
STATUTORY INSTRUMENTS

2008 No. 3022

The Local Government (Structural
Changes) (Finance) Regulations 2008

PART 4

EQUALISATION OF COUNCIL TAX

CHAPTER 1

INTERPRETATION

Interpretation

12.—(1) In this Part—

“appropriate authority”, in relation to a reorganised area, means—

- (a) the relevant authority during the relevant period, or
- (b) the single-tier council on and after the reorganisation date;

“basic amount of council tax”, in relation to a part of an appropriate authority’s area and a financial year, means the amount of that authority’s council tax which will be payable for that year in respect of a dwelling which—

- (a) is situated in that part, and
- (b) is listed in valuation band D;

“the Council Tax Base Regulations” means the Local Authorities (Calculation of Council Tax Base) Regulations 1992⁽¹⁾;

“dwelling” has the same meaning as in section 3 (meaning of “dwelling”) of the 1992 Act;

“preceding year council tax”, in relation to a predecessor area, means the amount calculated under section 33(1) (basic amount of council tax) of the 1992 Act for the area for the preceding year⁽²⁾;

“predecessor area”, in relation to a reorganised area, means any district which is abolished by or in consequence of an order;

“principal area”, in relation to a reorganised area, means—

- (a) in relation to the first year, the predecessor area which had the highest preceding year council tax,
- (b) in relation to any financial year after the first year—
 - (i) the area referred to in paragraph (a), and

⁽¹⁾ [S.I. 1992/612](#); relevant amending instruments are [S.I. 1992/2943](#), [1999/3437](#) and [2003/3012](#).

⁽²⁾ Section 33(1) was amended by paragraph 5 of Schedule 12 to the Local Government (Wales) Act 1994, [S.I. 1994/246](#), [S.I. 1995/234](#) and in relation to the financial year beginning on 1st April 2008 by [S.I. 2008/227](#).

- (ii) any other predecessor area for which the appropriate authority’s basic amount of council tax for an earlier financial year was calculated—
 - (aa) under regulation 20(2)(a),
 - (bb) under regulation 21 in such a way that the basic amount of council tax for the area is more than the higher amount by an amount equal to the aggregate of the special items that relate to the area, or
 - (cc) under regulation 22 in such a way that the amount calculated by applying the formula in paragraph (6) of that regulation is equal to the higher amount;

“special item” means an item mentioned in section 35(1) (special items for the purpose of section 34) of the 1992 Act; and

“uniform amount of council tax”, in relation to a reorganised area and a financial year, means the amount calculated for the area and the year under section 33(1) of the 1992 Act as modified by paragraph 2 of Schedule 2 to these Regulations.

(2) The reference in the definition of “basic amount of council tax” in paragraph (1) to a dwelling listed in valuation band D is a reference to a dwelling to which that valuation band is shown as applicable in the appropriate authority’s valuation list.

(3) Any calculation of a council tax base by an appropriate authority under this Part for any part of its area must be made in accordance with the Council Tax Base Regulations as modified by paragraphs 11 to 13 of Schedule 2 to these Regulations.

Definition of “higher amount”

13.—(1) In this Part, “higher amount”, in relation to a reorganised area and a financial year, means—

- (a) if no special items relate to any part of the principal area, the basic amount of council tax calculated for the principal area and the year under regulation 17;
- (b) if one or more special items relate to the whole of the principal area, the basic amount of council tax calculated for the principal area and the year under regulation 17 less the aggregate of those special items;
- (c) if one or more special items relate to a part only of the principal area, the amount calculated for the year by applying the formula in paragraph (2).

(2) The formula is—

$$\frac{(A - B)}{C}$$

where—

A is the aggregate of the amounts calculated by applying the formula in paragraph (3);

B is the aggregate of the special items which relate to the principal area; and

C is the amount calculated by the authority as its council tax base for the principal area.

(3) The formula is—

$$D \times E$$

where—

D is the basic amount of council tax calculated by the authority under regulation 18 for each part of the principal area; and

E is the amount calculated by the authority as its council tax base for that part.

Definition of “lower amount”

14.—(1) In this Part, “lower amount”, in relation to a predecessor area other than the principal area or a part of that area and a financial year (“the relevant year”), means the amount calculated by applying the formula—

$$HA - F$$

where—

HA is the higher amount for the relevant year and the reorganised area of which the predecessor area is a part, and

F is the amount calculated by applying the formula in paragraph (2).

(2) The formula is—

$$G - H$$

where—

G is—

- (a) if the relevant year is the first year, the preceding year council tax for the principal area,
- (b) if the relevant year is any financial year after the first year, the higher amount for the financial year preceding the relevant year; and

H is—

- (a) if the relevant year is the first year, the preceding year council tax for the predecessor area,
- (b) if the relevant year is any financial year after the first year, the relevant amount for the predecessor area or the part of that area for the financial year preceding the relevant year.

(3) In the definition of item H in paragraph (2), “relevant amount” means—

- (a) if no special items relate to any part of the predecessor area, the basic amount of council tax calculated under regulation 20,
- (b) if one or more special items relate to the whole of the predecessor area, the basic amount of council tax calculated under regulation 21 less the aggregate of those special items,
- (c) if one or more special items relate to a part only of the predecessor area—
 - (i) for any part of the predecessor area to which no special items relate, the basic amount of council tax calculated under regulation 22(2)(a), or
 - (ii) for any part of that area to which one or more special items relate, the basic amount of council tax calculated under regulation 22(2)(b) less the aggregate of those special items.

CHAPTER 2

EQUALISATION OF COUNCIL TAX: GENERAL

Different basic amounts of council tax for the predecessor areas

15.—(1) In order to equalise more equitably the amounts of council tax payable in respect of dwellings situated in the predecessor areas of a reorganised area—

- (a) the relevant authority may determine that it will calculate basic amounts of council tax for the predecessor areas in accordance with regulations 16 to 22 for the first year; and
- (b) the single-tier council may determine that it will calculate basic amounts of council tax for the principal area and any predecessor areas other than the principal area in accordance with regulations 16 to 22 for any of the following financial years—
 - (i) the second year,

- (ii) the third year,
- (iii) the fourth year,
- (iv) the fifth year.

(2) But—

- (a) a determination may not be made under paragraph (1) for a financial year if the appropriate authority has already made calculations under sections 32 to 36 of the 1992 Act for that year, and
- (b) a determination may only be made under paragraph (1)(b) if a determination was made by an appropriate authority under paragraph (1) for the financial year preceding that year.

(3) Any determination under paragraph (1) for a year must be made before 11th March in the financial year preceding that year, but a determination is not invalid merely because it is made after that date.

(4) Regulations 16 to 22 shall apply in relation to a financial year if an appropriate authority has made a determination under paragraph (1) for that year.

(5) Where regulations 16 to 22 apply as mentioned in paragraph (4), the enactments referred to in paragraph (6) shall have effect in relation to a reorganised area with the modifications specified in Schedule 2 to these Regulations.

(6) The enactments are—

- (a) the 1992 Act,
- (b) the Council Tax Base Regulations, and
- (c) the Local Authorities (Calculation of Council Tax Base) (Supply of Information) Regulations 1992(3).

Limitation on council tax requirement

16.—(1) In relation to a financial year referred to in regulation 15(4), the aggregate of the amounts calculated by applying the formula in paragraph (2) must not be greater than the amount calculated by applying the formula—

$$I \times T$$

where—

I is the uniform amount of council tax; and

T is item T in section 33(1) of the 1992 Act as modified by paragraph 2 of Schedule 2 to these Regulations.

(2) The formula first referred to paragraph (1) is—

$$J \times K$$

where—

J is the basic amount of council tax calculated by the appropriate authority under this Part for each part of its area; and

K is the amount calculated by the authority as its council tax base for that part.

(3) [S.I. 1992/2904](#), to which there are amendments not relevant to these Regulations.

CHAPTER 3

CALCULATION OF BASIC AMOUNT OF COUNCIL TAX: PRINCIPAL AREA

Calculation of basic amount of council tax for principal area: no special items or special items relating to the whole of the principal area

- 17.—(1) This regulation applies in relation to the principal area if—
- (a) no special items relate to any part of the area, or
 - (b) one or more special items relate to the whole of the area.
- (2) The basic amount of council tax for the area must be more than the uniform amount of council tax.

Calculation of basic amount of council tax for principal area: special items relating to part only of the principal area

- 18.—(1) This regulation applies in relation to the principal area if one or more special items relate to a part only of that area.
- (2) The appropriate authority must calculate different basic amounts of council tax—
- (a) for any part of the principal area to which no special items relate, and
 - (b) for any part of that area to which one or more special items relate.
- (3) The amount calculated under paragraph (2) for each part of the principal area must be more than the uniform amount of council tax.

CHAPTER 4

CALCULATION OF BASIC AMOUNT OF COUNCIL TAX: PREDECESSOR AREAS OTHER THAN THE PRINCIPAL AREA

Calculation of basic amounts of council tax: calculation for predecessor area other than principal area

- 19.—(1) The appropriate authority's basic amount of council tax for a predecessor area other than the principal area must be calculated in accordance with—
- (a) regulation 20,
 - (b) regulation 21, or
 - (c) regulation 22.
- (2) For at least one of the predecessor areas the appropriate authority must calculate its basic amount of council tax—
- (a) under regulation 20(2)(b);
 - (b) under regulation 21 in such a way that the basic amount of council tax for the area is not more than the higher amount by an amount equal to the aggregate of the special items that relate to the area; or
 - (c) under regulation 22 in such a way that the amount calculated by applying the formula in paragraph (6) of that regulation is less than the higher amount.

Calculation for predecessor area other than principal area: no special items relating to the area

20.—(1) This regulation applies in relation to a predecessor area other than the principal area if no special items relate to any part of that area.

- (2) The basic amount of council tax for the area must be—
- (a) equal to the higher amount; or
 - (b) (i) less than the higher amount, and
 - (ii) more than the lower amount for the area.

Calculation for predecessor area other than principal area: special items relating to the whole of the area

21.—(1) This regulation applies in relation to a predecessor area other than the principal area if one or more special items relate to the whole of that area.

- (2) The basic amount of council tax for the area—
- (a) must be more than the amount calculated by applying the formula in paragraph (3); and
 - (b) may be more than the higher amount, but only by an amount that is less than or equal to the aggregate of the special items that relate to the area.
- (3) The formula is—

$$LA + M$$

where—

LA is the lower amount for the predecessor area; and

M is the aggregate of the special items that relate to that area.

Calculation for predecessor area other than principal area: special items relating to part only of the area

22.—(1) This regulation applies in relation to a predecessor area other than the principal area if one or more special items relate to a part only of that area.

- (2) The authority must calculate different basic amounts of council tax—
- (a) for any part of the predecessor area to which no special items relate, and
 - (b) for any part of the area to which one or more special items relate.
- (3) The amount calculated under paragraph (2)(a) for a part of the predecessor area must be more than the lower amount for that part.
- (4) The amount calculated under paragraph (2)(b) for a part of the predecessor area must be more than the amount calculated by applying the formula—

$$LA + N$$

where—

LA is the lower amount for the part; and

N is the aggregate of the special items that relate to that part.

(5) The amount calculated by applying the formula in paragraph (6) must be less than or equal to the higher amount.

- (6) The formula is—

$$\frac{(P-Q)}{R}$$

where—

P is the aggregate of the amounts calculated by applying the formula in paragraph (7);

Q is the aggregate of the special items which relate to the predecessor area; and

R is the amount calculated by the authority as its council tax base for the predecessor area.

(7) The formula is—

$$S \times U$$

where—

S is the basic amount of council tax calculated by the authority under paragraph (2) for each part of the predecessor area; and

U is the amount calculated by the authority as its council tax base for that part.