

BRIAN ENTWISTLE
LOCAL GOVERNMENT TAXATION

Department for Transport,
Local Government and the Regions

ZONE 5/J2
ELAND HOUSE
BRESSENDEN PLACE
LONDON
SW1E 5DU

Direct Line: 020 7944 4186
Fax: 020 7944 4179
GTN No: 3533
BRIAN_ENTWISTLE@DTLR.GSI.GOV.UK

Web Site: www.dtlr.gov.uk

31 January 2002

COUNCIL TAX INFORMATION LETTER 1/2002

This is the 24th Council Tax Information Letter and the first one of 2002 (1/002). We will be using a new system for identifying information letters as above from now on. The matters covered in this letter are:

- Guidance on showing % changes on council tax demand notices and including Best Value Performance plan (BVPP) summaries with council tax demand notices
- Local Government Association Revenues Collection Seminars
- Treatment of payment in euro
- Guidance on Euro-compatibility
- Staff Changes in the Council Tax Team
- Electronic distribution of council tax information letters

Guidance on showing % changes on council demand notices and including BVPP summaries with council tax demand notices

We have received a number of queries in recent weeks relating to the new requirements for information to be shown on council tax demand notices and about the information to accompany the demand notices. I attach an annex to this letter with some typical questions and answers which I hope you will find useful. Further questions and answers



INVESTOR IN PEOPLE

relating to the Government's Local Government White Paper can be seen on the Improvement and Development Agency website at www.idea.gov.uk

Local Government Association (LGA) Revenue Collection Seminars

Last year, the Department announced the establishment, supported by the LGA, of a council tax help team to look at ways of improving the performance of local authority revenue collection by encouraging some of the better collecting authorities to help the worst ones, sharing knowledge and practice. The LGA recently held a series of informal seminars for local authorities to talk about the factors which help and hinder their collection performance. A summary of the main points that were made at the seminars can be found on the DTLR and LGA websites at www.local.dtlr.gov.uk and www.lga.gov.uk

Treatment of payment in euro

With the introduction of the Euro in many EU member countries from the beginning of the year, authorities may find it helpful to know that it is entirely a matter for each authority to decide whether or not to accept payment for council tax in a currency other than sterling. There is no requirement for authorities to accept euro cash or cheques drawn on a euro bank account. Decisions should be based on business needs. If euros are accepted, care needs to be taken to ensure that the fluctuating pound/euro exchange rate does not result in underpayments occurring.

Guidance on Euro-compatibility

You may wish to be reminded of the existence of a guidance document on Euro Compatibility, which was published last November by HM Treasury. Copies were sent to all local authorities. Included in the guide is information on the technical definition of euro compatibility to help with any preparation activity for possible UK entry. It covers key operational policy issues and incorporates practical checklists of IT managers building euro compatibility into new systems. The guidance can be accessed electronically via the HM Treasury euro website at www.euro.gov.uk and is found under the Outline Change Plans option in the menu down the left-hand side.

Staff Changes in the Council Tax Policy Team

Heather Whicker, Head of the council tax team went on maternity leave on 7 January. Jeremy Ketley has taken over her post while she is away.

Geoff Salvatore has joined the council tax team from the business rates section to replace Jeremy Ketley.

The new structure of the council tax team is as follows:-

COUNCIL TAX		<i>Telephone:</i>	<i>Zone:</i>
	Jeremy Ketley <i>Team leader</i> <i>Assisted by:</i>	020 7944 4263	5/H5
	Geoff Salvatore	020 7944 4206	5/H6
	Rai Tind	020 7944 4187	5/H5
	Brian Entwistle	020 7944 4186	5/H5
General Enquiries and publications	Barbara Paterson	020 7944 4208	5/H5
Attachment of earnings orders helpline	Brian Entwistle	020 7944 4186	5/H5

Our fax number is 020 7944 4179

Our e-mail address is council.tax@dtlr.gov.uk

Individuals can be e-mailed as follows: eg Brian.entwistle@dtlr.gsi.gov.uk

Electronic Distribution of Council Tax Information Letters

This is the first council tax information letter to be sent electronically to all our contacts. As it is important that our circulation list is kept up to date, could you please advise Barbara Paterson of any changes to e-mail addresses. Her e-mail address is barbara.paterson@dtlr.gsi.gov.uk

Yours sincerely

Brian Entwistle

GUIDANCE ON SHOWING PERCENTAGE CHANGES ON COUNCIL TAX DEMAND NOTICES AND INCLUDING BVPP SUMMARIES WITH COUNCIL TAX DEMAND NOTICES

NB: DTLR cannot give a definitive interpretation of the Council Tax and Non-Domestic Rating (Demand Notices) (England) Regulations 1993 (S.I. 1993/191) (“the Regulations”). If you are uncertain about the interpretation of these (or any other) Regulations you should consult your authority’s own legal advisers.

Firstly, you should note that the Regulations only prescribe what must be shown on a council tax demand notice, and the information that must be sent out with the council tax demand notice. There is nothing in the Regulations to prevent local authorities from including either on or with the demand notice, other information that they think would be useful to their council taxpayers. The Regulations prescribe the legal minimum information, and not a complete exhaustive list.

SEPARATE AMOUNTS TO BE SHOWN

1 What separate (per dwelling) amounts must be shown?

- (a) The amount set by the billing authority under section 30 of the Local Government Finance Act 1992 (“the Act”) *i.e. the per dwelling total for the billing authority and major precepting authorities;*
- (b) The amount calculated by the billing authority in accordance with section 36 of the Act *i.e. the per dwelling amount for the billing authority including any amounts for local precepting authorities;*
- (c) The amount stated on the precept issued by each major precepting authority as the amount calculated in accordance with section 47 of the Act (or in the case of the GLA, in accordance with sections 88 and 89 of the Greater London Authority Act 1999) *i.e. the amount per dwelling for each major precepting authority.*

2 Does the per dwelling amount for any local precept have to be shown?

The regulations require either the per dwelling amount or the full local precept to be shown on the demand notice but do not require both to be shown.

3 Of the amount calculated by the billing authority under section 36 of the Act, can separate amounts be shown for the billing authority’s and for any local precepting authority?

Yes - they can be shown, but they are not required to be shown.

4 If separate amounts for the billing authority and any local precepting authority are shown, must the total amount calculated under section 36 of the Act also be shown in addition?

Yes.

5 Are per dwelling amounts to be shown before or after taking account of discounts and benefits?

Before - paragraph 6 of Schedule 1 to the Regulations refers to amounts being shown for “the category of dwellings which includes the relevant dwelling” (where categories relate to what if any special items apply) and “the relevant valuation band”, not for the individual dwelling after taking account of the particular circumstances of the council tax payers. Paragraphs 8, 9 and 10 of Schedule 1 to the Regulations provide separately for the information which must be shown on the demand notice in relation to discounts and council tax benefit.

PERCENTAGE CHANGE

6 For which (per dwelling) amounts must the percentage change be shown?

The percentage change must be shown for the amounts referred to in paragraphs (a), (b) and (c) of the answer to question 1 above.

7 If the per dwelling amount for any local precept is shown on the demand notice, does the percentage change in that amount have to be shown on the demand notice?

No. However, you can show the percentage change if you wish.

8 If the full local precept is shown, does the percentage change in the full local precept have to be shown?

No. However, you can show the percentage change if you wish.

9 If separate per dwelling amounts for the local precepting authority and for the billing authority are shown must the percentage changes in those separate amounts be shown?

No. However, you can show the percentage changes if you wish.

10 If the percentage changes in separate per dwelling amounts for the local precepting authority and for the billing authority are shown, must the percentage change in the total section 36 amount calculated by the billing authority also be shown?

Yes.

11 What happens if there has been a decrease rather than an increase ?

The Regulations refer to the percentage change, not the increase to be shown. Therefore, any change, whether up or down must be shown.

12 What happens if the band has changed since last year?

If the band has changed since the 2001/02 bill, you should calculate the percentage change as if the new band also applied for 2001/02.

13 What about changes to benefit entitlement or discounts?

The percentage change is calculated between the amounts before discounts and benefits. Therefore, any change in circumstance of the taxpayer will not affect the percentage shown.

BEST VALUE PERFORMANCE PLAN SUMMARIES

14 Is it intended that best value performance plan summaries should be integrated with council tax leaflets for the despatch of 2002/03 council tax bills?

The Regulations do not require local authorities to send best value performance plan summaries with 2002/03 council tax bills, whether as a separate leaflet, or incorporated into any leaflet or leaflets with other information.

Revised draft guidance on the best value performance plan summary, enabling greater local discretion over content, should be available in mid February 2002.

Many councils may wish to include some summary performance information in or with the council tax leaflet, and to supplement this as they see fit with the use of other media such as newsletters, throughout the year.

Local authorities should be looking to provide this information in a form which helps local people to understand it. The Government's recent consultation paper, "Improving Communication with council Taxpayers", available at <http://www.local.dtlr.gov.uk/finance/ctax/consult> sets out the Governments proposals for deregulating the information requirements in the council tax leaflet. Ministers are still considering the responses to the consultation exercise and do not intend to make legislative changes about council tax information leaflets before 2002-03 billing round.

15 What does "integrated" mean?

The Regulations do not actually prescribe how many leaflets must be sent out with the council tax demand notice. The regulations refer to certain information which must be sent out with the council tax demand notice. Whether that information is contained in one or several leaflets is, legally, entirely a matter for the authority, although in implementing its duty of best value, an authority will no doubt look at the cost effectiveness of different ways of providing the information.

The reference to "integrating" BVPP information into "the council tax leaflet", that was included in the White Paper assumes that at present each authority (billing and major precepting) produces one leaflet which contains the information that is required to be sent out with council tax demand notices, and that in future, this leaflet would also contain BVPP summary information as well as the information the authority is required by the

Regulations to supply with the council tax demand notice. The Government will consult on revised best value guidance covering this issue early in 2002/03.

There is no problem with authorities sending out separate leaflets in the same envelope for 2002. Research suggests that the council tax information is not meaningful to taxpayers, and accompanying leaflets often go straight into the bin. So, in the longer term, the Government will give local authorities greater discretion over content. Councils should aim to provide summaries of performance and financial information together in a format that local taxpayers find more meaningful.

16 What would happen if local authorities continue to distribute summaries separately from the council tax leaflet?

For 2002, local authorities can distribute the summary information as they wish, i.e. separately from the council tax information, However the Government's White Paper anticipates performance information being integrated with the council tax leaflet. It will be for individual local authorities to decide what to include, however, it should be sufficient to give a performance context to the council tax request. The Government will consult on revised best value guidance covering this issue early in 2002/03.

**DTLR
January 2002**