Department for Communities and Local Government



Local Government Finance (England)

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

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Presented to the House of Commons pursuant to section 52ZD(1) of the Local Government Finance Act 1992 as amended by Schedule 5 to the Localism Act 2011

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

Legislative background

General

- 1. Under section 52ZBa 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 taxb 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.
- 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.
- 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 year⁹.

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.

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

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^a.
- 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^b.
- 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^c.

a 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.

b Section 52ZX(4) of the 1992 Act.

c Section 52ZC(6) of the 1992 Act.

The Report

- 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

20 February 2017

Marcus Jones MP
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.

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.

Annex A

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 1992a;

"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 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 authorityd;
- (b) the GLA;
- (c) any shire district council;
- (d) any relevant police and crime commissionere; and
- (e) any other authority.

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.

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.

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 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

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 2017

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

