



Referendums Relating to Council Tax Increases (Alternative Notional Amounts) (England) Report 2023-24

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

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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. In essence, the relevant basic amount of council tax for an authority is that authority’s average band D council tax, excluding local precepts. 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 Levelling Up, Housing, and Communities (“the Secretary of State”) and is laid before the House of Commons under section 52ZE of the 1992 Act.

5. It relates to the authorities listed in Annex A of this Report (“the relevant authorities”). In relation to those authorities it specifies an alternative notional

¹ 1992 c.14. Chapter 4ZA of Part 1 of the 1992 Act (sections 52ZA to 52ZY) inserted by Schedule 5 of the Localism Act 2011 (c.20).

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 (c.2) and S.I. 2017/611. If an authority has the power to calculate its council tax for a financial year under Part 4 of S.I. 2008/3022 (as amended by S.I. 2012/20 and 2018/1296), Schedule 3 of those Regulations modifies the application of section 52ZX of the 1992 Act.

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

amount in relation to the financial year beginning on 1st April 2022. It also sets out at Annex B 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 2023 (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.

Alternative notional amount

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

8. In relation to the financial year beginning on 1st April 2022, the Secretary of State specifies that amount as an alternative notional amount for those authorities.

Need for the calculation of an alternative notional amount

9. 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

10. 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 Levelling Up, Housing, and
Communities

[] 2023

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

Annex A

Alternative Notional Amount as regards the financial year beginning 1 April 2022

Authority	Alternative Notional Amount for 2022/23
Cumberland Council*	£ 1648.58
Allerdale predecessor area of new Cumberland Council*	£ 1622.11
Carlisle predecessor area of new Cumberland Council*	£ 1664.59
Copeland predecessor area of new Cumberland Council*	£ 1660.96
Cumbria Commissioner Fire and Rescue Authority	£ 85.61
Somerset Council*	£ 1568.87
Somerset West and Taunton predecessor area of new Somerset Council*	£ 162.65
Westmorland and Furness Council*	£ 1658.15
Barrow-in-Furness predecessor area of new Westmorland and Furness Council*	£ 1692.80
Eden predecessor area of new Westmorland and Furness Council*	£ 1643.14
South Lakeland predecessor area of new Westmorland and Furness Council*	£ 1650.00
*These Alternative Notional Amounts provide for the different ways in which a unitarising authority may apply referendum principles to the increase in its relevant basic amount of council tax. See Annex B for further details.	

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

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

Unitarising Authorities in Cumbria

2. Following an Order⁶ made by the Secretary of State under sections 7, 11, 12, 13 and 15(2) of the Local Government and Public Involvement in Health Act 2007, local government in Cumbria will be restructured from 1 April 2023. Two new unitary authorities will be formed as follows
 - a. **Cumberland Council**, comprising the former Allerdale Borough Council, Carlisle City Council and Copeland Borough Council, and the functions of Cumbria County Council in the area of Cumberland Council.
 - b. **Westmorland and Furness Council**, comprising the former Barrow-in-Furness Borough Council, Eden District Council and South Lakeland District Council, and the functions of Cumbria County Council in the area of Westmorland and Furness Council.

Shadow authorities were established on 9 May 2022⁷ and will set the 2023-24 council tax for the new unitary authorities.

3. As part of this restructuring, the fire functions of Cumbria County Council are being transferred to the Cumbria Commissioner Fire and Rescue Authority from 1 April 2023⁸, with the Cumbria Commissioner Fire and Rescue Authority having the power to issue a council tax precept from 2023-24. A shadow authority was established on 1 January 2023⁹ and will set the 2023-24 precept for the Cumbria Commissioner Fire and Rescue Authority. To reflect the transfer of functions, ensure that council tax-payers do not pay twice for any services, and to ensure a like-for-like comparison of council tax levels can be made when determining whether increases set in 2023-24 are excessive by reference to the Secretary of State’s referendum principles, alternative notional amounts are required for Cumberland and Westmorland and Furness councils and their predecessor areas.
4. Restructuring authorities which have inherited different levels of council tax in their predecessor areas and which are going through a process of equalisation under Part 4 of the Local Government (Structural Changes) (Finance) Regulations 2008, are able to choose how they comply with the referendum principles set by the Secretary of State in relation to their council tax increase, in accordance with their local preference. The comparison made under the

⁶ SI 2022/331

⁷ Articles 3 and 6 of SI 2022/331

⁸ SI 2022/1230

⁹ Article 11 of SI 2022/1230

principles can be in respect of either the increase in the band D amount in each individual predecessor area, or the increase in the average band D amount across all of their predecessor areas. ANAs are required to cater for both approaches. As such, this report sets out the following amounts.

5. For Cumberland Council:
 - a. An ANA for the **Allerdale, Carlisle and Copeland** predecessor areas' band D amounts in 2022-23 to reflect the transfer of fire functions to the Cumbria Commissioner Fire and Rescue Authority. In each case, this is calculated using the aggregate of the amounts charged by the respective predecessor council and Cumbria County Council in 2022-23 minus £85.61 for the county fire services being passed on to the Cumbria Commissioner Fire and Rescue Authority.
 - b. An ANA for the average band D amount across all of **Cumberland Council's** predecessor areas in 2022-23, weighted according to their tax base, to reflect the transfer of fire functions to the Cumbria Commissioner Fire and Rescue Authority. The average is calculated by taking the amounts charged in each area (as calculated in paragraph 5(a) above) and multiplying them by the tax base to get an area council tax requirement figure. This council tax requirement is then divided by the area's tax base to produce the alternative notional amount.
6. For Westmorland and Furness:
 - a. An ANA for the **Barrow-in-Furness, Eden and South Lakeland** predecessor areas' band D amounts in 2022-23 to reflect the transfer of fire functions to the Cumbria Commissioner Fire and Rescue Authority. In each case, this is calculated using the aggregate of the amounts charged by the respective predecessor council and Cumbria County Council in 2022-23 minus £85.61 for the county fire services being passed on to the Cumbria Commissioner Fire and Rescue Authority.
 - b. An ANA for the average band D amount across all of **Westmorland and Furness Council's** predecessor areas in 2022-23, weighted according to their tax base, to reflect the transfer of fire functions to the Cumbria Commissioner Fire and Rescue Authority. The average is calculated by taking the amounts charged in each area (as calculated in paragraph 6(a) above) and multiplying them by the tax base to get an area council tax requirement figure. This council tax requirement is then divided by the area's tax base to produce the alternative notional amount.
7. For Cumbria Commissioner Fire and Rescue Authority: an ANA reflecting the band D council tax of £85.61 which is being passed on to the Cumbria Commissioner Fire and Rescue Authority.
8. The calculations underpinning the alternative notional amounts for unitarising authorities and the new Cumbria Commissioner Fire and Rescue Authority have been agreed with the authorities concerned.

Unitarising Authorities in Somerset

9. In addition, following an order¹⁰ made by the Secretary of State under sections 7, 11, 12, 13 and 15(2) of the Local Government and Public Involvement in Health Act 2007, local government in Somerset will be restructured from 1 April 2023. Somerset County Council will become a new unitary authority, known as Somerset Council, and take on the functions of the former Mendip, Sedgemoor, Somerset West and Taunton and South Somerset District Councils. Somerset Council took on transitional functions on 18 March 2022 and 9 May 2022¹¹, and will set the 2023-24 council tax for the new unitary authority.
10. In parallel with the restructuring, community governance reviews have been undertaken by some of the existing district councils in the area. As a result of these reviews, a new town council is being created in Taunton. Some functions will be transferred to this council rather than being exercised by the new unitary authority. Specifically, functions calculated to be worth £12.50 of the 2022-23 council tax bill for a band D property in the Somerset West and Taunton predecessor area will transfer to Taunton Town Council.
11. To reflect the transfer of functions, ensure that council tax payers do not pay twice for any services, and to ensure a like-for-like comparison of council tax levels can be made when determining whether increases set in 2023-24 are excessive by reference to the Secretary of State's referendum principles, alternative notional amounts are required for Somerset Council and the Somerset West and Taunton predecessor area.
12. For the reasons set out in paragraph 4 above, this report sets out the following amounts.
 - a. An ANA for the **Somerset West and Taunton** predecessor area's band D amount in 2022-23 to reflect the transfer of functions and council tax to the new town council. This is calculated using the aggregate of the amounts charged by Somerset West and Taunton District Council and Somerset County Council in 2022-23 minus £12.50 for the services being passed on to the new town council.
 - b) An ANA for the average band D amount across all of **Somerset Council's** predecessor areas in 2022-23 to reflect the transfer of functions and council tax to the new town council., This is calculated by taking the amounts charged in each predecessor area (reduced by the £12.50 figure mentioned in paragraph 12(a) in the case of the Somerset West and Taunton predecessor area) and multiplying them by the tax base to get an area council tax requirement figure. This council tax requirement is then divided by the area's tax base to produce the alternative notional amount.
13. The calculations underpinning the alternative notional amounts have been agreed with Somerset Council.

¹⁰ SI 2022/329

¹¹ Part 3 of SI 2022/329