

Department for Communities and Local Government

**Local Government
Finance (England)**

**The Referendums
Relating to Council
Tax Increases
(Principles)
Report (England)
2013/2014**

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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 7 to the Localism Act 2011

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The Referendums Relating to Council Tax Increases (Principles) (England) Report 2013/2014

Legislative background

General

1. Under section 52ZB¹ 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 tax² 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 52ZC³ 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 consideration⁴.
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 consideration⁵.
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 authorities⁶.
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

¹ Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

² The term “relevant basic amount of council tax” is defined in section 52ZX of the 1992 Act. Section 52ZX was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

³ Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

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

⁵ Section 52ZC(4) of the 1992 Act.

⁶ Section 52ZC(5) of the 1992 Act.

authority's relevant basic amount of council tax is capable of being excessive for that year⁷.

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 Crime⁸.
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 tax⁹.
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
 - both¹⁰.

⁷ See generally section 52ZD of the 1992 Act. Section 52ZD was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

⁸ 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.

⁹ Section 52ZX(4) of the 1992 Act.

¹⁰ Section 52ZC(6) of the 1992 Act.

An authority which has power to calculate its council tax under the Local Government (Structural Changes) (Finance) Regulations 2008

9. Where structural change occurs under the Local Government and Public Involvement in Health Act 2007 for a transitional period an authority is able to calculate its council tax under Part 4 (equalisation of council tax) of the Local Government (Structural Changes) (Finance) Regulations 2008¹¹ (“the 2008 Regulations”) in order to equalise more equitably the council tax which is paid in its area.
10. If an authority has power to calculate its council tax for a financial year under Part 4 of the 2008 Regulations, those Regulations modify the operation of the council tax referendums provisions in the 1992 Act in relation to that year. In particular, section 52ZC of the 1992 Act is modified so that different principles are set for the authority. The modifications which apply depend on the financial year for which principles are being set¹².
11. In relation to the financial year 2013-14, Shropshire Council and Central Bedfordshire Council have power to calculate their council tax under Part 4 of the 2008 Regulations. In relation to each of those authorities the modifications in Part 2 of Schedule 3 to the 2008 Regulations apply for 2013-14¹³.

The Report

12. 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.
13. The Report applies to all billing authorities and all major precepting authorities¹⁴. In relation to 2013-14 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 2013

14. The principles which apply for 2013-14 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.

¹¹ S.I. 2008/3022, as amended by the Local Government (Structural Changes) (Finance) (Amendment) Regulations 2012, S.I. 2012/20.

¹² See regulation 15A of, and Schedule 3 to, the 2008 Regulations.

¹³ See paragraphs 9 to 16 of that Schedule.

¹⁴ Billing authorities and major precepting authorities are defined in sections 1(2) and 39(1) of the 1992 Act respectively.

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

Parliamentary Under Secretary of State
Department for Communities and Local Government
February 2013

Annex A

Principles for the financial year beginning on 1st April 2013

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 2013 is as follows:

Interpretation

1.—(1) In this set of principles—

“2012-13” means the financial year beginning on 1st April 2012;

“2013-14” means the financial year beginning on 1st April 2013;

“the 1992 Act” means the Local Government Finance Act 1992¹⁵;

“the 2008 Regulations” means the Local Government (Structural Changes) (Finance) Regulations 2008¹⁶;

“fire and rescue authority” means an authority falling within section 39(1)(d) or (da) of the 1992 Act;

“GLA” means the Greater London Authority;

“predecessor area” has the same meaning as in regulation 12(1) of the 2008 Regulations;

“a relevant fire and rescue authority” means a fire and rescue authority whose basic amount of council tax for 2012-13 is within the lower quartile of basic amounts of council tax for 2012-13 for all fire and rescue authorities;

“a relevant police and crime commissioner” means a police and crime commissioner¹⁷ whose basic amount of council tax for 2012-13 is within the lower quartile of basic amounts of council tax for 2012-13 for all police and crime commissioners;

“a relevant shire district council” means a shire district council whose basic amount of council tax for 2012-13 (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 2012-13 (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.

¹⁵ 1992 c.14.

¹⁶ S.I. 2008/3022, as amended by S.I. 2012/20.

¹⁷ 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 2013-14

2. For 2013-14, the Secretary of State determines that the following are categories of authority for the purposes of section 52ZC of the 1992 Act—

- (a) the GLA;
- (b) any relevant shire district council, relevant police and crime commissioner or relevant fire and rescue authority¹⁸;
- (c) any authority which has power in relation to 2013-14 to calculate basic amounts of council tax for its predecessor areas under Part 4 of the 2008 Regulations; and
- (d) any other authority.

Principles for 2013-14 for the Greater London Authority

3. For 2013-14, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2013-14 is more than 2% greater than its unadjusted relevant basic amount of council tax for 2012-13; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2013-14 is more than 2% greater than its adjusted relevant basic amount of council tax for 2012-13.

Principles for 2013-14 for authorities belonging to the category mentioned in paragraph 2(b)

4. For 2013-14, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(b) is excessive if the authority's relevant basic amount of council tax for 2013-14 is—

- (a) more than 2% greater than its relevant basic amount of council tax for 2012-13; and
- (b) more than £5.00 greater than its relevant basic amount of council tax for 2012-13.

Principles for 2013-14 for authorities belonging to the category mentioned in paragraph 2(c)

5.—(1) If an authority which belongs to the category mentioned in paragraph 2(c) calculates its basic amount of council tax for 2013-14 under section 31B(1) of the 1992 Act, the authority's relevant basic amount of council tax for 2013-14 is excessive if the amount mentioned in section 52ZC(3A)(a)¹⁹ of the 1992 Act is more than 2% greater than the amount mentioned in section 52ZC(3A)(b) of that Act.

¹⁸ The bodies that are within this category are set out, for information, in Annex B to this Report.

¹⁹ For 2013-14, the modifications in paragraphs 9 to 16 of Schedule 3 to the 2008 Regulations apply to the 1992 Act in relation to an authority which belongs to the category mentioned in paragraph 2(c). See paragraph 9 for modifications to section 52ZC of the 1992 Act.

(2) If the authority calculates basic amounts of council tax for its predecessor areas for 2013-14 under Part 4 of the 2008 Regulations, the authority's relevant basic amount of council tax for that year is excessive if for any of the authority's predecessor areas the amount mentioned in section 52ZC(3C)(a) of the 1992 Act is more than 2% greater than the amount mentioned in section 52ZC(3C)(b).

(3) In applying the principles mentioned in this paragraph—

- (a) any reference in section 52ZC of the 1992 Act to the year under consideration is a reference to 2013-14,
- (b) any reference in that section to the financial year immediately preceding the year under consideration is a reference to 2012-13,
- (c) any reference to section 52ZC(3A) of the 1992 Act is a reference to that section as modified by section 52ZC(3B) of that Act, and
- (d) any reference to section 52ZC(3C) of the 1992 Act is to be construed subject to subsections (3D) and (3E) of that section.

Principles for 2013-14 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2013-14, 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 2013-14 is more than 2% greater than its relevant basic amount of council tax for 2012-13.

Annex B

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 2013*

Breckland
West Oxfordshire
Hambleton
South Staffordshire
Tewkesbury
Basingstoke & Deane
North Dorset
Wychavon
Hinckley & Bosworth
East Lindsey
Broxbourne
Broadland
South Cambridgeshire
Vale of White Horse
South Oxfordshire
East Devon
King's Lynn & West Norfolk
Cherwell
East Northamptonshire
West Dorset
Exeter
Charnwood
Stratford-on-Avon
Test Valley
Huntingdonshire
Wellingborough
Sedgemoor
Rushcliffe
Malvern Hills
South Norfolk
West Somerset
Wycombe
Chichester
Eastleigh
Daventry
East Hampshire
South Kesteven
Taunton Deane
Runnymede
Forest Heath
Blaby
South Hams

North Norfolk
East Cambridgeshire
North Kesteven
Chesterfield
Horsham
Fareham
Ashford
Ribble Valley
Torridge

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 2013*

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

Fire and rescue authorities for the following areas fall within the definition of “relevant fire and rescue authority” in the *Principles for the financial year beginning on 1st April 2013*

West Midlands
West Yorkshire
Greater Manchester
Leicestershire
Berkshire
Buckinghamshire
Cambridgeshire
Dorset



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