

Referendums Relating to Council Tax Increases (Alternative Notional Amounts) (England) Report 2018/19

Presented to the House of Commons pursuant to section 52ZE of the Local Government Finance Act 1992 as inserted by Schedule 5 to the Localism Act 2011

Ordered by the House of Commons to be printed 5 February 2018

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Introduction: legislative background

1. Under section 52ZB of the Local Government Finance Act 1992¹ (“the 1992 Act”) each billing authority, major precepting authority and local precepting authority² in England is required to determine whether its relevant basic amount of council tax³ for a financial year (“the year under consideration”) is excessive. Such a determination must be made as soon as is reasonably practicable after council tax referendum principles determined by the Secretary of State under section 52ZC of the 1992 Act have been approved by the House of Commons.

2. The principles determined by the Secretary of State under section 52ZC must include a comparison between –

- the authority’s relevant basic amount of council tax for the year under consideration; and
- the authority’s relevant basic amount of council tax for the immediately preceding financial year⁴.

3. Under section 52ZE of the 1992 Act the Secretary of State has power in relation to the year under consideration to make a report specifying an amount (“an alternative notional amount”) which he thinks should be used by an authority as the basis of any comparison in applying section 52ZC in place of the authority’s relevant basic amount of council tax for the preceding year. If the report is approved by resolution of the House of Commons the alternative notional amount is used for the purposes of the comparison referred to in section 52ZC of the 1992 Act.

The Report

4. This report is made by the Secretary of State for Housing, Communities and Local Government (“the Secretary of State”) and is laid before the House of Commons under section 52ZE of the 1992 Act.

¹ Chapter 4ZA of Part 1 of the 1992 Act (sections 52ZA to 52ZY) inserted by the Localism Act 2011, Schedule 5.

² Billing authority, major precepting authority and local precepting authority are defined in sections 1(2), 39(1) and 39(2) of the 1992 Act respectively.

³ See section 52ZX of the 1992 Act for the meaning of “relevant basic amount of council tax”; amended by section 41 of the Local Audit and Accountability Act 2014 and S.I. 2017/611. Paragraph 10 of the Schedule to the Combined Authorities (Finance) Order 2017, S.I. 2017/611 amends section 52ZX of the 1992 Act so that in respect of precepts for mayoral combined authorities with PCC functions, references to the relevant basic amount of council tax are references to a PCC component of council tax for the year, or a general component of council tax for the year.

⁴ See section 52ZC(2) and (3) of the 1992 Act.

5. It relates to the authorities listed in Annex A of this Report (“the relevant authorities”). In relation to these authorities it specifies an alternative notional amount in relation to the financial year beginning on 1st April 2017. It also sets out such explanation as the Secretary of State thinks desirable of the need for the calculation of the alternative notional amount and the method for that calculation.

6. If this report is approved by resolution of the House of Commons, in relation to the financial year beginning on 1st April 2018 (the year under consideration), the alternative notional amount specified must be used for the purposes of the comparison referred to in section 52ZC of the 1992 Act⁵.

Territorial application

7. This report applies in relation to England only.

Alternative notional amount

8. Annex A of this Report sets out an amount by reference to the relevant authorities.

9. In relation to the financial year beginning on 1st April 2017, the Secretary of State specifies that amount as an alternative notional amount for those authorities.

Need for the calculation of an alternative notional amount

10. Annex B of this Report contains such explanation as the Secretary of State thinks desirable of the need for the calculation of the alternative notional amounts.

Method for calculation of the alternative notional amount

11. Annex B of this Report also contains such explanation as the Secretary of State thinks desirable of the method for the calculation of the alternative notional amounts.

Signed by authority of the Secretary of State for Housing, Communities and Local Government

5 February 2018

Rishi Sunak
Parliamentary Under Secretary of State
Ministry of Housing, Communities and Local Government

⁵ See section 52ZE(5) of the 1992 Act.

Annex A

Alternative Notional Amount as regards the financial year beginning 1 April 2017

Authority	Alternative Notional Amount for 2018/19
Greater Manchester Combined Authority – Police and Crime Commissioner Component	£162.30
Essex Police, Fire and Crime Commissioner Fire and Rescue Authority.	£69.03

Explanation for the calculation of the alternative notional amount and method of calculation

1. This annex explains why an alternative notional amount is needed and sets out the method for the calculation of the alternative notional amount, as required by section 52ZE(3)(c) of the 1992 Act.

The Greater Manchester Combined Authority

2. From 8 May 2017, the Mayor of the Greater Manchester Combined Authority has taken on the functions previously exercised by the Greater Manchester Police and Crime Commissioner (PCC). From 2018-19 onwards the Combined Authority Mayor has the power to charge a component of the Combined Authority precept to fund police services. This change in authority responsible for setting a police precept means that an alternative notional amount is required in respect of 2017-18 to ensure that the 'excessiveness' of the 2018-19 precept can be determined as required by legislation. The alternative notional amount is set at the level of the Greater Manchester PCC's 2017-18 precept. This amount will not result in any loss of income to the Greater Manchester Mayor nor in any increase in bills for taxpayers.

The Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

3. The Policing and Crime Act 2017 made provision to enable PCCs to take on responsibility for the governance of fire and rescue services within their area, where they make a local case to do so and it appears to the Home Secretary to be in the interests of economy, efficiency and effectiveness, or public safety to do so.
4. The PCC for Essex became the Essex Police Fire and Crime Commissioner from October 2017, assuming the functions of the former Essex Fire and Rescue Authority, including the power to issue a fire precept from 2018-19. The change in authority responsible for setting a fire precept means that an alternative notional amount is required in respect of 2017-18 to ensure that the 'excessiveness' of the 2018-19 precept can be determined as required by legislation. The alternative notional amount is set at the level of the Essex Fire and Rescue Authority's 2017-18 precept. This amount will not result in any loss of income to the Essex Police Fire and Crime Commissioner nor any increase in bills for tax payers.