



Department for
Communities and
Local Government

15 January 2014

Dear Chief Executive/ Chief Fire Officer/Police and Crime Commissioner,

COUNCIL TAX FREEZE SCHEME 2014-15

1. On 26 June the Chancellor of the Exchequer announced as part of the Spending Round 2013 that the Government will provide additional grant funding to support councils that freeze council tax in both 2014-15 and 2015-16. This was reiterated by Brandon Lewis in a Written Ministerial Statement for the Local Government Settlement on 18 December. I am now writing to provide details of the terms under which the 2014-15 scheme will operate and to set out the indicative grants available to those billing authorities and major precepting authorities which freeze their Band D council tax in that financial year.

2. This letter sets out the terms of the 2014-15 freeze only. Authorities need only commit to freezing in that financial year in order to qualify for the grant under the terms set out below. The 2015-16 freeze will be a separate scheme, with grants paid in respect of council tax decisions which are taken by authorities in that financial year.

3. The terms of the 2014-15 freeze grant scheme closely follow the terms of the 2013-14 scheme. The keys aspects are as follows:

(i) It will be voluntary, with funding provided to all billing authorities and major precepting authorities in England, including the Greater London Authority, Police and Crime Commissioners, and single purpose Fire and Rescue Authorities, which freeze or reduce their basic amount of council tax.

(ii) Any authority or Police and Crime Commissioner which freezes or reduces their basic amount of council tax¹ in 2014-15 compared to 2013-14 will be eligible to receive a grant equivalent to 1% of the basic amount of council tax set for 2013-14,

¹ In relation to billing authorities, "basic amount of council tax" means the amount set by an authority under section 31B(1) of the Local Government Finance Act 1992 (the 1992 Act) but ignoring any local precepts issued to or anticipated by the authority. In relation to major precepting authorities, "basic amount of council tax" means the amount set under section 42B(1) of the 1992 Act or for the Greater London Authority, the amount under section 89(3).

multiplied by the amount calculated as the authority's council tax base for 2014-15 not taking into account the reduction in the tax base due to the council tax reduction scheme².

(iii) The funding for the 2014-15 freeze grant is in addition to the Local Government settlement.

(iv) The grant for the 2014-15 freeze will be paid to participating authorities in the financial years 2014-15 and 2015-16 – so if an authority freezes in 2014-15, it will also receive a grant in 2015-16 in respect of the freeze decision taken in 2014-15 (council tax decisions subsequently taken by authorities in respect of 2015-16 will fall under the terms of a separate freeze 2015-16 scheme); and

(vi) The grant amounts will, for each financial year, be paid in 10 instalments. The payments will be made on the basis of the grant making powers provided by section 31 of the Local Government Act 2003.

4. Indicative 2014-15 freeze grants for each authority and Police and Crime Commissioners can be found at:

<https://www.gov.uk/government/policies/making-sure-council-tax-payers-get-good-value-for-money/supporting-pages/council-tax-freeze>

Note: Final amounts will be confirmed after council tax levels for 2014-15 and the 2014-15 tax base (as set out in footnote 2 below) are known.

5. Ministers have agreed that the funding for 2014-15 (including 2015-16) freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing council tax will remain available. Funding for 2011-12 and 2013-14 freeze grants is now in the local government settlement total for future years.

6. Police and Crime Commissioners should note that funding relating to the 2011-12 and 2013-14 council tax freeze scheme will be included within police grant in 2014-15.

7. The Written Ministerial Statement for the Local Government Settlement can be found at the following link:

<http://www.parliament.uk/documents/commons-vote-office/December%202013/16%20December/8.%20DCLG%20LG%20Finance.pdf>

² This is to be the amount calculated as the authority's council tax base for 2014-15 (or for major precepting authorities the aggregate of the amounts calculated by each billing authority to which it issues precepts). The calculation is to be made in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 but as if regulation 4(1) of those regulations did not require authorities to make a deduction in respect of item Z (which represents the total amount the authority estimates will be applied pursuant to a council tax reduction scheme expressed as an equivalent number of chargeable dwelling in a band).

Further information

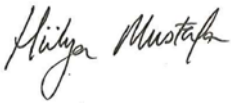
8. If you require any further information regarding the contents of this letter, please contact Jasna Begum at the following postal or email addresses.

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9. I am copying this letter to Chief Finance Officers, the Welsh Government, the Chair of the Local Government Association, the Chief Executive of the Association of Police and Crime Commissioners, the President of the Chief Fire Officers' Association, the Chief Executive of the Chartered Institute of Public Finance and Accountancy and representatives bodies that cover parish councils.

Kind regards,



Hulya Mustafa
Deputy Director, Council Tax
Local Government Finance