

Department for Communities and Local Government

Local Government
Finance (England)

The Referendums Relating
to Council Tax Increases
(Principles)
(England) Report
2014/2015

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

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The Referendums Relating to Council Tax Increases (Principles) (England) Report 2014/15

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 tax^b 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 52ZCc 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^e.
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^f.
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

^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. Note the modification made to section 52ZC(3)(b) by section 41(17) of the Local Audit and Accountability Act 2014.

^e Section 52ZC(4) of the 1992 Act.

^f Section 52ZC(5) of the 1992 Act.

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 year^a.

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^b.

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^c.

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^d.

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

^b 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.

^c Section 52ZX(4) of the 1992 Act.

^d 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). In relation to 2014-15 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 2014

11. The principles which apply for 2014-15 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

Parliamentary Under Secretary of State
Department for Communities and Local Government
February 2014

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

Principles for the financial year beginning on 1st April 2014

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 2014 is as follows:

Interpretation

1.—(1) In this set of principles—

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

“2014-15” means the financial year beginning on 1st April 2014;

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

“the GLA” means the Greater London Authority.

(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.

Categories of authority for 2014-15

2. For 2014-15, 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 other authority.

Principles for 2014-15 for the Greater London Authority

3. For 2014-15, the GLA's relevant basic amount of council tax is excessive if—

(a) the GLA's unadjusted relevant basic amount of council tax for 2014-15 is more than 0% greater than its unadjusted relevant basic amount of council tax for 2013-14; or

(b) the GLA's adjusted relevant basic amount of council tax for 2014-15 is 2%, or more than 2%, greater than its adjusted relevant basic amount of council tax for 2013-14.

Principles for 2014-15 for any other authority

4. For 2014-15, 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 2014-15 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2013-14.

(a) 1992 c.14.



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