

GUIDE TO THE LOCAL AUTHORITIES (ALTERATION OF REQUISITE CALCULATIONS) (ENGLAND) REGULATIONS 2009

1. These Regulations are made under the Local Government Finance Act 1992 (“the 1992 Act”) and the Greater London Authority Act 1999 (“the 1999 Act”).
2. Regulation 3 of these Regulations modifies section 32 of the 1992 Act. Regulations 3(a), 4, 5(a), 6, 7(a), 8, 10 and 11(a) of these Regulations delete, for 2009/2010, references to “relevant special grant” from sections 32(3)(a), 33(1), 43(3)(a)(i) and 44(1) of the 1992 Act, and from sections 85(5)(a)(i), 88(2), 88(4), 89(4), 89(6) and 102(2) of the 1999 Act. They also delete the definition of “relevant special grant” in sections 99 and 102(8) of the 1999 Act. These changes are being made because no special grants are defined in the Regulations as “relevant special grants” for 2009/2010.
3. Regulation 3(b) of these Regulations modifies section 32 of the 1992 Act by substituting a new definition of “police grant” in subsection (12). The modified definition of police grant also applies to sections 33, 43 and 44 of the 1992 Act and to sections 85 and 102 of the 1999 Act (by virtue of section 99 of that Act). Section 32(12) was last modified by the Local Authorities (Alteration of Requisite Calculations) Regulations 2008 (S.I. 2008/227).
4. In the calculation of its budget requirement, in accordance with section 32 or 43 of the 1992 Act, a billing authority or a major precepting authority (as the case may be) must ignore any police grant (see sections 32(3)(a) and 43(3)(a)). The Greater London Authority (‘GLA’) must also ignore any police grant when calculating the component and the consolidated budget requirements under section 85 (see section 85(5)(a)(i) of the 1999 Act). In practice, the amended definition of police grant means that:
 - (a) the GLA, in calculating the component budget requirement of the Metropolitan Police Authority and its consolidated budget requirement, is to ignore principal formula police grant payable for 2009/10 under section 46 of the Police Act 1996 as specified in column (a) of paragraph 3.1 of the Police Grant Report (England and Wales) 2009/10.
 - (b) a police authority, including the Common Council of the City of London, in calculating its budget requirement is to ignore principal formula police grant payable for 2009/10 under section 46 of the Police Act 1996 as specified in column (a) of paragraph 3.1 of the Police Grant Report (England and Wales) 2009/10.
5. In the calculation of the basic amount of council tax, in section 33 or 44 of the 1992 Act, item P of the formula is the aggregate of certain sums (including redistributed non-domestic rates and Revenue Support Grant) which the authority estimates will be payable to it for the year. Item P includes police grant. The amended definition in section 32(12) means that a police authority, including the Common Council of the City of London, needs to include principal formula police grant payable for 2009/10 under section 46 of the Police Act 1996 as specified in

column (a) of paragraph 3.1 of the Police Grant Report (England and Wales) 2009/10 in its calculation of item P.

6. For the GLA in its calculation of the basic amount of council tax for police services for 2009/2010, in section 89 of the 1999 Act, item P2 of the formula is the aggregate of certain sums (including redistributed non-domestic rates, Revenue Support Grant and general GLA grant) which the GLA estimates will be payable to it in respect of police services for the year. Item P2 also includes police grant. The amended definition in section 32(12) means that the GLA should include principal formula police grant payable for 2009/10 under section 46 of the Police Act 1996 as specified in column (a) of paragraph 3.1 of the Police Grant Report (England and Wales) 2009/10 in its calculation of P2.
7. Regulations 3(c), 5(b), 7(b) and 11(b) insert for authorities in England and for the GLA definitions of sums payable or received in respect of redistributed non-domestic rates and revenue support grant in sections 32, 33, 43, and 44 of the 1992 Act and in sections 85 and 102 of the 1999 Act. These definitions ensure that only amounts of redistributed non-domestic rates and revenue support grant payable under the Local Government Finance Report (England) 2009/2010 are to be:
 - (a) excluded from the budget requirement calculations for billing authorities or major precepting authorities under sections 32 and 43 of the 1992 Act ;
 - (b) included in item P in the calculations in sections 33 and 44 of the 1992 Act;
 - (c) excluded from the budget requirement calculation for the GLA in section 85 of the 1999 Act; and
 - (d) taken into account in calculating the aggregate of sums received by the GLA to be distributed among functional bodies.

These changes were made to clarify that amounts of Revenue Support Grant and redistributed non-domestic rates due under Amending Reports are to be taken into account in calculating the budget requirement for billing authorities, major precepting authorities and the GLA (ie only sums due under the Local Government Finance Report (England) 2009/2010 are to be excluded from budget requirement calculations).

In relation to the GLA, amounts of redistributed non-domestic rates and revenue support grant payable under the Local Government Finance Report (England) 2009/2010 (and only those amounts) are included in items P1 and P2 in sections 88 and 89 of the 1999 Act respectively by virtue of sections 88(4)(a) and 89(6)(b) of that Act.

In practice, sums due to an authority under an Amending Report will reduce the authority's budget requirement and sums due to be paid by an authority to the Secretary of State as a result of an Amending Report will increase an authority's budget requirement.

EFFECT OF THE LOCAL AUTHORITIES (ALTERATION OF REQUISITE CALCULATIONS) (ENGLAND) REGULATIONS 2009 ON SECTIONS 32, 33, 43 AND 44 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AND SECTIONS 85, 86, 88, 89 AND 102 OF THE GREATER LONDON AUTHORITY ACT 1999.

This document is intended as a guide only to sections 32, 33, 43 and 44 of the Local Government Finance Act 1992 as amended, and as they apply to local authorities in England only, and to sections 85, 86, 88, 89 and 102 of the Greater London Authority Act 1999, and should not be viewed as authoritative. If in doubt authorities are advised to refer to the amending Regulations themselves, and to consult their own lawyers.

The Local Government Finance Act 1992 - sections 32, 33, 43 and 44
incorporating changes made by:

- S.I. 1994/246 The Local Authorities (Alteration of Requisite Calculations and Funds) Regulations 1994 (“the 1994 Regulations”);
- S.I. 1995/234 The Local Authorities (Alteration of Requisite Calculations and Funds) Regulations 1995 (“the 1995 Regulations”);
- S.I. 2005/190 The Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2005 (“the 2005 Regulations”);
- S.I. 2009/206 The Local Authorities (Alteration of Requisite Calculations)(England) Regulations 2009 (“the 2009 Regulations”).

- Changes made to the Local Government Finance Act 1992 by the 1994 Regulations are shown in *italics*.

- changes made to the Local Government Finance Act 1992 by the 1995 Regulations are shown in **bold**;

- changes made to the Local Government Finance Act 1992 by the 2005 Regulations are shown in ***bold italics***;

- changes made to the Local Government Finance Act 1992 by the 2009 Regulations are shown underlined;

- where the 2009 Regulations delete text from the provisions, the deleted text is not shown.

The changes made by the 2009 Regulations apply in relation to the financial year beginning on 1 April 2009. (For changes which apply in relation to the financial year beginning on 1 April 2008, see S.I. 2008/227). Provisions, and any changes to those provisions which are relevant only to local authorities in Wales are not shown.

The Greater London Authority Act 1999 - sections 85, 86, 88, 89 and 102

incorporating changes made by:

- S.I. 2000/1435 The Greater London Authority (Miscellaneous Amendments) Order 2000 (“the 2000 Order”);
- The Local Government Act 2003 (c.26) (“the 2003 Act”);
- The Greater London Authority Act 2007 (c.24) (“the 2007 Act”); and
- The 2009 Regulations.

- Changes made to the Greater London Authority Act 1999 by the 2000 Order are shown in **bold underlined**;

- changes made to the Greater London Authority Act 1999 by the 2003 Act are shown in *underlined italics*;

- changes made to the Greater London Authority Act 1999 by the 2007 Act are shown in ***bold underlined italics***; and

- changes made to the Greater London Authority Act 1999 by the 2009 Regulations are underlined.

The changes made by the 2009 Regulations apply in relation to the financial year beginning on 1 April 2009. (For changes which apply in relation to the financial year beginning on 1 April 2008, see S.I. 2008/227).

THE REQUISITE CALCULATIONS: BILLING AUTHORITIES

Calculation of budget requirement

32-(1) In relation to each financial year a billing authority shall make the calculations required by this section.

(2) The authority must calculate the aggregate of -

(a) the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year, other than any expenditure it estimates will be charged to a BID Revenue Account for the year (excluding expenditure incurred by the authority in making a financial contribution or taking action under section 43(2)(a) of the Local Government Act 2003);

(b) such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;

(c) the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure;

(d) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for; and,

(e) any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under subsection (5) of section 98 of the 1988 Act and charged to a revenue account for the year, other than (in the case of an authority in England) any amounts which it estimates will be so transferred pursuant to a direction under that subsection relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year.

(3) The authority must calculate the aggregate of -

(a) the sums which it estimates will be payable for the year into its general fund and in respect of which amounts will be credited to a revenue account for the year, other than sums which it estimates will be so payable in respect of redistributed non-domestic rates, ***BID levy or financial contribution made by a person under section 43(2)(b) or (c) of the Local Government Act 2003, revenue support grant, additional grant or (in the case of the Common Council only) police grant;***

(b) any amounts which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under subsection (4) of section 98 of the 1988 Act and credited to a revenue account for the year, other than (in the case of an authority in England) any amounts which it estimates will be so transferred -

(i) pursuant to a direction under that subsection relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year; and

(ii) in the case of the Common Council, pursuant to a direction under that subsection in respect of an amount calculated by reference to the provisional amount of its non-domestic rating contribution under Part II of Schedule 8 to that Act; and

(c) the amount of the financial reserves which the authority estimates that it will use in order to provide for the items mentioned in paragraphs (a), (b) and (e) of subsection (2) above.

...

(4) If the aggregate calculated under subsection (2) above exceeds that calculated under subsection (3) above, the authority must calculate the amount equal to the difference; and the amount so calculated shall be its budget requirement for the year.

(5) In making the calculation under subsection (2) above the authority must ignore -

(a) payments which must be met from its collection fund under section 90(2) of the 1988 Act or from a trust fund; and

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

(6) In estimating under subsection (2)(a) above the authority shall take into account -

(a) the amount of any precept issued to it for the year by a local precepting authority; and

(b) the amount of any levy or special levy issued to it for the year;

but (except as provided by regulations under section 41 below or regulations under section 74 or 75 of the 1988 Act) shall not anticipate a precept, levy or special levy not issued.

(7) For the purposes of subsection (2)(c) above an authority's estimated future expenditure is -

(a) that which the authority estimates it will incur in the financial year following the year in question, will charge to a revenue account for the year and will have to defray in the year before the following sums are sufficiently available, namely -

(i) sums which will be payable for the year into its general fund and in respect of which amounts will be credited to a revenue account for the year; and

(ii) sums which will be transferred as regards the year from its collection fund to its general fund; and

(b) that which the authority estimates it will incur in the financial year referred to in paragraph (a) above or any subsequent financial year in performing its functions and which will be charged to a revenue account for that or any other year.

(8) In making the calculation under subsection (3) above the authority must ignore, subject to paragraph (b) of that subsection, sums which have been or are to be transferred from its collection fund to its general fund.

...

(9) The Secretary of State may by regulations do one or both of the following -

(a) alter the constituents of any calculation to be made under subsection (2) or (3) above (whether by adding, deleting or amending items);

(b) alter the rules governing the making of any calculation under subsection (2) or (3) above (whether by deleting or amending subsections (5) to (8B) above, or any of them, or by adding other provisions, or by a combination of those methods).

(10) Calculations to be made in relation to a particular financial year under this section must be made before 11th March in the preceding financial year, but they are not invalid merely because they are made on or after that date.

(11) References in this section to expenditure incurred by an authority shall be construed in accordance with section 41(3) of the Local Government and Housing Act 1989.

(12) In this section and section 33 below “police grant” means the grant payable in accordance with column (a) of paragraph 3.1 of the Police Grant Report (England and Wales) 2009/10 approved by a resolution of the House of Commons pursuant to section 46 of the Police Act 1996 on 4th February 2009.

(12A) In this section and in section 33 below –

(a) references to sums payable for the financial year in respect of redistributed non-domestic rates are references to sums so payable in accordance with the Local Government Finance Report (England) 2009/2010 approved by a resolution of the House of Commons pursuant to section 79(2) of, and paragraph 11(2) of Schedule 8 to, the Local Government Finance Act 1988 on 4th February 2009, and

(b) references to sums payable for the financial year in respect of revenue support grant are references to sums so payable in accordance with that report.

(13) In this section “BID levy” and “BID Revenue Account” shall bear the meaning given in Part 4 of the Local Government Act 2003.

Calculation of Basic Amount of Tax

33-(1) In relation to each financial year a billing authority shall calculate the basic amount of its council tax by applying the formula -

$$\frac{R - P}{T}$$

where -

R is the amount calculated (or last calculated) by the authority under section 32(4) above as its budget requirement for the year;

P is the aggregate of the sums which the authority estimates will be payable for the year into its general fund ... in respect of redistributed non-domestic rates, revenue support grant, *additional grant* or **(in the case of the Common Council only) police grant**;

T is the amount which is calculated by the authority as its council tax base for the year and, where one or more major precepting authorities have power to issue precepts to it, is notified by it to those authorities ("the major precepting authorities concerned") within the prescribed period.

(2) Where the aggregate calculated (or last calculated) by the authority for the year under subsection (2) of section 32 above does not exceed that so calculated under subsection (3) of that section, the amount for item R in subsection (1) above shall be nil.

(3) *The aggregate of the sums mentioned in item P in subsection (1) above shall be increased or reduced by the amount calculated in accordance with the following formula, according to whether that amount is positive or negative -*

$$W + X - (Y + Z)$$

where -

W is the amount of any sum which the authority estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act;

X ... in the case of an authority in England, is (subject to subsection (3A) below) the amount of any sum which the authority estimates will be -

(i) transferred from its collection fund to its general fund pursuant to a direction under section 98 (4) of that Act relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year; and

(ii) credited to a revenue account for the year;

Y is the amount of any sum which the authority estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of that Act;

Z is the amount of any sum which the authority estimates will be -

(i) transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of that Act relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year; and

(ii) charged to a revenue account for the year.

(3A) In the case of the Common Council, item X in subsection (3) above shall also include the amount of any sum which the Common Council estimates will be -

(a) transferred from its collection fund to its City fund pursuant to a direction under section 98(4) of the 1988 Act in respect of an amount calculated by reference to the provisional amount of its non-domestic rating contribution under Part II of Schedule 8 to that Act; and

(b) credited to a revenue account for the year.

(4) Regulations under section 32(9) above may make such consequential alterations of the constituents of any calculation required by item P in subsection (1) above or subsection (3) above (whether by adding, deleting or amending items) as appear to the Secretary of State to be necessary or expedient.

(5) The Secretary of State shall make regulations containing rules for making for any year the calculation required by item T in subsection (1) above; and a billing authority shall make the calculation for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.

(6) Regulations prescribing a period for the purposes of item T in subsection (1) above may provide that, in any case where a billing authority fails to notify its calculation to the major precepting authorities concerned within that period, that item shall be determined in the prescribed manner by such authority or authorities as may be prescribed.

***CALCULATIONS BY MAJOR PRECEPTING AUTHORITIES OTHER THAN
THE GREATER LONDON AUTHORITY***

Calculation of budget requirement

43. (1) In relation to each financial year a major precepting authority shall make the calculations required by this section.

(2) The authority must calculate the aggregate of—

(a) the expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year, other than expenditure which it estimates will be so incurred in pursuance of regulations under section 99(3) of the 1988 Act;

(b) such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;

(c) the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure; and

(d) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.

(3) The authority must calculate the aggregate of—

(a) the sums which it estimates will be payable to it for the year and in respect of which amounts will be credited to a revenue account for the year, other than sums which it estimates will be so payable-

(i) in respect of redistributed non-domestic rates, revenue support grant, additional grant or police grant;

(ii) in respect of any precept issued by it; or

**(iii) in pursuance of regulations under section 99(3) of the 1988 Act;
and**

(b) the amount of the financial reserves which the authority estimates that it will use in order to provide for the items mentioned in paragraphs (a) and (b) of subsection (2) above.

(4) If the aggregate calculated under subsection (2) above exceeds that calculated under subsection (3) above, the authority must calculate the amount equal to the difference; and the amount so calculated shall be its budget requirement for the year.

(5) In estimating under subsection (2)(a) above an authority which is a county council shall take into account the amount of any levy issued to it for the year but

(except as provided by regulations under section 74 of the 1988 Act) shall not anticipate a levy not issued.

(6) For the purposes of subsection (2)(c) above an authority's estimated future expenditure is-

(a) that which the authority estimates it will incur in the financial year following the year in question, will charge to a revenue account for the year and will have to defray in the year before the following sums are sufficiently available, namely, sums-

(i) which will be payable to it for the year; and

(ii) in respect of which amounts will be credited to a revenue account for the year; and

(b) that which the authority estimates it will incur in the financial year referred to in paragraph (a) above or any subsequent financial year in performing its functions and which will be charged to a revenue account for that or any other year.

(6A) In this section and section 44 below-

(a) "police grant" has the meaning given by section 32(12) above, and

(b) references to sums payable for the financial year in respect of redistributed non-domestic rates or revenue support grant are to be construed in accordance with section 32(12A) above.

(7) The Secretary of State may by regulations do one or both of the following-

(a) alter the constituents of any calculation to be made under subsection (2) or (3) above (whether by adding, deleting or amending items);

(b) alter the rules governing the making of any calculation under subsection (2) or (3) above (whether by deleting or amending subsections (5), (5A) and (6) above, or either of them, or by adding other provisions, or by a combination of those methods).

(8) References in this section to expenditure incurred by an authority shall be construed in accordance with section 41(3) of the Local Government and Housing Act 1989.

Calculation of Basic Amount of Tax

44. (1) In relation to each financial year a major precepting authority shall calculate the basic amount of its council tax by applying the formula—

$$\frac{R - P}{T}$$

where –

R is the amount calculated (or last calculated) by the authority under section 43(4) above as its budget requirement for the year;

P is the aggregate of the sums which the authority estimates will be payable to it for the year in respect of redistributed non-domestic rates, revenue support grant, *additional grant or police grant*;

T is the aggregate of the amounts which are calculated by the billing authorities to which the authority issues precepts (“the billing authorities concerned”) as their council tax bases for the year for their areas, or (as the case may require) for the parts of their areas falling within the authority’s area, and are notified by them to the authority within the prescribed period.

(2) Where the aggregate calculated (or last calculated) by the authority for the year under subsection (2) of section 43 above does not exceed that so calculated under subsection (3) of that section, the amount for item R in subsection (1) above shall be nil.

(3) The aggregate of the sums mentioned in item P in subsection (1) above shall be –

(a) increased by the aggregate amount of any sums which the authority estimates will be paid to it in the year by billing authorities in accordance with regulations under section 99(3) of the 1988 Act;

(b) reduced by the aggregate amount of any sums which the authority estimates will be paid by it in the year to billing authorities in accordance with such regulations.

(4) Regulations under section 43(7) above may make such consequential alterations of the constituents of any calculation required by item P in subsection (1) above or subsection (3) above (whether by adding, deleting or amending items) as appear to the Secretary of State to be necessary or expedient.

(5) The Secretary of State shall make regulations containing rules for making for any year the calculations required by item T in subsection (1) above; and the billing authorities concerned shall make the calculations for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.

(6) Regulations prescribing a period for the purposes of item T in subsection (1) above may provide that, in any case where a billing authority fails to notify its calculation to the precepting authority within that period, that item shall be determined in the prescribed manner by such authority or authorities as may be prescribed.

(7) Any negative amount given by a calculation under subsection (1) above shall be assumed to be nil for the purposes of this chapter.

***CALCULATIONS BY THE GREATER LONDON AUTHORITY
UNDER THE GREATER LONDON AUTHORITY ACT 1999***

Calculation of component and consolidated budget requirements

85. - (1) Section 43 of the Local Government Finance Act 1992 shall not apply in relation to the Authority, and the following provisions of this section and section 86 below shall have effect in relation to the Authority in place of that section.

(2) In relation to each financial year, the Authority shall make the calculations required by this section.

(3) The Authority must, in the case of each constituent body, that is to say-

(a) the Assembly,

(aa) the Mayor; and

(b) each of the functional bodies,

calculate the aggregates required by virtue of subsections (4) and (5) below.

(3A) In subsection (3) above-

(a) the reference to the Assembly is a reference to the Authority as respects the Assembly's functions (see subsection (14)),

(b) the reference to the Mayor is a reference to the Authority except as regards the Assembly's functions,

and other references in this Chapter to the Mayor or the Assembly, in their capacity as constituent bodies for the purposes of the budgetary provisions, or to their functions (in that capacity), are to be construed accordingly.

(4) The aggregate required by virtue of this subsection in the case of a constituent body is the aggregate of-

(a) the expenditure the Authority estimates **will be incurred by the body** in the year in performing its functions and **will be charged** to a revenue account for the year, other than expenditure which the Authority estimates will be so incurred in pursuance of regulations under section 99(3) of the 1988 Act **(but, in the case of the Mayor or the Assembly, see also subsections (10) to (13));**

(b) such allowance as the Authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;

(c) the financial reserves which the Authority estimates it will be **appropriate to be raised by or in respect of the body** to raise in the year for meeting the body's estimated future expenditure; and

(d) such of **the financial reserves of, or in respect of, the body** as are sufficient to meet so much of the amount estimated by the Authority to be a **revenue account deficit of or in respect of the body** for any earlier financial year as has not already been provided for.

(5) The aggregate required by virtue of this subsection in the case of a constituent body is the aggregate of-

(a) the sums which the Authority estimates will be payable to **or for** the body for the year and in respect of which amounts will be credited to a revenue account for the year, other than sums which the Authority estimates will be so payable-

(i) in respect of redistributed non-domestic rates, revenue support grant, additional grant, police grant or general GLA grant;

(ii) in respect of any precept issued by the Authority; or

(iii) in pursuance of regulations under section 99(3) of the Local Government Finance Act 1988; and

(b) the amount of the body's financial reserves which the Authority estimates **will be used by or in respect of the body** will use in order to provide for the items mentioned in paragraphs (a) and (b) of subsection (4) above.

(6) If, in the case of any constituent body, the aggregate calculated under subsection (4) above exceeds that calculated under subsection (5) above-

(a) the Authority must calculate the amount equal to the difference; and

(b) the amount so calculated shall be the body's component budget requirement for the year.

(7) If, in the case of any constituent body, the aggregate calculated under subsection (4) above does not exceed that calculated under subsection (5) above, the body's component budget requirement for the year shall be nil.

(8) The Authority must also calculate the aggregate of the component budget requirements of each of the constituent bodies and that aggregate shall be the Authority's consolidated budget requirement for the year.

(9) In this section, any reference to expenditure incurred by a body in any financial year includes the following (whether or not giving rise to actual payments)-

(a) any amount which does not form part of the body's capital receipts for the purposes of Chapter 1 of Part 1 of the Local Government Act 2003 (capital finance) and which is set aside by or in respect of the body as provision to meet credit liabilities; and

(b) any other amount which is set aside for the year **by or in respect of the body** as reasonably necessary for the purpose of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise (or both).

(9A) In subsection 5(a) –

(a) the reference to sums payable for the financial year in respect of redistributed non-domestic rates is a reference to sums so payable in accordance with the Local Government Finance Report (England) 2009/2010 approved by a resolution of the House of Commons pursuant to section 79(2) of, and paragraph 11(2) of Schedule 8 to, the Local Government Finance Act 1988 on 4th February 2009, and

(b) the reference to sums payable for the financial year in respect of revenue support grant is a reference to sums so payable in accordance with that report.

(10) Subsections (11) to (13) below have effect for the purposes of the budgetary provisions in their application in relation to the Mayor and the Assembly in their capacity as constituent bodies.

(11) The expenditure that is to be regarded for the purposes of subsection (4)(a) above as incurred by the Assembly in the performance of its functions includes any expenditure by the Authority in the performance of its functions which is incurred in respect of any of the following—

(a) the Assembly members,

(b) the Assembly secretariat (see subsection (14)),

(c) goods or services procured solely for the purposes of the Assembly,

(d) the London Transport Users' Committee (see section 247 and Schedule 18),

but does not include any expenditure falling within subsection (12) below.

(12) That expenditure is expenditure by the Authority in respect of any of the following—

(a) accommodation provided or procured in whole or in part for the conduct of the business of the Assembly or Assembly members,

(b) goods or services provided or procured for the Authority in general.

(13) The expenditure that is to be regarded for the purposes of subsection (4)(a) above as incurred by the Mayor in the performance of his functions is any expenditure—

(a) which is incurred by the Authority in the performance of its functions, and

(b) which does not fall to be regarded for the purposes of subsection (4)(a) above as incurred by the Assembly in the performance of its functions.

(14) In this section—

“the Assembly secretariat” means employees of the Authority who normally work as support staff for the Assembly or Assembly members;

“the Assembly’s functions” means—

(a) such of the functions of the Authority as are exercisable only by the Assembly acting on behalf of the Authority, and

(b) the Assembly’s function of acting jointly with the Mayor in the case of those functions of the Authority which are exercisable only by the Mayor and the Assembly acting jointly on behalf of the Authority;

“the budgetary provisions” means sections 85 to 87 of, and Schedule 6 to, this Act.

(15) All such apportionments as may be necessary for the purpose of calculating the aggregates required by subsections (4) and (5) above in the case of the Mayor and the Assembly are to be made on a just and reasonable basis.”.

Provisions supplemental to section 85

86. - (1) An amount must not be brought into account under subsection (4) or (5) of section 85 above in the application of the subsection in relation to **the Mayor or the Assembly** as a constituent body if the amount (or an amount which represents it) falls to be brought into account under the same subsection in its application in relation to **the other of them or** a functional body.

(2) In estimating under subsection (4)(a) of section 85 above in the case of any constituent body other than the Metropolitan Police Authority, the Authority shall take into account the amount of any levy issued to the body for the year, but (except as provided by regulations under section 74 of the Local Government Finance Act 1988) shall not anticipate a levy not issued.

(2A) For the purposes of subsection (2) above, any levy issued to the Authority shall be treated as a levy issued to the Mayor.

(4) For the purposes of subsection (4)(c) of section 85 above a body's estimated future expenditure is-

(a) that which the Authority estimates **will be incurred by** in the financial year following the year in question, **will be charged** to a revenue account for the year and **will have to be defrayed** in the year before the following sums are sufficiently available, namely, sums-

(i) which will be **payable to or for it** for the year; and

(ii) in respect of which amounts will be credited to a revenue account for the year; and

(b) that which the Authority estimates **will be incurred by** in the financial year referred to in paragraph (a) above or any subsequent financial year in performing its functions and which will be charged to a revenue account for that or any other year.

(5) The Secretary of State may by regulations do one or both of the following-

(a) alter the constituents of any calculation to be made under subsection (4) or (5) of section 85 above (whether by adding, deleting or amending items);

(b) alter the rules governing the making of any calculation under subsection (4) or (5) of section 85 above (whether by deleting or amending subsections (2) to (4) above, or any of them, or by adding other provisions, or by a combination of those methods).

(6) Subsection (9) of section 85 above applies for the purposes of this section as it applies for the purposes of that section.

Calculation of basic amount of tax

88. - (1) Section 44 of the Local Government Finance Act 1992 shall not apply in relation to the Authority and the following provisions of this section shall have effect in relation to the Authority in place of that section.

(2) In relation to each financial year the Authority shall calculate the basic amount of its council tax by applying the formula-

$$\frac{R - P1 - A}{T}$$

where-

R is the amount calculated (or last calculated) by the Authority under section 85(8) above as its consolidated budget requirement for the year;

P1 is the aggregate of such amounts as may be prescribed, being amounts representing the sums which the Secretary of State estimates will be payable to the Authority for the year in respect of the following items-

- (a) redistributed non-domestic rates,
- (b) revenue support grant,
- (c) general GLA grant,
- (d) additional grant

but in the case of each item reduced, as may be prescribed, by such amount as the Secretary of State considers represents the portion of the item which relates to defraying the special item in whole or in part;

A is the amount of the special item;

T is the aggregate of the amounts which are calculated by the billing authorities to which the Authority issues precepts ("the billing authorities concerned") as their council tax bases for the year for their areas and are notified by them to the Authority within the prescribed period.

(3) In the definition of P1 in subsection (2) above, "prescribed" means specified in, or determined in accordance with, either-

- (a) the appropriate report or determination, or
- (b) regulations made by the Secretary of State,

as the Secretary of State may determine in the case of any particular item and any particular financial year or years.

(4) In subsection (3)(a) above, "the appropriate report or determination" means-

- (a) in the case of an item specified in paragraph (a) or (b) of the definition of P1 in subsection (2) above, the local government finance report for the financial year in question;
 - (b) in the case of the item specified in paragraph (c) of that definition, the determination under section 100 below for the financial year in question;
 - (c) in the case of the item specified in paragraph (d) of that definition, the report under section 85 of the Local Government Finance Act 1988 relating to that item
- (5) The aggregate of the sums mentioned in item P1 in subsection (2) above shall be-
- (a) increased by the aggregate amount of any sums which the Authority estimates will be paid to it in the year by billing authorities in accordance with regulations under section 99(3) of the Local Government Finance Act 1988;
 - (b) reduced by the aggregate amount of any sums which the Authority estimates will be paid by it in the year to billing authorities in accordance with such regulations.
- (6) The Secretary of State shall make regulations containing rules for making for any year the calculations required by item T in subsection (2) above; and the billing authorities concerned shall make the calculations for any year in accordance with the rules for the time being effective (as regards the year) under the regulations.
- (7) Regulations prescribing a period for the purposes of item T in subsection (2) above may provide that, in any case where a billing authority fails to notify its calculation to the precepting authority within that period, that item shall be determined in the prescribed manner by such authority or authorities as may be prescribed.
- (8) The Secretary of State may by regulations do one or both of the following-
- (a) alter the constituents of any calculation to be made under subsection (2) above (whether by adding, deleting or amending items);
 - (b) alter the rules governing the making of any calculation under subsection (2) above (whether by deleting or amending subsections (3) to (5) above, or any of them, or by adding other provisions, or by a combination of those methods).
- (9) Any negative amount given by a calculation under subsection (2) above shall be assumed to be nil for the purposes of this Chapter and Chapter IV of Part I of the Local Government Finance Act 1992.
- (10) In this section "special item" has the same meaning as it has in section 89 below (see subsection (2) of that section).

Additional calculation: special item for part of Greater London

89. - (1) Section 45 of the Local Government Finance Act 1992 shall not apply in relation to the Authority, and the following provisions of this section shall have effect in relation to the Authority in place of that section.

(2) The following provisions of this section apply where for any financial year the item mentioned in **section 90(1)** below relates to a part only of Greater London; and in this section-

(a) "special item" means that item; and

(b) "the relevant part", in relation to such an item, means the part of Greater London concerned.

(3) The Authority shall calculate the basic amount of its council tax for dwellings in any part of its area to which the special item relates by adding to the amount given by the formula in section 88(2) above the amount which, in respect of the special item, is given by the formula in subsection (4) below.

(4) For dwellings in any part of Greater London to which the special item relates, the amount in respect of the special item is given by the formula-

$$\frac{(S2 - P2)}{TP2}$$

where-

S2 is the amount of the special item;

P2 is the aggregate of such amounts as may be prescribed, being amounts representing the sums which the Secretary of State estimates will be payable to the Authority for the year in respect of the following items-

- (a) police grant,
- (b) redistributed non-domestic rates,
- (c) revenue support grant,
- (d) general GLA grant,
- (e) additional grant

but in the case of each item restricted, as may be prescribed, to such amount (if any) as the Secretary of State considers represents the portion of the item which relates to defraying the special item in whole or in part;

TP2 is the aggregate of the amounts which are calculated by the billing authorities to which the Authority has power to issue precepts as respects the special item ("the

billing authorities concerned") as their council tax bases for the year for their areas and are notified by them to the Authority within the prescribed period.

(5) In the definition of P2 in subsection (4) above, "prescribed" means specified in, or determined in accordance with, either-

(a) the appropriate report or determination, or

(b) regulations made by the Secretary of State,

as the Secretary of State may determine in the case of any particular item and any particular financial year or years.

(6) In subsection (5)(a) above, "the appropriate report or determination" means-

(a) in the case of the item specified in paragraph (a) of the definition of P2 in subsection (4) above, the police grant report under section 46(3) of the Police Act 1996 for the financial year in question;

(b) in the case of an item specified in paragraph (b) or (c) of that definition, the local government finance report for the financial year in question;

(c) in the case of the item specified in paragraph (d) of that definition, the determination under section 100 below for the financial year in question;

(d) in the case of the item specified in paragraph (e) of that definition, the report under section 85 of the Local Government Finance Act 1988 relating to that item.

(7) Subsections (6) and (7) of section 88 above, and any regulations made under or by virtue of either of those subsections, shall have effect in relation to the calculation of TP2 in subsection (4) above as they have effect in relation to the calculation of T in subsection (2) of that section.

(8) Any negative amount given by a calculation under this section shall be assumed to be nil for the purposes of this Chapter and Chapter IV of Part I of the Local Government Finance Act 1992.

(9) The Secretary of State may by regulations do one or both of the following-

(a) alter the constituents of any calculation to be made under or by virtue of subsection (3) above (whether by adding, deleting or amending items);

(b) alter the rules governing the making of any calculation under or by virtue of that subsection (whether by deleting or amending subsections (3) to (8) above, or any of them, or by adding other provisions, or by a combination of those methods).

Mayor to distribute grants etc between Authority and functional bodies

102(1) For each financial year, it shall be the duty of the Authority to pay to each functional body, out of the aggregate specified in subsection (2) below, the amount required by the body out of that aggregate in accordance with the calculations (or last calculations) under section 85(4) to (7) of this Act.

(2) The aggregate mentioned in subsection (1) above is the aggregate of the sums received by the Authority for the financial year in respect of –

(a) revenue support grant;

(b) additional grant;

....

(d) general GLA grant;

(e) redistributed non-domestic rates;

(f) any precept issued by the Authority; and

(g) payments to the Authority by billing authorities in accordance with regulations under section 99(3) of the Local Government Finance Act 1988.

(3) The payments required by subsection (1) above shall be made by instalments during the financial year in question.

(4) The instalments to be paid under subsection (3) above to a functional body shall be payments of such amounts, and shall be payable at such times, as will enable the body to meet its budgeted expenditure for the year as it falls due.

(5) It shall be the duty of the Authority to pay instalments under subsection (3) above punctually.

(6) In the application of subsection (4) above in relation to a functional body, “budgeted expenditure” means expenditure which, in accordance with the calculations (or last calculations) made under section 85(4) to (7) above, the body is to meet out of payments by way of instalments under this section.

(7) If an overpayment is made to a functional body in respect of the sums payable to it by virtue of this section, the functional body shall, in accordance with any directions given to it for the purpose by the Mayor, make at such times and in such manner as may be specified in the directions such payments to the Authority by way of repayment as may be so specified.

(8) In this section –

(a) the reference to sums received for the financial year in respect of redistributed non-domestic rates is a reference to sums so received in consequence of the Local Government Finance Report (England) 2009/2010 approved by a resolution of the House of Commons pursuant to section 79(2)

of, and paragraph 11(2) or Schedule 8 to, the Local Government Finance Act 1988 on 4th February 2009, and

(b) the reference to sums received for the financial year in respect of revenue support grant is a reference to sums so received in consequence of that report.