Draft Order laid before Parliament under section 235(6) of the Localism Act 2011, for approval by resolution of each House of Parliament.

D R A F T S T A T U T O R Y I N S T R U M E N T S

2014 No.

COUNCIL TAX, ENGLAND

LONDON GOVERNMENT

The Localism Act 2011 (Consequential Amendments) Order 2014

Made - - - - ***

Coming into force in accordance with article 1(2)

A draft of this instrument was laid before, and approved by a resolution of, each House of Parliament in accordance with section 235(6) of the Localism Act 2011(**a**).

The Secretary of State makes the following Order in exercise of the powers conferred by sections 235(2), (3) and 236(1) of that Act.

Citation and commencement

1.—(1) This Order may be cited as the Localism Act 2011 (Consequential Amendments) Order 2014.

(2) This Order has effect in relation to financial years beginning on or after 1st April 2014.

(3) In paragraph (2) "financial year" means a period of 12 months beginning with 1st April.

Amendments to section 31A(5) of the Local Government Finance Act 1992

2. In section 31A(5) of the Local Government Finance Act 1992(**b**) (calculation of council tax requirement by authorities in England: certain items of expenditure to be ignored)—

(a) after "ignore" insert "—(a)", and

(b) at the end of the paragraph (a) so formed insert—

", and

(b) subject to paragraphs (da), (e) and (f) of subsection (2) above, sums which have been or are to be transferred from its general fund to its collection fund."

(**a**) 2011 c.20.

(**b**) 1992 c.14. Section 31A was inserted by section 74 of the Localism Act 2011. Section 42A was inserted by section 75 of the Localism Act 2011.

Amendment to section 42A of the Local Government Finance Act 1992

3. In section 42A of the Local Government Finance Act 1992 (calculation of council tax requirement by major precepting authorities in England), after subsection (7) insert—

"(7A) In estimating under subsection (2)(a) above an authority must take into account the amount of expenditure which it estimates it will incur in the year in accordance with regulations under section 99(3) of the 1988 Act."

Amendments to the Greater London Authority Act 1999

4. The Greater London Authority Act 1999(**a**) is amended as follows.

5.—(1) Section 86 (supplementary provisions about council tax calculations by the Greater London Authority) is amended as follows.

(2) After subsection (1B) insert—

"(1C) In estimating under subsection (4)(a) of section 85 above—

(a) in the case of the Mayor, the Authority shall take into account the amount of any expenditure which it estimates will be incurred in the year by the Authority in making any repayments of grants or other sums paid to the Authority by the Secretary of State, and

(b) in the case of a functional body, the Authority shall take into account the amount of any expenditure which it estimates will be incurred in the year in making by or in respect of the body any repayments of grants or other sums paid to or for the body by the Secretary of State."

(3) In subsection (4B) omit paragraph (b) and the "and" preceding that paragraph.

(4) Omit subsection (4C).

6. In section 102 (Mayor to distribute grants etc between Authority and functional bodies) omit subsection (8) (definition of relevant special grant).

7. In Schedule 6 (procedure for determining the Authority's consolidated council tax requirement), after paragraph 9 insert—

"*Failure of Assembly to approve substitute consolidated budget or council tax requirement*

9ZA.—(1) This paragraph applies if—

(a) the Assembly was required to prepare a draft substitute consolidated budget for a financial year in accordance with sub-paragraph (1A) of paragraph 4 above, but has failed to approve such a draft substitute consolidated budget at a public meeting held under sub-paragraph (2) of that paragraph,

(b) the Assembly was required to agree a substitute consolidated council tax requirement for a financial year at a public meeting in accordance with paragraph 7(4A) above, but has failed to comply with that requirement, or

(c) the Assembly was required to agree a substitute consolidated budget for a financial year at a public meeting in accordance with paragraph 8(6B) or 8B(2) above, but has failed to comply with that requirement.

(2) The Assembly must, at a public meeting of the Assembly, agree a substitute consolidated budget for the financial year or, as the case may be, a substitute consolidated council tax requirement for that year that (in either case) complies with the relevant principles.

(**a**) 1999 c.29. Subsections (1A), (1B) and (4A) to (4F) were inserted into section 86 by section 76 of the Localism Act 2011. Section 102(2)(c) was repealed by section 79 and 237, and paragraphs 34 and 39(a) of Schedule 7 to, the Localism Act 2011.

(3) A public meeting held under sub-paragraph (2) to agree a substitute consolidated budget or a substitute consolidated council tax requirement for a financial year may be held at any time before or after the end of that year."

Signed by authority of the Secretary of State for Communities and Local Government

Name
Parliamentary Under Secretary of State
Date Department for Communities and Local Government

EXPLANATORY NOTE

(This note is not part of the Order)

Section 74 of the Localism Act 2011 inserted a new section 31A into the Local Government Finance Act 1992 requiring a billing authority to calculate its council tax requirement each financial year. Sections 75 and 76 inserted similar new provisions for major precepting authorities in England and the Greater London Authority respectively. The Localism Act 2011 also inserted a new Chapter 4ZA into Part 1 of the Local Government Finance Act 1992, to provide that a referendum must be held where a local authority in England sets an excessive increase in its relevant basic amount of council tax for a financial year.

This Order makes a number of amendments to the Local Government Finance Act 1992 and the Greater London Authority Act 1999 concerning the calculation of council tax in consequence of the amendments by the Localism Act 2011 referred to above.

Article 2 of this Order makes an amendment to section 31A(5) of the Local Government Finance Act 1992 to ensure consistency between subsections (5) and (9) of section 31A of the Local Government Finance Act 1992, both inserted by section 74 of the Localism Act 2011. Section 31A(9)(b) excludes sums which have been or are to be transferred from one specific authority fund to another from the calculation of its income. This amendment ensures that subsection (5) excludes sums to be transferred in the other direction from one specific authority fund to another from the calculation of its expenditure.

Article 3 of this Order makes an amendment to section 42A of the Local Government Finance Act 1992 consequential on the insertion by section 76 of the Localism Act 2011 of section 86(2B) to ensure that major precepting authorities in England when calculating their council tax requirement take into account the expenditure they estimate will be incurred in accordance with regulations under section 99(3).

Article 5 of this Order makes an amendment consequential on the insertion of section 42A of the Local Government Finance Act 1992 by section 75 of the Localism Act 2011 to ensure that repayments of grants are taken into account as expenditure under section 85(4)(a) of the Greater London Authority Act 1999 rather than as income under section 85(5)(a) of that Act.

Article 6 of this Order makes an amendment to reflect the fact that the reference to "relevant special grant" in section 102(2)(c) of the Greater London Authority Act 1999 was repealed by paragraph 39(a) of Schedule 7 to the Localism Act 2011.

Article 7 of this Order makes an amendment to Schedule 6 to the Greater London Authority Act 1999 to provide for substitute calculations to be made after the deadlines in Schedule 6 if, having approved a budget or council tax requirement, the Greater London Authority's relevant basic amount of council tax is found to be excessive, but it has not approved a substitute consolidated budget or council tax requirement.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen and the impact on the public sector is minimal.

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