



Department for  
Communities and  
Local Government

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# The Referendums Relating to Council Tax Increases (Principles)(England) Report 2017/18

# The Referendums Relating to Council Tax Increases (Principles) (England) Report 2017/18

## Legislative background

### *General*

1. Under section 52ZB<sup>a</sup> 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<sup>b</sup> 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<sup>c</sup> 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<sup>d</sup>.
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 consideratione.
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<sup>f</sup>.
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

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<sup>a</sup> Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

<sup>b</sup> 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).

<sup>c</sup> Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

<sup>d</sup> Section 52ZC(2) and (3) of the 1992 Act.

<sup>e</sup> Section 52ZC(4) of the 1992 Act.

<sup>f</sup> Section 52ZC(5) of the 1992 Act.

year and accordingly no authority's relevant basic amount of council tax is capable of being excessive for that year<sup>a</sup>.

*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<sup>b</sup>.
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<sup>c</sup>.
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<sup>d</sup>.

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<sup>a</sup> See generally section 52ZD of the 1992 Act, inserted as above.

<sup>b</sup> 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.

<sup>c</sup> Section 52ZX(4) of the 1992 Act.

<sup>d</sup> 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) (other than a mayoral combined authority(b)). In relation to 2017-18 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 2017**

11. The principles which apply for 2017-18 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

[ ] 2017

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

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

**b** A mayoral combined authority is a major precepting authority by virtue of section 39(1)(ab) of the 1992 Act as amended by section 5 of the Cities and Local Government Devolution Act 2016 (c.1). The election for the mayor of the first mayoral combined authority, Greater Manchester, will take place in May 2017.

## **Principles for the financial year beginning on 1st April 2017**

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 2017 is as follows:

### **Interpretation**

1.—(1) In this set of principles—

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

“2017-18” means the financial year beginning on 1st April 2017;

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

“the GLA” means the Greater London Authority;

“a relevant local authority” means-

(a) an authority falling within section 1(4) of the Care Act 2014(b); and

(b) the Council of the Isles of Scilly;

“a relevant police and crime commissioner” means a police and crime commissioner(c) whose basic amount of council tax for 2016-17 is within the lower quartile of basic amounts of council tax for 2016-17 for all police and crime commissioners;

“a shire district council” means a district council for an area for which there is 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 (other than a mayoral combined 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.

### **Categories of authority for 2017-18**

2. For 2017-18, 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(d);

(b) the GLA;

(c) any shire district council;

(d) any relevant police and crime commissioner(e); and

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(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).

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

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

(e) any other authority.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(a)**

3. For 2017-18, 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 2017-18 is 5% (comprising 3% for expenditure on adult social care and 2% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for the Greater London Authority**

4. For 2017-18, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2017-18 is 2%, or more than 2%, greater than its unadjusted relevant basic amount of council tax for 2016-17; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2017-18 is 2%, or more than 2%, greater than its adjusted relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(c)**

5. For 2017-18, 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 2017-18 is—

- (a) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016-17; and
- (b) more than £5.00 greater than its relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(d)**

6. For 2017-18, 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 2017-18 is—

- (a) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016-17; and
- (b) more than £5.00 greater than its relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(e)**

7. For 2017/18, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(e) is excessive if the authority's relevant basic amount of council tax for 2017-18 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016-17.

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 2017*

(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

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 2017*

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