



Department for
Communities and
Local Government

DRAFT

The Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/17

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Legislative background

General

1. Under section 52ZB^a of the Local Government Finance Act 1992 (“the 1992 Act”) each billing authority and precepting authority must determine whether its relevant basic amount of council tax^b for a financial year (“the year under consideration”) is excessive. If an authority’s relevant basic amount of council tax is excessive a referendum must be held in relation to that amount.
2. Under section 52ZC^c of the 1992 Act the question of whether an authority’s relevant basic amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State. A set of principles —
 - may contain one principle or two or more principles, and
 - must constitute or include a comparison between the authority’s relevant basic amount of council tax for the year under consideration and its relevant basic amount of council tax for the financial year immediately preceding the year under consideration^d.
3. In setting principles for the year under consideration the Secretary of State may determine categories of authority. If the Secretary of State does so the same principles must be determined for all authorities falling within the same category and if an authority does not fall within any of the categories its relevant basic amount of council tax is not capable of being excessive for the year under consideration^e.
4. If the Secretary of State does not determine categories of authority for the year under consideration, any principles determined for the year must be such that the same set is determined for all authorities^f.

^a Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

^b The term “relevant basic amount of council tax” is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the Local Audit and Accountability Act 2014).

^c Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

^d Section 52ZC(2) and (3) of the 1992 Act.

^e Section 52ZC(4) of the 1992 Act.

^f Section 52ZC(5) of the 1992 Act.

5. The principles for a financial year must be set out in a report which must be laid before and approved by the House of Commons. If the report for a financial year is not approved on or before the date on which the local government finance report for the same year is approved by the House of Commons, no principles have effect for that year and accordingly no authority's relevant basic amount of council tax is capable of being excessive for that year^a.

The Greater London Authority

6. The Greater London Authority ("the GLA") calculates two different basic amounts of council tax for a financial year —
 - an amount which applies to the City of London and which does not include any amount in respect of the Mayor's Office for Policing and Crime, and
 - an amount which applies to all parts of Greater London other than the City of London and which includes an amount in respect of the Mayor's Office for Policing and Crime^b.
7. The GLA's relevant basic amount of council tax is defined by reference to these two amounts. In particular —
 - the relevant basic amount derived from the first of the amounts mentioned in paragraph 6 above is referred to in the 1992 Act as the GLA's unadjusted relevant basic amount of council tax, and
 - the relevant basic amount derived from the second of the amounts mentioned in paragraph 6 above is referred to in the 1992 Act as the GLA's adjusted relevant basic amount of council tax^c.
8. A principle that applies to the GLA, and that constitutes or includes a comparison between the GLA's relevant basic amount of council tax for the year under consideration and the financial year immediately preceding that year, may only provide for —
 - a comparison between unadjusted relevant basic amounts of council tax,
 - a comparison between adjusted relevant basic amounts of council tax, or
 - both^d.

^a See generally section 52ZD of the 1992 Act, inserted as above.

^b Sections 88(2) and 89(3) of the Greater London Authority Act 1999. Section 88(2) was substituted by section 77(1) and (3) of the Localism Act 2011 and section 89(4) (which is mentioned in section 89(3)) was substituted by section 77(1) and (7) of that Act. The Mayor's Office for Policing and Crime was established by section 3 of the Police Reform and Social Responsibility Act 2011.

^c Section 52ZX(4) of the 1992 Act.

^d Section 52ZC(6) of the 1992 Act.

The Report

9. This Report is made by the Secretary of State for Communities and Local Government and laid before the House of Commons under section 52ZD(1) of the 1992 Act.
10. The Report applies to all billing authorities and all major precepting authorities^(a). In relation to 2016-17 the Report specifies principles for those authorities for the purposes of section 52ZC(1) of the 1992 Act. Accordingly no principles are specified for local precepting authorities for that year.

Principles for the financial year beginning on 1st April 2016

11. The principles which apply for 2016-17 are set out in Annex A to this Report. If this Report is approved by resolution of the House of Commons the principles will have effect for that financial year.

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

[] 2016

Name
Parliamentary Under Secretary of State
Department for Communities and Local Government

^a Billing authorities and major precepting authorities are defined in sections 1(2) and 39(1) of the 1992 Act respectively.

Annex A

Principles for the financial year beginning on 1st April 2016

The set of principles determined by the Secretary of State under section 52ZC(1) of the Local Government Finance Act 1992 for the financial year beginning on 1st April 2016 is as follows:

Interpretation

1.—(1) In this set of principles —

“2015-16” means the financial year beginning on 1st April 2015;

“2016-17” means the financial year beginning on 1st April 2016;

“the 1992 Act” means the Local Government Finance Act 1992^(a);

“the GLA” means the Greater London Authority;

“a relevant local authority” means an authority falling within section 1(4) of the Care Act 2014^(b);

“a relevant police and crime commissioner” means a police and crime commissioner^(c) whose basic amount of council tax for 2015-16 is within the lower quartile of basic amounts of council tax for 2015-16 for all police and crime commissioners;

“a relevant shire district council” means a shire district council whose basic amount of council tax for 2015-16 (discounting the amount of any precepts issued to it for the year by local precepting authorities, or anticipated by it in pursuance of regulations under section 41 of the 1992 Act) is within the lower quartile of basic amounts of council tax for 2015-16 (discounting such precepts) for all shire district councils;

“shire district council” means a district council for an area for which there is also a county council.

(2) In this set of principles any reference to an authority is a reference to a billing authority or a major precepting authority.

(3) Terms used in this set of principles which are also used in the 1992 Act have the same meanings as in that Act.

^(a) 1992 c.14.

^(b) 2014 c.23. The definition in section 1(4) of the Act covers (a) county councils in England; (b) district councils for an area in England for which there is no county council; (c) London borough councils, and (d) the Common Council of the City of London.

^(c) Police and crime commissioners replaced police authorities for police areas outside London in November 2012 (see section 1 of the Police Reform and Social Responsibility Act 2011, and Part 4 of Schedule 15 to that Act for transitional provisions).

Categories of authority for 2016-17

2. For 2016-17, the Secretary of State determines that the following are categories of authority for the purposes of section 52ZC of the 1992 Act—

- (a) any relevant local authority^(a);
- (b) the GLA;
- (c) any relevant police and crime commissioner or relevant shire district council^(b); and
- (d) any other authority.

Principles for 2016-17 for authorities belonging to the category mentioned in paragraph 2(a)

3. For 2016-17, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(a) is excessive if the authority's relevant basic amount of council tax for 2016-17 is 4%, or more than 4%, greater than its relevant basic amount of council tax for 2015-16.

Principles for 2016-17 for the Greater London Authority

4. For 2016-17, the GLA's relevant basic amount of council tax is excessive if —

- (a) the GLA's unadjusted relevant basic amount of council tax for 2016-17 is 2%, or more than 2%, greater than its unadjusted relevant basic amount of council tax for 2015-16; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2016-17 is 2%, or more than 2%, greater than its adjusted relevant basic amount of council tax for 2015-16.

Principles for 2016-17 for authorities belonging to the category mentioned in paragraph 2(c)

5. For 2016-17, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(c) is excessive if the authority's relevant basic amount of council tax for 2016-17 is more than £5.00 greater than its relevant basic amount of council tax for 2015-16.

Principles for 2016-17 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2016-17, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(d) is excessive if the authority's relevant basic amount of council tax for 2016-17 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2015-16.

^(a) The bodies that are within this category are set out, for information, in Annex B to this Report.

^(b) The bodies that are within this category are set out, for information, in Annex C to this Report.

Annex B

Local authorities for the following areas fall within the definition of “relevant local authority” in the *Principles for the financial year beginning on 1st April 2016*

(INNER LONDON)

City of London

Camden

Greenwich

Hackney

Hammersmith & Fulham

Islington

Kensington & Chelsea

Lambeth

Lewisham

Southwark

Tower Hamlets

Wandsworth

Westminster

(OUTER LONDON)

Barking & Dagenham

Barnet

Bexley

Brent

Bromley

Croydon

Ealing

Enfield

Haringey

Harrow

Havering

Hillingdon

Hounslow

Kingston-upon-Thames

Merton

Newham

Redbridge

Richmond-upon-Thames

Sutton

Waltham Forest

(GREATER MANCHESTER)

Bolton
Bury
Manchester
Oldham
Rochdale
Salford
Stockport
Tameside
Trafford
Wigan

(MERSEYSIDE)

Knowsley
Liverpool
St Helens
Sefton
Wirral

(SOUTH YORKSHIRE)

Barnsley
Doncaster
Rotherham
Sheffield

(TYNE AND WEAR)

Gateshead
Newcastle-upon-Tyne
North Tyneside
South Tyneside
Sunderland

(WEST MIDLANDS)

Birmingham
Coventry
Dudley
Sandwell
Solihull
Walsall
Wolverhampton

(WEST YORKSHIRE)

Bradford
Calderdale
Kirklees
Leeds
Wakefield

(COUNTY COUNCILS)

Buckinghamshire

Cambridgeshire
Cumbria
Derbyshire
Devon

Dorset
East Sussex
Essex
Gloucestershire
Hampshire

Hertfordshire
Kent
Lancashire
Leicestershire
Lincolnshire

Norfolk
North Yorkshire
Northamptonshire
Nottinghamshire
Oxfordshire

Somerset
Staffordshire
Suffolk
Surrey
Warwickshire

West Sussex
Worcestershire

(UNITARY AUTHORITIES)
Bath & North East Somerset
Bedford
Blackburn with Darwen
Blackpool
Bournemouth

Bracknell Forest
Brighton & Hove
Bristol
Central Bedfordshire
Cheshire East

Cheshire West and Chester
Cornwall
Darlington
Derby
Durham

East Riding of Yorkshire
Halton
Hartlepool
Herefordshire
Isle of Wight Council

Isles of Scilly
Kingston-upon-Hull
Leicester
Luton
Medway

Middlesbrough
Milton Keynes
North East Lincolnshire
North Lincolnshire
North Somerset

Northumberland
Nottingham
Peterborough
Plymouth
Poole

Portsmouth
Reading
Redcar & Cleveland
Rutland
Shropshire

Slough
South Gloucestershire
Southampton
Southend-on-Sea
Stockton-on-Tees

Stoke-on-Trent
Swindon
Telford & Wrekin
Thurrock
Torbay

Warrington
West Berkshire
Wiltshire
Windsor & Maidenhead
Wokingham
York

Annex C

Police and crime commissioners for the following police areas fall within the definition of “relevant police and crime commissioner” in the *Principles for the financial year beginning on 1st April 2016*

Cheshire
Greater Manchester
South Yorkshire
Hertfordshire
Essex
Kent
Sussex
West Yorkshire
West Midlands
Northumbria

Shire district councils for the following areas fall within the definition of “relevant shire district council” in the *Principles for the financial year beginning on 1st April 2016*

Runnymede
Babergh
Winchester
Blaby
South Bucks
East Cambridgeshire
Daventry
Chichester
Ribble Valley
West Somerset
Sedgemoor
Fareham
Horsham
South Kesteven
Taunton Deane
North Norfolk
Uttlesford
Malvern Hills
Forest Heath
East Hampshire
Rushcliffe
Exeter

Huntingdonshire
Test Valley
Wycombe
South Norfolk
Wellingborough
Eastleigh
West Dorset
Stratford-on-Avon
Cotswold
South Cambridgeshire
Charnwood
East Northamptonshire
Cherwell
King's Lynn & West Norfolk
East Lindsey
East Devon
Vale of White Horse
Wychavon
Broxbourne
Broadland
Hinckley & Bosworth
North Dorset
South Oxfordshire
Basingstoke & Deane
Tewkesbury
South Staffordshire
Hambleton
West Oxfordshire
Breckland