

Q&A: The Council Tax (Demand Notices) (England) (Amendment) Regulations 2017

This document is provided to local authorities for information purposes. It is not legal advice nor is it intended to be a substitute for legal advice. Local authorities (LAs) should obtain their own legal advice on the regulations, as necessary.

What are the main changes this year?

Last year, billing authorities could present the information about the Adult Social Care Precept ('the Precept') on bills in two ways. This year, there is only one prescribed approach. The new approach requires cash and percentage increase figures to be shown for the Precept and for the council tax charged for general expenditure.

- The regulations amend the [Council Tax \(Demand Notices\) \(England\) Regulations 2011](#), as amended by the [Council Tax \(Demand Notices\) \(England\) \(Amendment\) Regulations 2016](#), which made provision for information about the Precept to be provided on bills in 2016-17.
- LAs must show the Precept (if any), as a cash amount disaggregated from the overall charge set by the adult social care (ASC) authority. Such authorities would therefore have two lines on the bills – one with the non-ASC charge and associated percentage increase; the other with the Precept charge and associated percentage increase.
- The Precept is considered to be a charge which *accumulates* in value over the years from 2016-17 to 2019-20. This is because LAs are expected to keep spending all of the additional council tax they have charged for the Precept in previous years (which has become part of their council tax baseline) on ASC services. So, for example, in a situation where the LA charged £20 for the Precept in 2016-17, and a further £22 in 2017-18 the bill would show the Precept as being worth £42 in 2017-18.
- The cash values of both the Precept and the amount attributable to general expenditure for the ASC authority should each be accompanied by a percentage increase figure. This should show the number of *percentage points* which increases for the Precept and general expenditure each contribute to the overall increase set by the LA that year. So in a situation where an ASC authority sets a 4.99% increase, comprising 1.99% for general expenditure and 3% for the new amount of the Precept for the current year, the bill would show increases of 1.99% and 3% respectively. It is noted that this is a different approach to the presentation of percentage increases elsewhere on the bill.
- As usual, the regulations prescribe the matters to be included in demand notices, but the presentation of the information is a matter for local authorities.

- Adult social care authorities who are precepting authorities are required to provide new information to their billing authorities. This information includes the cash amounts attributable to the Precept in the current and previous years, and the number of percentage points which increases for the Precept and general expenditure each contribute to the overall increase set by the authority.
- Percentage increases should be shown to one decimal place.

For ASC authority charges, what exactly goes on the general expenditure line on bills?

The LA's cash amount that is *not* attributable to the ASC Precept set for the current year and any previous year, plus the number of percentage points which increases for general (non-Precept) expenditure contribute to the overall increase set by the LA that year.

And what exactly goes on the ASC Precept line (if any) on bills?

- The cash amount charged by that LA that is attributable to the Precept plus the number of percentage points which increases for the new amount of the Precept contribute to the overall increase set by the LA that year.
- This cash amount includes any amount charged as an ASC Precept in previous years; i.e. it is the cumulative sum of the amounts charged in all years that the LA has set a Precept. LAs are expected to keep using all of the additional council tax they previously charged for the Precept (which has become part of their council tax baselines) for ASC services.
- For example, if an LA set a Band D ASC Precept of £20 in 2016-17, then increased it to £22 in 2017-18, then bills in 2017-18 would show a cash amount of £42 on the ASC line.

What about in 2018-19 and 2019-20?

LAs must continue combining the value of the Precept since 2016-17 to calculate the cash amount for the ASC line of the bill. This is because it is a cumulative amount built into their baselines, earmarked for ASC services. For example, if an LA set a Band D ASC Precept of £20 in 2016-17, then increased it to £22 in 2017-18, and then again to £25 in 2018-19, then 2018-19 bills would show a cash amount of £67 on the ASC line. The percentage change in the ASC line of the bill each year should reflect the number of percentage points which the new amount of the Precept in that year contributes to the overall increase in the LA's council tax for that year.

The ASC Precept was announced for all years of the Spending Review (i.e. up to and including 2019-20). What will happen after 2019-20?

This will be determined in due course

What explanatory text has to appear on the face of bills?

'The council tax attributable to [name of billing/major precepting authority] includes a precept to fund adult social care.' This is the same text as in the 2016 Regulations and is intended to indicate that the full amount charged by the ASC authority encompasses both the amount for general expenditure and the amount for the Precept.

What explanatory text has to appear on the back of bills?

'For adult social care authorities, council tax bills show two percentage changes: one for the part of the overall change attributable to the adult social care precept, and one for the part attributable to general expenditure.'

What other information has to be made available to bill-payers?

- Further detailed information about the increase and additional revenue raised for adult social care must be included in the 'Information to be supplied with Demand Notices' as follows:

'The Secretary of State for Communities and Local Government has made an offer to adult social care authorities. ("Adult social care authorities" are local authorities which have functions under Part 1 of the Care Act 2014, namely county councils in England, district councils for an area in England for which there is no county council, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly.)

The offer is the option of an adult social care authority being able to charge an additional "precept" on its council tax for financial years from the financial year beginning in 2016 without holding a referendum, to assist the authority in meeting expenditure on adult social care. Subject to the annual approval of the House of Commons, the Secretary of State intends to offer the option of charging this "precept" at an appropriate level in each financial year up to and including the financial year 2019-20.'

- This is a shortened, revised version of the text used in 2016-17.

When do the regulations come into force and for how long?

The regulations have been made and laid before Parliament. The regulations apply to each financial year from 2017-18 onwards. The information would need to appear on bills no matter when they are issued during the year.

What if it is the first year in which the LA is setting a Precept?

The Precept line of the bill would have a cash amount referring to this year's Precept charge only. There would also be a percentage figure indicating the number of percentage points which the Precept contributes to the overall increase that has been set.

What if an LA chooses *not* to set either/both a 2% ‘core’ increase or/and an increase in its Precept this year?

- The LA would display 0% on the non-ASC Precept (general expenditure) and/or ASC Precept lines of the bill (as required).
- If an LA set a Precept in a preceding year(s) and does not wish to in the current year, then it would need to specify the *cumulative* value of the precept as a cash amount. For example, if an LA set an ASC Precept in 2016-17 but sets no increase in its Precept in 2017-18, then bills for 2017-18 would include a line with the cash amount charged for the Precept in 2016-17 only (since this was the first year of the scheme), accompanied by 0%. (In subsequent years, the cumulative value of the Precept built up over all years of the scheme since it began in 2016-17 should be displayed as a cash amount.)

What if an LA chooses to reduce either/both lines on the bill (non-ASC Precept expenditure and ASC Precept)?

The relevant cash amounts would be accompanied by negative percentages to show percentage decreases (as required).