

COUNCIL TAX REQUIREMENT RETURN 2012-13
CTR2 GUIDANCE NOTES
For completion by precepting 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 2.

Line 1: the Council Tax Requirement is the aggregate of the amounts stated in the precepts issued in accordance with section 40(2)(b) for 2011-12, and section 42A for 2012-13, of the 1992 Act as the amounts payable by billing authorities to the precepting authority for the year. The amount should be shown to the nearest £.

Line 2: 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 3 and comparisons of the *relevant basic amount of council tax* for the purposes of council tax referendums at line 6.

Line 3: the Council Tax Requirement for the purpose of council tax referendums. This is the amount at line 1 less any amount at line 2. The amounts are automatically calculated and shown to the nearest £.

Line 4: the council tax base figure for 2012-13 determined for the purposes of section 42B of the 1992 Act (calculation of basic amounts). The figure should be shown to one decimal place.

Line 5: the first cell indicates the average Band D council tax levied by the authority in 2011-12 whilst the second cell should be the same as the basic amount of Council

Tax calculated by the authority under section 42B of the 1992 Act for 2012-13. The amount should 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 5 is equal to, or lower than the figure in the first cell, i.e. if the level of band D council tax for 2012-13 is lower than or equal to that for 2011-12.

Line 6: 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 3 by line 4. 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.**

Line 7: (this was line 5 on BR2 2011-12) the aggregate of the amounts notified to the authority by billing authorities in its area, as its share of each billing authority's estimated Collection Fund deficit (+)/surplus (-) for 2011-12, which is to be paid to/by the billing authority concerned in 2012-13 in accordance with the Local Authorities (Funds) (England) Regulations 1992 (SI 1992/2428). The amount should be shown to the nearest £. This figure should equal column 3 of section 2.

REFERENDUMS

Line 8: You must inform this Department if you are required to hold a referendum due to the increase in your *relevant basic amount of council tax* (see line 6). You should select either "**No**" or "**Yes – to be held**" from the drop down box when this form is initially returned. 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 when submitting the revised form

please select "**Yes - changes made to form**" and reflect the changes in the data throughout the form.

Reserves (Lines 9 to 11)

Line 9: general note: The amounts given in line 9 should reflect the estimated position at 1 April 2012 **BEFORE** appropriations or transfers to/from other authorities. They should **INCLUDE** all the County/General Fund reserves of the authority. They should **EXCLUDE** pension fund reserves, unused usable capital receipts, provisions, and trust fund balances. Amounts held in pensions reserves introduced in relation to 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 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 County/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 and unapplied capital receipts held in these funds. 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 10: the aggregate of appropriations from / to financial reserves to / from Revenue Accounts (other than the HRA) of the General or City Fund (as the case may be) as taken into account in the calculation of the Council Tax Requirement for 2012-13.

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 11: the estimated County/General Fund revenue reserves at 31 March 2013, calculated as lines 9 + 10. The amount should be shown to the nearest £.

SECTION 2

Enter in **column 2** the Council Tax Requirement from each billing authority, which is the amount stated in the precept in accordance with section 40(2)(b) of the 1992 Act as the amount payable for 2012-13. These should be shown to the nearest £ and should add up to the figure given in line 1.

Enter in **column 3** the precepting authority's share of each billing authority's estimated Collection Fund deficit (+) surplus (-) for 2011-12. These should be shown to the nearest £ and should add up to the figure given in line 7.

Department for Communities and Local Government
February 2012