



Local Government Finance Act 1992

1992 CHAPTER 14

PART I

COUNCIL TAX: ENGLAND AND WALES

CHAPTER III

SETTING OF COUNCIL TAX

Setting of amounts

30 Amounts for different categories of dwellings

- (1) For each financial year and each category of dwellings in its area, a billing authority shall, in accordance with subsection (2) below, set an amount of council tax.
- (2) An amount so set shall be calculated by taking the aggregate of—
 - (a) the amount which, in relation to the year and the category of dwellings, has been calculated (or last calculated) by the authority in accordance with sections 32 to 36 below; and
 - (b) any amounts which, in relation to the year and the category of dwellings, have been calculated in accordance with sections 43 to 47 below and have been stated (or last stated) in accordance with section 40 below in precepts issued to the authority by major precepting authorities.
- (3) Where the aggregate amount given by subsection (2) above is a negative amount, the amount set shall be nil.
- (4) Dwellings fall within different categories for the purposes of subsections (1) and (2) above according as different calculations have been made in relation to them in accordance with sections 32 to 36 below or sections 43 to 47 below or both.
- (5) A billing authority shall assume for the purposes of subsections (1) and (2) above that each of the valuation bands is shown in its valuation list as applicable to one or more

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dwellings situated in its area or (as the case may be) each part of its area as respects which different calculations have been so made.

- (6) Any amount must be set before 11th March in the financial year preceding that for which it is set, but is not invalid merely because it is set on or after that date.
- (7) No amount may be set before the earlier of the following—
 - (a) 1st March in the financial year preceding that for which the amount is set;
 - (b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set.
- (8) No amount may be set unless the authority has made in relation to the year the calculations required by this Chapter.
- (9) A purported setting of an amount, if done in contravention of subsection (7) or (8) above, shall be treated as not having occurred.

31 Substituted amounts

- (1) Where a billing authority has set amounts for a financial year under section 30 above and at any later time—
 - (a) it makes substitute calculations under section 37 or 60 below; or
 - (b) it is issued with a precept for the year (originally or by way of substitute) by a major precepting authority,
 it shall as soon as reasonably practicable after that time set amounts in substitution so as to give effect to those calculations or that precept.
- (2) Any amount set in substitution under subsection (1) above must be set in accordance with section 30 above, but subsection (6) of that section shall be ignored for this purpose.
- (3) Where a billing authority sets any amount in substitution under subsection (1) above (a new amount), anything paid to it by reference to the amount for which it is substituted (the old amount) shall be treated as paid by reference to the new amount.
- (4) If the old amount exceeds the new amount, the following shall apply as regards anything paid if it would not have been paid had the old amount been the same as the new amount—
 - (a) it shall be repaid if the person by whom it was paid so requires;
 - (b) in any other case it shall (as the billing authority determines) either be repaid or be credited against any subsequent liability of the person to pay in respect of any council tax set by the authority in accordance with section 30 above.
- (5) Where an authority sets amounts in substitution under subsection (1)(b) above, it may recover from the major precepting authority administrative expenses incurred by it in, or in consequence of, so doing.

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
 - (e) 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 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 or additional grant;
 - (b) 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 credited to a revenue account for the year; 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.

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- (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—
 - (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 Local Government and Housing Act 1989.

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—

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

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 or additional 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

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- 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.
- (3) The aggregate of the sums mentioned in item P in subsection (1) above shall be—
- (a) increased by 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 subsection (3) of section 97 of the 1988 Act; or
 - (b) reduced by 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 subsection (4) of that section.
- (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.

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—

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

where—

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.

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.
- (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.

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.

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.

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- (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.

Supplemental

38 Information for purposes of Chapter III

- (1) If the Secretary of State so requires by regulations, a precepting authority shall supply prescribed information within a prescribed period to any billing authority to which it has power to issue a precept.
- (2) A billing authority which has set amounts in accordance with section 30 above (originally or by way of substitute) shall, before the end of the period of 21 days beginning with the day of doing so, publish a notice of the amounts in at least one newspaper circulating in the authority's area.
- (3) Failure to comply with subsection (2) above does not make the setting of amounts invalid.