

COUNCIL TAX REQUIREMENT RETURN 2012-13
CTR1 GUIDANCE NOTES
For completion by billing authorities

This form must be returned to DCLG within 7 days of the authority setting its council tax requirement.

NOTES FOR COMPLETION

Sections 72 to 79 of the Localism Act - which commenced on 3 December - change some of the details of Part 1 of the Local Government Finance Act 1992 ("the 1992 Act") governing the calculation of council tax in England. In setting its council tax requirement, an authority will have taken into account any funding from reserves, income it expects to raise and general funding it will receive from the Government. There is no longer a need for an authority to set a Budget Requirement.

Details on how to calculate a council tax requirement for 2011-12 are set out in regulation 3 of the Council Tax (Demand Notices) (England) Regulations 2011 (SI 2011/3038), which can be found at the following web address-

<http://www.legislation.gov.uk/ukxi/2011/3038/contents/made>

Unless specified to the contrary, all data should be shown to the nearest £.

NB: data for 2011-12 are pre-populated or calculated except line 5.

Line 1: the amounts calculated by the authority under section 32(4) for 2011-12, and section 31A for 2012-13, of the 1992 Act **including** both the aggregate amount of any precepts issued by local precepting authorities or anticipated by the authority for the year in question and any amount calculated under section 32(4)/31A as levies or special expenses. The amounts should be shown to the nearest £.

In calculating this amount for 2012-13 income estimated to be gained from the use of reserves, the council tax freeze grant scheme or the receipt of other specific grants should be taken into account under section 31A of the 1992 Act. In other words, these amounts should reduce the level of an authority's council tax requirement for 2012-13.

Line 2: any amount calculated under section 32(4)/31A and regarded as a levy (e.g. levies issued by the Environment Agency) or special expense (e.g. for Garden squares) should be included in this line. The amounts should be shown to the nearest £.

Line 3: the aggregate amounts for 2011-12 and 2012-13 of any precepts from local precepting authorities issued to or anticipated by the billing authority which were taken into account in making the calculation of its Budget Requirement. In particular, this line includes any amounts which are to be construed as amounts anticipated by a billing authority under the Local Government Finance (New Parishes) Regulations 1998 (SI 1998/119) (as amended by the Local Government Finance (New Parishes)

(Amendment) Regulations 1998 (SI 1998/3270) or the provisions of the Local Government Finance (New Parishes) (England) Regulations 2008 (SI 2008/626)) where the billing authority is subject to an order made under section 14 of the Local Government and Rating Act 1997 or under section 86 of the Local Government and Public Involvement in Health Act 2007, which provides for the creation of a new parish in 2011-12. Levies (e.g. levies issued by the Environment Agency) or special levies (e.g. special levies issued by internal drainage boards) should **not** be included in this line (see line 2). The amounts should be shown to the nearest £.

Line 4: This is the amounts calculated by the authority under section 32(4) for 2011-12 and under section 31A 2012-13 of the 1992 Act **excluding** the aggregate amount of any precepts issued by local precepting authorities or anticipated by the authority for the year in question, but includes any amount calculated under section 32(4)/31A as levies or special expenses. The amounts are automatically calculated and shown to the nearest £.

Line 5: The amount of any levies and special levies issued for the year, or anticipated in pursuance of regulations under section 74 or 75 of the 1988 Act. We request that authorities provide a retrospective figure for 2011-12. This is the amount that was anticipated in pursuance of regulations under section 74 or 75 of the 1988 Act in the calculation of an authority's basic amount of council tax in 2011-12. Both of these figures are required to produce a Council Tax Requirement for the purpose of council tax referendums at line 6 and comparisons of the *relevant basic amount of council tax* for the purposes of council tax referendums at line 13.

Line 6: the Council Tax Requirement for the billing authority for the purpose of council tax referendums. This is the amount at line 4 less any amount at line 5. The amounts are automatically calculated and shown to the nearest £.

Line 7: the tax base figure calculated by the authority for 2012-13 under section 31B of the 1992 Act (or that section as modified by the Local Government (Structural Changes) (Finance) Regulations 2008 (SI 2008/3022) ('the 2008 Regulations')). The figure should be shown to one decimal place and should not be affected by any decision made under section 13A of the 1992 Act to reduce the amount of tax payable (by granting locally-financed discounts or exemptions).

Line 8: the estimate of the collection rate for 2012-13 as made in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (SI 1992/612). This should not be more than 100%.

Line 9: the amount which the authority has taken into account in its tax base for the year in respect of sums which are likely to be paid by the Secretary of State for Defence for Class O exempt dwellings situated in its area. The figure should be shown to one decimal place.

Line 10: the tax base figure calculated by the authority for 2012-13 under section 31B of the 1992 Act (or that section as modified by the 2008 Regulations). (Line 7 x line 8) + line 9 should equal this amount. The figure should be shown to one decimal place and should not be affected by any decision made under section 13A of the

1992 Act to reduce the amount of tax payable (by granting locally-financed discounts or exemptions).

Line 11: The average Band D council tax **including** any precepts issued by local precepting authorities. This is the same as the basic amount of Council Tax calculated by the billing authority under section 31B of the 1992 Act (or that section as modified by the 2008 Regulations) **including** any local precepts (line 1 divided by line 10). The amounts must be shown to the nearest penny. The subsequent box is a check to ensure that this calculation is correct. If a figure is shown in the box it is the difference between the expected figure and the figure provided. An explanation must be provided in the validation form as the reason this difference exists.

Line 12: The average Band D council tax **excluding** any precepts issued by local precepting authorities. This is the same as the basic amount of Council Tax calculated by the billing authority under section 31B of the 1992 Act (or that section as modified by the 2008 Regulations) **excluding** any local precepts (line 4 divided by line 10). The amounts must be shown to the nearest penny. The subsequent box is a check to ensure that this calculation is correct. If a figure is shown in the box it is the difference between the expected figure and the figure provided. An explanation must be provided in the validation form as the reason this difference exists.

An authority will be entitled to a section 31 grant under the Government's scheme to freeze council tax in 2012-13 if the figure in the second cell on line 12 is equal to, or lower than the figure in the first cell, i.e. if the level of band D council tax excluding parishes for 2012-13 is lower than or equal to that for 2011-12.

Line 13: Authorities will be required to seek the approval of their local electorate in a referendum if they set council tax increases that exceed the principles set out in a report to the House of Commons and approved in parallel with the report on the Local Government Finance Settlement. The principles relate to a comparison of the increase from 2011-12 to 2012-13 in an authority's 'relevant basic amount of council tax' as defined by the new section 52ZX of the 1992 Act. This is derived from a calculation of the authority's basic amount of council tax modified by leaving out of account (i) precepts issued to or anticipated by a billing authority by local precepting authorities; and (ii) the total amount of any levies or special levies issued to or anticipated by the authority.

Relevant basic amounts of council tax for the purposes of council tax referendums are automatically calculated for 2011-12 and 2012-13 by dividing line 6 by line 10. The amounts must be shown to the nearest penny. The subsequent box is a check to ensure that this calculation is correct. If a figure is shown in the box it is the difference between the expected figure and the figure provided. An explanation must be provided in the validation form as the reason this difference exists. **Figures for 2011-12 and 2012-13 should be compared by the authority to establish whether they have exceeded the principles outlined above.**

REFERENDUMS

Line 14: A billing authority must inform this Department if they are required to hold a referendum due to the increase in their *relevant basic amount of council tax* (see line

13). You should select either “**No**” or “**Yes – to be held**” from the drop down box when this form is initially submitted. If you select “**Yes – to be held**”, you **must** submit a revised form immediately following the result of the referendum. If the electorate vote to accept the council tax that was set, when submitting the revised form, please select “**Yes – resulted in no changes**” as the data submitted in your original form will be correct. If the electorate vote for a lower increase then please select “**Yes - changes made to form**” and reflect the changes in the data throughout the form.

Line 15: A billing authority must inform this Department if one or more precepting authorities in their area are holding a referendum due to the increase in their *relevant basic amount of council tax*. You should select either “**No**” or “**Yes – to be held**” from the drop down box when this form is initially submitted. If you select “**Yes – to be held**”, you **must** submit a revised form immediately following the result of these referendums. If the electorate vote to accept the council tax that was set by each of these authorities, then please select “**Yes – resulted in no changes**” as the data submitted in your original form will be correct. If the electorate vote for a lower increase by one or more of your precepting authorities, when submitting a revised form, please select “**Yes - changes made to form**” as this will require you to change some data in line 16¹.

Lines 16a, 16b & 16c:

Column 1: the Council Tax Precept for Major Precepting Authorities. This is the amount stated as the amount payable for the year in accordance with section 40(2)(b) of the 1992 Act. The amounts should be shown to the nearest £.

Column 2: the average Band D Council Tax for 2012-13. This is calculated by dividing column 1 by line 10 and should equal the amount notified to the billing authority by the precepting authority under section 40(2)(a) of the 1992 Act. The amounts must be shown to the nearest penny.

Line 17: the sum of the council tax figures shown in lines 11, 16a, 16b and 16c. It represents the average headline (Band D 2 adult equivalent) council tax for the area of the billing authority. The amounts must be shown to the nearest penny.

Reserves (Lines 18 to 20):

Line 18 - general note: The amounts given in line 18 should reflect the estimated position as at 1 April 2012, **BEFORE** appropriations, or transfers to / from other authorities. They should **EXCLUDE** pension fund reserves, HRA balances, unused usable capital receipts, provisions and Collection Fund or trust fund balances. Amounts held in pensions reserves introduced in connection with FRS17 should also be **EXCLUDED**.

Column 1: this should **INCLUDE** General Fund balances and reserves which have **NOT** been earmarked, although reserves which have been earmarked for future

¹ If this is a local precepting authority it will also result in changes to lines 1, 3, 4 and 10. No referendum principles will apply to local precepting authorities for 2012-13.

Council Tax reduction or budget support should be **INCLUDED**. The amount should be shown to the nearest £.

Column 2: this should include only amounts which have been contributed from the General Fund and have been earmarked for particular purposes e.g. for insurance or capital purposes. It should **EXCLUDE** schools reserves (as reported at column 3) and amounts earmarked for future Council Tax reduction or budget support held in these reserves and unapplied capital receipts. The amount should be shown to the nearest £.

Column 3: this should include the latest estimate of balances held by or on account of schools as part of their budget shares under the Individual Schools Budget. The amount should be shown to the nearest £.

Line 19: the aggregate of appropriations from / to financial reserves to / from Revenue Accounts (other than the HRA) of the General Fund (or City Fund in the case of the City of London) as taken into account in the calculation of the Council Tax Requirement for 2012-13. The amount should be shown to the nearest £.

They should **EXCLUDE** pension fund reserves, HRA balances, unused usable capital receipts, provisions and Collection Fund or trust fund balances. Amounts held in pensions reserves introduced in connection with FRS17 should also be **EXCLUDED**.

For the purposes of the aggregation, amounts withdrawn from reserves are negative, amounts transferred to reserves are positive.

Line 20: the estimated General Fund (or City Fund in the case of the City of London) revenue reserves at 31 March 2013, calculated as lines 18 + 19. The amount should be shown to the nearest £.

Line 21: (this was line 9 on BR1 2011-12) the amount (if any) which the authority has estimated, pursuant to the Collection Fund (Community Charges) (England) Directions 1994 in respect of Community Charge items for 2011-12, and which is to be transferred to (+)/from (-) the authority's Collection Fund in 2012-13. The amounts should be shown to the nearest £.

Line 22: (this was line 10 on BR1 2011-12) the amount (if any) which the authority has calculated as its share of its estimated Collection Fund deficit (+)/surplus (-) for 2011-12, pursuant to the Local Authorities (Funds) (England) Regulations 1992 (S1 1992/2428), which is to be transferred to (+)/from (-) the authority's Collection Fund in 2012-13 in accordance with section 97(4) and (3) respectively of the Local Government Finance Act 1988 ("the 1988 Act"). The amounts should be shown to the nearest £.

Local Precepting Authorities

Special expenses are **not** to be included in this section

Line 23 - Column 1: the number of parishes in the authority's area. This is to include:

- the number of parish councils or meetings (or parishes that do not have either of these);
- cases where the precepting authority is a parish with the style of a town, city , community, neighbourhood or village or a parish meeting;
- the Inner and Middle Temples of the City of London

Column 2: the total council tax base of all the parishes included in column 1.

Line 24 - Column 1: the number of Charter Trustees in the authority's area are to be included here as they are separate to parishes, but have the power to issue local precepts. **Column 2:** the total council tax base of all the Charter Trustees included in column 1.

Line 25 - Column 1: the number of parishes (defined under line 23) or Charter Trustees in the authority's area that have set their own council tax precept. Parishes that decide to set a zero precept should **not** be included. Where a "Grouped council" has set a precept for more than one parish, the number of parishes that are covered should be included. **Column 2:** the total council tax base of all the parishes or Charter Trustees included in column 1. Where an area is covered by more than one local precept (e.g. by both a parish and a Charter Trustee), the council tax base should **not** be double counted.

SUPPLEMENTARY RETURN

This form is only to be completed by authorities established in 2009-10 which have calculated their basic amounts of council tax for 2012-13 under Part 4 of the Local Government (Structural Changes) (Finance) Regulations 2008 ('the 2008 Regulations')

NOTES FOR COMPLETION

Authorities should state whether they have again calculated their basic amounts of council tax under Part 4 of the Local Government (Structural Changes) (Finance) Regulations 2008 ('the 2008 Regulations') allowing them to set different band D amounts for some or all of their former districts. **The remainder of the supplementary return should only be completed by those authorities that have done so.**

Line 1: this is the Council Tax requirement for the predecessor area² **including** special expenses and local precepts. The amounts should be shown to the nearest £. This amount should be calculated in accordance with paragraphs 1 to 3 of the additional notes set out below.

Line 2: any amount calculated under section 32(4) and regarded as a levy (e.g. levies issued by the Environment Agency) or special expense (e.g. for Garden squares) that relates to the predecessor area should be included in this line. The amounts should be shown to the nearest £. **See further paragraphs 4 and 5 of the additional notes below.**

Line 3: the aggregate amounts of any precepts from local precepting authorities issued to or anticipated by the authority that relate to the predecessor area. In particular, this line includes any amounts which are to be construed as amounts anticipated by a billing authority under the Local Government Finance (New Parishes) Regulations 1998 (SI 1998/119) (as amended by the Local Government Finance (New Parishes) (Amendment) Regulations 1998 (SI 1998/3270) and the provisions of the Local Government Finance (New Parishes) (England) Regulations 2008 (SI 2008/626)) where the billing authority is subject to an order made under section 14 of the Local Government and Rating Act 1997 or under section 86 of the Local Government and Public Involvement in Health Act 2007, which provides for the creation of a new parish in 2012-13. Levies (e.g. levies issued by the Environment Agency) or special levies (e.g. special levies issued by internal drainage boards) should **not** be included in this line (see line 2). The amounts should be shown to the nearest £. **See further paragraphs 4 and 5 of the additional notes below.**

Line 4: the tax base figure for the predecessor area calculated by the authority for 2012-13 under the 2008 Regulations³. The figure should be shown to one decimal place and should not be affected by any decision made under section 13A of the

² Any references to a predecessor area in this guidance note includes a reference to the principal area.

³ Regulation 12(3) of the 2008 Regulations requires that any calculation of a council tax base under Part 4 of those Regulations be made in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (S.I. 1992/612) as modified by paragraphs 11 to 13 of Schedule 2 to the 2008 Regulations.

LGFA 1992 to reduce the amount of tax payable (by granting locally-financed discounts or exemptions).

Line 5: this is the *average* band D amount for the predecessor area **including** any special expenses and local precepts. This amount is line 1 ÷ line 4 and it must be shown to the nearest penny. Any difference between the expected figure and the figure provided will be indicated on the form.

Line 6: this is the *average* band D amount for the predecessor area **excluding** any local precepts (but **including** any special expenses) made under Part 4 of the 2008 Regulations. This amount is (line 1 – line 3) ÷ line 4 and it must be shown to the nearest penny. Any difference between the expected figure and the figure provided will be indicated on the form.

Additional notes

Calculation of the council tax requirement for a predecessor area

1. If no special items⁴ relate to any part of the predecessor area, or if one or more special items relate to the whole of that area, the council tax requirement for the area is calculated by applying the following formula-

$$A \times B$$

where-

A is the basic amount of council tax⁵ calculated for the predecessor area under the 2008 Regulations; and

B is the council tax base for that area as calculated under the 2008 Regulations.

2. If one or more special items relate to a part only of the predecessor area, the council tax requirement for the area is the aggregate of the amounts calculated by applying the following formula-

$$C \times D$$

where-

C is the basic amount of council tax calculated for each part of the predecessor area under the 2008 Regulations; and

D is the council tax base for that part as calculated under the 2008 Regulations.

4 The 2008 Regulations define "special item" as an item mentioned in section 35(1) of the Local Government Finance Act 1992 (see regulation 12(1) of the 2008 Regulations). A special item can either be a special expense or a local precept.

5 The 2008 Regulations define "basic amount of council tax" in relation to a part of an authority's area and a financial year as the amount of that authority's council tax which is payable in respect of a dwelling which is situated in that part and listed in valuation band D (see regulation 12(1) and (2) of the 2008 Regulations).

Information about the calculation of the council tax requirement for a predecessor area

3. Where one or more special items relate to the whole of a predecessor area, **the billing authority must provide the following information** regarding its calculation of the council tax requirement for the predecessor in accordance with paragraph 1-

- The basic amount of council tax calculated under the 2008 Regulations for the predecessor area.
- The amount of each local precept relating to the predecessor area.
- The amount of each special expense relating to the predecessor area.

4. Where one or more special items relate to a part only of a predecessor area, **the billing authority must provide the following information** regarding its calculation of the council tax requirement for the predecessor in accordance with paragraph 2 above-

- The basic amount of council tax calculated under the 2008 Regulations for each part of the predecessor area.
- The council tax base calculated for each of those parts of the predecessor area under the 2008 Regulations.
- The amount of each local precept relating to a part of the predecessor area and a description of the part to which the local precept relates.
- The amount of each special expense relating to a part of the predecessor area and a description of the part to which the special expense relates.

5. This information is required to verify that the calculations underpinning lines 1, 5 and 6 of the supplementary return have been undertaken correctly. It is required to be submitted separately (e.g. Excel or Word) as there is no limit to the number of special items which can relate to a predecessor area.

Department for Communities and Local Government
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