

The Referendums Relating to Council Tax Increases (Principles) (England) Report 2019/20

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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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Legislative background

General

1. Under section 52ZB(a) 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. In essence, the relevant basic amount of council tax for an authority is that authority’s average band D council tax, excluding local precepts. 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(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

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 and is modified by S.I. 2017/611).

c Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011 and is modified by S.I. 2017/611.

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.

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 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 —
 - (a) 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
 - (b) 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 amount mentioned in paragraph 6(a) 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 amount mentioned in paragraph 6(b) 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.

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, in order to equalise more equitably the council tax payable in the predecessor areas an authority is able to calculate its council tax under Part 4 (equalisation of council tax) of the Local Government (Structural Changes) (Finance) Regulations 2008 (“the 2008 regulations”)(**a**) for a transitional period.
10. If an authority has the 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 to allow the authority to use different methods of comparison to determine whether its council tax increase is excessive in accordance with its preferred approach to equalisation. The modifications which apply also depend on how the financial year for which principles are being set relates to the date of the structural change(**b**).
11. In relation to the financial year 2019-20, East Suffolk District Council, West Suffolk District Council, Somerset West and Taunton District Council, Bournemouth, Christchurch and Poole Council, and Dorset 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 1 of Schedule 3 to the 2008 Regulations apply for 2019-20(**c**).

The Report

12. This Report is made by the Secretary of State for Housing, 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, major precepting authorities falling within section 39(1)(a), (aa) and (b) to (db) of the 1992 Act and the Greater Manchester Combined Authority(**d**). No principles are specified for local precepting authorities or other mayoral combined authorities.

a S.I. 2008/3022, as amended by the Local Government (Structural Changes) (Finance) (Amendment) Regulations 2012 (S.I. 2012/20) and the Local Government (Structural Changes) (Finance) (Amendment) Regulations 2018 (S.I. 2018/1296)

b See regulation 15A of, and Schedule 3 to, the 2008 Regulations, as amended by S.I. 2018/1296. Different modifications apply for the first, second to seventh, and eighth years following the date of the structural change.

c See paragraphs 1 to 8 of that Schedule, as amended by S.I. 2018/1296.

d The Greater Manchester Combined Authority was created by the Greater Manchester Combined Authority Order 2011, S.I. 2011/908.

Principles for the financial year beginning on 1st April 2019

14. The principles which apply for 2019-20 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 Housing, Communities and Local Government

29 January 2019

Rishi Sunak
Parliamentary Under Secretary of State
Ministry of Housing, Communities and Local Government

Principles for the financial year beginning on 1st April 2019

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 2019 is as follows:

Interpretation

1.—(1) In this set of principles—

“2017-18” means the financial year beginning on 1st April 2017;

“2018-19” means the financial year beginning on 1st April 2018;

“2019-20” means the financial year beginning on 1st April 2019;

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

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

“A%” means the lesser of—

(a) 6% minus the aggregate of—

(i) the percentage increase in the relevant local authority’s relevant basic amount of council tax for expenditure on adult social care for 2017-18; and

(ii) the percentage increase in the relevant local authority’s relevant basic amount of council tax for expenditure on adult social care for 2018-19; and

(b) 2%;

“the GLA” means the Greater London Authority;

“a merging authority” means a shire district council which has power in relation to 2019-20 to calculate relevant basic amounts of council tax for its predecessor areas under Part 4 of the 2008 Regulations;

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

“a relevant local authority” means—

(a) an authority falling within section 1(4) of the Care Act 2014(c) other than –

(i) Northamptonshire County Council;

(ii) a unitarising authority; and

(b) the Council of the Isles of Scilly;

“a shire district council” means a district council for an area for which there is a county council;

(a) 1992 c.14.

(b) S.I. 2008/3022, as amended by S.I. 2012/20 and 2018/1296.

(c) 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.

“a unitarising authority” means—

- (a) Bournemouth, Christchurch and Poole Council; and
- (b) Dorset Council.

(2) In this set of principles any reference to an authority is a reference to a billing authority, a major precepting authority falling within section 39(1)(a), (aa) and (b) to (db) of the 1992 Act, and the Greater Manchester 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 2019-20

2. For 2019-20, 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 authority(a);
- (b) Northamptonshire County Council;
- (c) the GLA;
- (d) any shire district council which is not a merging authority;
- (e) any police and crime commissioner;
- (f) the Greater Manchester Combined Authority(b);
- (g) any merging authority;
- (h) any unitarising authority; and
- (i) any other authority.

Principles for 2019-20 for authorities belonging to the category mentioned in paragraph 2(a)

3. For 2019-20, 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 2019-20 is 3%+A% (comprising A% for expenditure on adult social care, and 3% for other expenditure), or more than 3%+A%, greater than its relevant basic amount of council tax for 2018-19.

Principles for 2019-20 for Northamptonshire County Council

4. For 2019-20, the relevant basic amount of council tax of Northamptonshire County Council is excessive if the authority’s relevant basic amount of council tax for 2019-20 is 5% or more than 5% greater than its relevant basic amount of council tax for 2018-19.

Principles for 2019-20 for the Greater London Authority

5. For 2019-20, the GLA’s relevant basic amount of council tax is excessive if—

(a) The bodies that are within this category are set out, for information, in Annex B to this Report.
(b) Where the mayor of a combined authority exercises PCC functions Chapter 4ZA of Part 1 of the Local Government Finance Act 1992 is modified by paragraphs 7 to 10 of the Schedule to the Combined Authorities (Finance) Order 2017, S.I. 2017/611.

- (a) the GLA's unadjusted relevant basic amount of council tax for 2019-20 is 3%, or more than 3%, greater than its unadjusted relevant basic amount of council tax for 2018-19; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2019-20 is more than £26.28 greater than its adjusted relevant basic amount of council tax for 2018-19.

Principles for 2019-20 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2019-20, 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 2019-20 is—

- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2018-19; and
- (b) more than £5 greater than its relevant basic amount of council tax for 2018-19.

Principles for 2019-20 for authorities belonging to the category mentioned in paragraph 2(e)

7. For 2019-20, 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 2019-20 is more than £24 greater than its relevant basic amount of council tax for 2018-19.

Principles for 2019-20 for authorities belonging to the category mentioned in paragraph 2(f)

8. For 2019-20, the PCC component relevant basic amount of council tax of the Greater Manchester Combined Authority is excessive if the authority's PCC component relevant basic amount of council tax for 2019-20 is more than £24 greater than its PCC component relevant basic amount of council tax for 2018-19.

Principles for 2019-20 for authorities belonging to the category mentioned in paragraph 2(g)

9.—(1) If an authority which belongs to the category mentioned in paragraph 2(g) calculates its basic amount of council tax for 2019-20 under section 31B(1) of the 1992 Act, the authority's relevant basic amount of council tax for 2019-20 is excessive if the amount mentioned in section 52ZC(3A)(a)(a) of the 1992 Act is—

- (a) 3%, or more that 3%, greater than the amount mentioned in section 52ZC(3A)(b) of that Act; and
- (b) more than £5 greater than the amount mentioned in section 52ZC(3A)(b) of that Act.

(a) For 2019-20, the modifications in paragraphs 1 to 8 of Schedule 3 to the 2008 Regulations (as amended by S.I. 2018/1296) apply to the 1992 Act in relation to an authority which belongs to the category mentioned in paragraph 2(g). See paragraph 1A for modifications to section 52ZC of the 1992 Act.

(2) If such an authority calculates basic amounts of council tax for its predecessor areas for 2019-20 under Part 4 of the 2008 Regulations, the authority's relevant basic amount of council tax for that year is excessive if —

(a) for any of the authority's predecessor areas, the amount mentioned in section 52ZC(3C)(a) in the 1992 Act is—

(i) 3%, or more than 3%, greater than the amount mentioned in section 52ZC(3C)(b) of that Act; and

(ii) more than £5 greater than the amount mentioned in section 52ZC(3C)(b) of that Act; and

(b) the amount mentioned in section 52ZC(3D)(a) of the 1992 Act is—

(i) 3%, or more than 3%, greater than the amount mentioned in section 52ZC(3D)(b) of that Act; and

(ii) more than £5 greater than the amount mentioned in section 52ZC(3D)(b) of that Act.

Principles for 2019-20 for authorities belonging to the category mentioned in paragraph 2(h)

10.—(1) If an authority which belongs to the category mentioned in paragraph 2(h) calculates its basic amount of council tax for 2019-20 under section 31B(1) of the 1992 Act, the authority's relevant basic amount of council tax for 2019-20 is excessive if the amount mentioned in section 52ZC(3A)(a)(a) of the 1992 Act is 3%+A% (comprising A% for expenditure on adult social care and 3% for other expenditure), or more than 3%+A%, greater than the amount mentioned in section 52ZC(3A)(b) of that Act.

(2) If such an authority calculates basic amounts of council tax for its predecessor areas for 2019-20 under Part 4 of the 2008 Regulations, the authority's relevant basic amount of council tax for that year is excessive if—

(a) for any of the authority's predecessor areas, the amount mentioned in section 52ZC(3C)(a) in the 1992 Act is 3%+A% (comprising A% for expenditure on adult social care, and 3% for other expenditure), or more than 3%+A%, greater than the amount mentioned in section 52ZC(3C)(b); and

(b) the amount mentioned in section 52ZC(3D)(a) of the 1992 Act is 3+A% (comprising A% for expenditure on adult social care, and 3% for other expenditure), or more than 3%+A%, greater than the amount mentioned in section 52ZC(3D)(b);

Principles for 2019-20 for authorities belonging to the category mentioned in paragraph 2(i)

11. For 2019-20, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(i) is excessive if the authority's relevant basic amount of council tax for 2019-20 is 3%, or more than 3%, greater than its relevant basic amount of council tax for 2018-19.

(a) For 2019-20, the modifications in paragraphs 1 to 8 of Schedule 3 to the 2008 Regulations (as amended by S.I. 2018/1296) apply to the 1992 Act in relation to an authority which belongs to the category mentioned in paragraph 2(h). See paragraph 1 for modifications to section 52ZC of the 1992 Act.

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 2019*

(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

East Sussex
Essex
Gloucestershire
Hampshire
Hertfordshire

Kent
Lancashire
Leicestershire
Lincolnshire
Norfolk

North Yorkshire
Nottinghamshire

Oxfordshire
Somerset

Staffordshire
Suffolk
Surrey
Warwickshire
West Sussex
Worcestershire

(UNITARY AUTHORITIES)
Bath & North East Somerset
Bedford
Blackburn with Darwen
Blackpool

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

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

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