

Department for Communities and Local Government

Local Government Finance (England)

The Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2009/10

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Report by the Secretary of State under section 52C of the Local Government Finance Act 1992

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Introduction

Legislative background

1. Under the Local Government Finance Act 1992 (“the 1992 Act”) the Secretary of State has power to designate or nominate an authority which in her opinion has calculated a budget requirement for a financial year (“the year under consideration”) which is excessive.

2. The Secretary of State must decide whether to exercise these powers by reference to a set of principles determined by her, and under section 52B(4) of the 1992 Act¹ those principles must include a comparison between:

- the amount calculated by the authority as its budget requirement for the year under consideration; and
- the amount calculated by the authority as its budget requirement for a financial year falling before the year under consideration.

3. Under section 52C of the 1992 Act² 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 in her opinion should be used in place of the amount calculated by the authority as its budget requirement for a financial year falling before the year under consideration. 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 52B(4) of the 1992 Act.

The Report

4. This Report is made by the Secretary of State for Communities and Local Government (“the Secretary of State”) and is laid before the House of Commons under section 52C of the 1992 Act.

5. This Report is made to reflect the establishment of nine single-tier councils by seven orders made under section 7 of the Local Government and Public

¹ Section 52B(4) was inserted by section 30(1) and Schedule 1 of the Local Government Act 1999 and applies with effect from 1 April 2000.

² Section 52C was inserted by section 30(1) and Schedule 1 of the Local Government Act 1999 and applies with effect from 1 April 2000.

Involvement in Health Act 2007 (“the 2007 Act”)³. A single-tier council is the council which exercises functions in relation to an area for which there is a single tier of local government. For the purposes of the 2007 Act, there is a single tier of local government for an area if there is a county council and no district councils for that area, or a district council and no county council for that area⁴.

6. The single-tier councils to which this Report applies are-

- the council for the county of Cornwall (“the Cornwall Council”),
- the council, for the county of County Durham (“the County Durham Council”),
- the council for the county of Northumberland (“the Northumberland Council”),
- the council for the county of Shropshire (“the Shropshire Council”),
- the council for the county of Wiltshire (“the Wiltshire Council”),
- Bedford Borough Council,
- the council for the non-metropolitan district of Central Bedfordshire (“Central Bedfordshire Council”),
- the council for the non-metropolitan district of Cheshire East (“Cheshire East Council”), and
- the council for the non-metropolitan district of Cheshire West and Chester (“Cheshire West and Chester Council”).

7. This Report specifies alternative notional amounts for these single-tier councils as regards the financial year beginning on 1 April 2008. It also sets out such explanation as the Secretary of State considers desirable of the calculation by her of those amounts.

8. If this Report is approved by resolution of the House of Commons, in relation to the financial year beginning on 1 April 2009 (the year under consideration) the alternative notional amounts specified will be used for the

³ The seven orders made under section 7 of the 2007 Act are the Bedfordshire (Structural Changes) Order 2008 (S.I. 2008/907), the Cheshire (Structural Changes) Order 2008 (S.I. 2008/634), the Cornwall (Structural Change) Order 2008 (S.I. 2008/491), the County Durham (Structural Change) Order 2008 (S.I. 2008/493), the Northumberland (Structural Change) Order 2008 (S.I. 2008/494), the Shropshire (Structural Change) Order 2008 (S.I. 2008/492) and the Wiltshire (Structural Change) Order 2008 (S.I. 2008/490).

⁴ See section 1(2) of the 2007 Act.

purposes of any comparison which may be carried out under section 52B(4) of the 1992 Act.

Alternative Notional Amounts

9. Annex A to this Report sets out amounts by reference to the single-tier councils.

10. As regards the financial year beginning on 1 April 2008, the Secretary of State specifies those amounts as alternative notional amounts for those authorities.

Calculation of Alternative Notional Amounts

11. Annex B contains such explanation as the Secretary of State considers desirable of the calculation by her of the alternative notional amounts specified in this Report.

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

John Healey
Minister of State
Department for Communities and Local Government
[Date]

Annex A

Alternative Notional Amounts as regards the financial year beginning on 1 April 2008

Alternative Notional Amount	£
Cornwall Council	422,505,000
County Durham Council	406,276,000
Northumberland Council	262,645,000
Shropshire Council	213,114,000
Wiltshire Council	304,053,000
Bedford Borough Council	122,169,000
Central Bedfordshire Council	165,802,000
Cheshire East Council	231,073,000
Cheshire West & Chester Council	235,230,000

Calculation of Alternative Notional Amounts

Definitions

1. In this Annex-

“the 2008 Regulations” means the Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008⁵;

“budget requirement” means-

(a) in relation to a billing authority, the amount calculated by the authority under section 32(4) of the 1992 Act, and

(b) in relation to a major precepting authority the amount calculated by the authority under section 43(4) of the 1992 Act;

“the East Cheshire councils” means Congleton Borough Council, Crewe and Nantwich Borough Council and Macclesfield Borough Council;

“preparing council”, in relation to a single-tier council, means the authority which becomes the single-tier council on 1 April 2009;

“the relevant year” means the financial year beginning on 1 April 2008;

“section 7 order” means an order made under section 7 of the 2007 Act; and

“the West Cheshire councils” means Chester City Council, Ellesmere Port and Neston Borough Council and Vale Royal Borough Council

The calculation of alternative notional amounts

Amounts for Cornwall, Durham, Northumberland, Shropshire and Wiltshire

2. The calculations for Cornwall Council, County Durham Council, Northumberland Council, Shropshire Council, and Wiltshire Council reflect the fact that, by or in consequence of the relevant section 7 orders and the 2008 Regulations, on 1 April 2009-

(a) the district councils within the areas of each of those single-tier councils will be wound up and dissolved; and

⁵ S.I. 2008/2176.

(b) the functions formerly exercised by those district councils will be exercised by the single-tier councils.

3. The alternative notional amount for each single-tier council mentioned in paragraph 2 of this Annex is the aggregate of the budget requirements (rounded up to the nearest thousand pounds) calculated for the relevant year by-

(a) the county council, and

(b) the district councils,

whose functions will be exercised by the single-tier council as at 1 April 2009.

Amounts for Bedford, Central Bedfordshire, Cheshire East and Cheshire West

4. The calculations for Bedford Borough Council and Central Bedfordshire Council reflect the fact that, by or in consequence of the relevant section 7 order and the 2008 Regulations, on 1 April 2009-

(a) Bedfordshire County Council, Mid Bedfordshire District Council and South Bedfordshire District council will be wound up and dissolved;

(b) the functions formerly exercised by Mid Bedfordshire District Council and South Bedfordshire District Council will be exercised by Central Bedfordshire Council; and

(c) the functions formerly exercised by Bedfordshire County Council will be exercised by Bedford Borough Council and Central Bedfordshire Council in relation to their respective areas.

5. The calculations for Cheshire East Council and Cheshire West and Chester Council reflect the fact that, by or in consequence of the relevant section 7 order and the 2008 Regulations, on 1 April 2009-

(a) Cheshire County Council, the East Cheshire Councils and the West Cheshire Councils will be wound up and dissolved;

(b) the functions formerly exercised by the East Cheshire Councils will be exercised by Cheshire East Council;

(c) the functions formerly exercised by the West Cheshire Councils will be exercised by Cheshire West and Chester Council; and

(d) the functions formerly exercised by Cheshire County Council will be exercised by Cheshire East Council, and Cheshire West and Chester Council in relation to their respective areas.

6. The alternative notional amount for each single-tier council mentioned in paragraphs 4 and 5 of this Annex is calculated by applying the following formula, the result being rounded up to the nearest thousand pounds-

$$A + B + C$$

where-

A is the aggregate of the amounts of Revenue Support Grant, the Distributable Amount and Police Grant which the single-tier council would have received for the relevant year had the council existed as at 1 April 2008;

B is the amount of council tax payable for the relevant year in respect of dwellings situated in the single-tier council's area which is attributable to-

(a) the county council, and

(b) the district councils,

whose functions will be exercised by the single-tier council as at 1 April 2009; and

C is the amount of collection fund surplus (or deficit) for the relevant year in the single-tier council's area which is attributable to-

(a) the county council, and

(b) the district councils,

whose functions will be exercised by the single-tier council as at 1 April 2009, the amount under paragraph (a) having been agreed by the preparing council concerned. Where there is a collection fund deficit rather than a surplus, C is a negative number.

7. The calculation in paragraph 6 of this Annex differs from that in paragraph 3. This is because, in relation to the single-tier councils mentioned in paragraphs 4 and 5 of this Annex, there is a need to re-allocate to more than one single-tier council the budget requirement calculated for the relevant year by each of the county councils mentioned in paragraphs 4(c) and 5(d) of this Annex.

8. The Secretary of State considers that the calculation in paragraph 6 of this Annex is a fair way of determining alternative notional amounts in those circumstances, since it has regard both to the Formula Grant which the single-tier councils would have received had they existed as at 1 April 2008 and to the council tax base of their areas for the relevant year. The calculation has also been agreed by the preparing councils concerned.



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