, art. 4(1)**
- F7** Words in item P of s. 33(1) substituted (3.2.1995) by **S.I. 1995/234, reg. 2(1)**
- F8** In s. 33(3) the constituents of the calculation required by item P in subsections (1) and (3) of s. 33 are altered by the substitution of s. 33(3)(3A) for s. 33(3) (8.2.1994) by **S.I. 1994/246, art. 4(2)**

Modifications etc. (not altering text)

- C8** Pt. I Ch. III (ss. 30-38) modified (E.) (1.2.1993) by **S.I. 1993/22, art. 3(4)**
- C9** Pt. I Chs. III-IV (ss. 30-52) modified (E.) (1.2.1993) by **S.I. 1993/22, art. 4(2)**

34 Additional calculations where special items relate to part only of area.

- (1) This section applies where for any financial year an item mentioned in section 35(1) below relates to a part only of a billing authority's area; and in this section "special item" means any such item which so relates and "the relevant part", in relation to such an item, means the part concerned.
- (2) The authority shall calculate the basic amount of its council tax for dwellings in a part of its area to which no special item relates by applying the formula—

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

where—

B is the amount calculated (or last calculated) by the authority under section 33(1) above as the basic amount of its council tax;

A is the aggregate amount of all special items;

T is the amount determined for item T in section 33(1) above.

- (3) The authority shall calculate the basic amount of its council tax for dwellings in a part of its area to which one or more special items relate by adding to the amount given by the formula in subsection (2) above the aggregate of the amounts which, in relation to each of those special items, are given by the formula—

$$\frac{S}{TP}$$

where—

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S is (in each case) the amount of the special item;

TP is (in each case) the amount of the authority's council tax base for the relevant part as calculated by it for the year.

- (4) The Secretary of State shall make regulations containing rules for making for any year any calculation required by item TP in subsection (3) above; and a billing authority shall make the calculation for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.

Modifications etc. (not altering text)

C10 Pt. 1 Ch. 3 (ss. 30-38) modified (1.2.1993) by [S.I. 1993/22, art. 3\(4\)](#)

C11 Pt. 1 Chs. 3, 4 (ss. 30-52) modified (E.) (1.2.1993) by [S.I. 1993/22, art. 4\(2\)](#)

35 Special items for purposes of section 34.

- (1) The items referred to in section 34(1) above are—
- (a) any precept issued to or anticipated by the authority which is or is believed to be applicable to a part of its area and was taken into account by it in making the calculation (or last calculation) in relation to the year under section 32(2) above; and
 - (b) any expenses of the authority which are its special expenses and were taken into account by it in making that calculation.
- (2) For the purposes of subsection (1) above—
- (a) provided a resolution of a billing authority to the following effect is in force, the expenses of meeting a levy or special levy issued to or anticipated by it are its special expenses or (if the resolution relates to some only of those expenses) those to which the resolution relates are its special expenses;
 - (b) any expenses which a billing authority believes will have to be met out of amounts transferred or to be transferred from its collection fund to its general fund, and which arise out of its possession of property held in trust for a part of its area, are its special expenses;
 - (c) any expenses which a billing authority believes will have to be met out of amounts transferred or to be transferred from its collection fund to its general fund, and which relate to a part of its area, are its special expenses 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) any expenses incurred by a billing authority in performing in a 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 or community council or the chairman of a parish meeting are the authority's special expenses unless a resolution of the authority to the contrary effect is in force; and
 - (e) provided a resolution of a billing authority to the following effect is in force, the expenses incurred by it in performing in a 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 are its special expenses or (if the resolution relates to some only of those expenses) those to which the resolution relates are its special expenses.

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- (3) The following rules shall apply to the making of a resolution under subsection (2)(e) above by a billing authority—
- (a) no such resolution may be made unless the body mentioned in subsection (2)(e) above is one in relation to which the billing authority has made under subsection (2)(a) above a resolution which is in force;
 - (b) the resolution under subsection (2)(e) above may not be made so as to be in force at any time when that under subsection (2)(a) above is not in force;
 - (c) the fact that the resolution under subsection (2)(a) above relates to all the expenses concerned does not mean that the resolution under subsection (2)(e) above must relate to all the expenses concerned; and
 - (d) the fact that the resolution under subsection (2)(a) above relates to part of the expenses concerned does not mean that the resolution under subsection (2)(e) above must relate to part, or any particular part, of the expenses concerned.

Modifications etc. (not altering text)

C12 Pt. I Ch. III (ss. 30-38) modified (E.) (1.2.1993) by S.I. 1993/22, art. 3(4)

C13 Pt. I Chs. III-IV (ss. 30-52) modified (E.) (1.2.1993) by S.I. 1993/22, art. 4(2)

C14 S. 35(2)(a) applied (30.12.1992) by S.I. 1992/3079, reg. 11(7).

36 Calculation of tax for different valuation bands.

- (1) The amount to be taken into account under section 30(2)(a) above for any financial year in respect of a category of dwellings listed in a particular valuation band shall be calculated by applying the formula—

$$A \times \frac{N}{D}$$

where—

A is the amount calculated (or last calculated) by the billing authority for that year under section 33(1) above or, where section 34 above applies, the amount calculated (or last calculated) by it for that year under subsection (2) or (3) of that section in relation to that category of dwellings;

N is the number which, in the proportion set out in section 5(1) above, is applicable to dwellings listed in that valuation band;

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

- (2) Dwellings fall within different categories for the purposes of this section according as different calculations have been made in relation to them under section 34 above.

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Modifications etc. (not altering text)

- C15** Pt. 1 Ch. 3 (ss. 30-38) modified (E.) (1.2.1993) by **S.I. 1993/22, art. 3(4)**
Pt. 1 Ch. 3 (ss. 30-38) applied (with modifications) (E.) (15.2.1995) by **S.I. 1995/161, art.3(3)**
Pt. 1 Ch. 3 (ss. 30-38) excluded (1.8.1995) by **S.I. 1995/1748, reg. 6(1)**
C16 Pt. 1 Chs. 3, 4 (ss. 30-52) modified (E.) (1.2.1993) by **S.I. 1993/22, art. 4(2)**

37 Substitute calculations.

- (1) An authority which has made calculations in accordance with sections 32 to 36 above in relation to a financial year (originally or by way of substitute) may make calculations in substitution in relation to the year in accordance with those sections, ignoring section 32(10) above for this purpose.
- (2) None of the substitute calculations shall have any effect if—
 - (a) the amount calculated under section 32(4) above, or any amount calculated under section 33(1) or 34(2) or (3) above as the basic amount of council tax applicable to any dwelling, would exceed that so calculated in the previous calculations; or
 - (b) the billing authority fails to comply with subsection (3) below in making the substitute calculations.
- (3) In making substitute calculations under section 33(1) or 34(3) above, the billing authority must use any amount determined in the previous calculations for item P or T in section 33(1) above or item TP in section 34(3) above.
- (4) For the purposes of subsection (2)(a) above, one negative amount shall be taken to exceed another if it is closer to nil (so that minus £1 shall be taken to exceed minus £2).
- (5) For the purposes of subsection (3) above, the billing authority may treat any amount determined in the previous calculations for item P in section 33(1) above as increased by the amount of any sum which—
 - (a) it estimates will be payable for the year into its general fund in respect of additional grant; and
 - (b) was not taken into account by it in making those calculations.
- (6) Subsections (2) and (3) above shall not apply if the previous calculations have been quashed because of a failure to comply with sections 32 to 36 above in making the calculations.

Modifications etc. (not altering text)

- C17** Pt. I Ch. III (ss. 30-38) modified (E.) (1.2.1993) by **S.I. 1993/22, art. 3(4)**
C18 Pt. I Chs. III-IV (ss. 30-52) modified (E.) (1.2.1993) by **S.I. 1993/22, art. 4(2)**

Status:

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