

# The Referendums Relating to Council Tax Increases (Principles) (England) Report 2023/24

## Legislative background

### *General*

1. Under section 52ZB of the Local Government Finance Act 1992(**a**) (“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 but, in the case of a billing authority, excluding local precepts(**c**). 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(**d**) 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(**e**).
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(**f**).
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(**g**).

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(a) 1992 c.14. Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011 (c.20).

(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.2) and modified by S.I. 2017/611).

(c) A local precept may be issued to a billing authority by a local precepting authority (as defined in section 39(2) of the 1992 Act) or anticipated by a billing authority pursuant to the Billing Authorities (Anticipation of Precepts) Regulations 1992 S.I. 1992/3239, as amended by S.I. 1995/235 S.I. 2006/3395 and S.I. 2014/35.

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

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

(f) Section 52ZC(4) of the 1992 Act.

(g) Section 52ZC(5) of the 1992 Act.

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 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).

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(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 2023-24, Cumberland Council, North Yorkshire Council, Somerset Council, West Northamptonshire Council and Westmorland and Furness Council have the power to calculate their council tax under Part 4 of the 2008 Regulations. For West Northamptonshire Council, the modifications in Part 2 of Schedule 3 to the 2008 Regulations apply for 2023-24(c). For each of the other Councils, the modifications in Part 1 of that Schedule apply for 2023-24(d).

## **The Report**

12. This Report is made by the Secretary of State for Levelling Up, Housing and Communities 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, the Greater Manchester Combined Authority(e) and the West Yorkshire Combined Authority(f). No principles are specified for local precepting authorities or other mayoral combined authorities.

## **Principles for the financial year beginning on 1st April 2023**

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- (a) S.I. 2008/3022, as amended by S.I. 2012/20 and 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 9 to 16 of that Schedule, as amended by S.I. 2018/1296.
  - (d) See paragraphs 1 to 8 of that Schedule, as amended by S.I. 2018/1296.
  - (e) The Greater Manchester Combined Authority was created by the Greater Manchester Combined Authority Order 2011, S.I. 2011/908.
  - (f) The West Yorkshire Combined Authority was created by the West Yorkshire Combined Authority Order 2014, S.I. 2014/864, which was amended by S.I. 2021/112.

14. The principles which apply for 2023-24 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 Levelling Up, Housing and Communities

[Date] 2023

*Name*  
Minister of State  
Department for Levelling Up, Housing and Communities

DRAFT

## **Principles for the financial year beginning on 1st April 2023**

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 2023 is as follows:

### **Interpretation**

**1.—(1)** In this set of principles—

“2022-23” means the financial year beginning on 1st April 2022;

“2023-24” means the financial year beginning on 1st April 2023;

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

“the GLA” means the Greater London Authority;

“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(d) (other than a unitarising authority or West Northamptonshire Council); 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 unitarising authority” means—

(a) Cumberland Council;

(b) North Yorkshire Council;

(c) Somerset Council;

(d) Westmorland and Furness 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, the Greater Manchester Combined Authority and the West Yorkshire Combined Authority.

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(a) 1992 c.14.

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

(c) Section 39(1) was amended by the Local Government (Wales) Act 1994 (c. 19), section 36(6); the Greater London Authority Act 1999 (c. 29), sections 82 and 423 and Part 1 of Schedule 34; the Local Government Act 2003 (c. 26), section 83(1); the Fire and Rescue Services Act 2004 (c. 21), section 53(1) and paragraph 81 of Schedule 1; the Civil Contingencies Act 2004 (c. 36), section 32(1) and paragraph 10(1) and (2) of Schedule 2; the Police Reform and Social Responsibility Act 2011 (c. 13), section 26(1) and (2); the Cities and Local Government Devolution Act 2016 (c. 1), section 5(1); the Policing and Crime Act 2017 (c. 3), section 6 and paragraph 71(1) and (2) of Schedule 1.

(d) 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.

(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 2023-24**

2. For 2023-24, 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) West Northamptonshire Council;
- (c) any police and crime commissioner;
- (d) the Greater Manchester Combined Authority and the West Yorkshire Combined Authority(b);
- (e) any shire district council;
- (f) the GLA;
- (g) a unitarising authority; and
- (h) any fire and rescue authority.

### **Principles for 2023-24 for authorities belonging to the category mentioned in paragraph 2(a)**

3. For 2023-24, 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 2023-24 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2022-23.

### **Principles for 2023-24 for West Northamptonshire Council**

4.—(1) If West Northamptonshire Council calculates its basic amount of council tax for 2023-24 under section 31B(1) of the 1992 Act, the authority's relevant basic amount of council tax for 2023-24 is excessive if the amount mentioned in section 52ZC(3A)(a)(c) of the 1992 Act is 5% (comprising 2% for expenditure on adult social care and 3% for other expenditure), or more than 5%, greater than the amount mentioned in section 52ZC(3A)(b) of that Act.

(2) If West Northamptonshire Council calculates basic amounts of council tax for its predecessor areas for 2023-24 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 West Northamptonshire Council's predecessor areas, the amount mentioned in section 52ZC(3C)(a) of the 1992 Act is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than the amount mentioned in section 52ZC(3C)(b); and

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(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. For the definition of "PCC functions" see section 107F(3) of the Local Democracy, Economic Development and Construction Act 2009 (c. 20).  
(c) For 2023-24, the modifications in paragraphs 9 to 16 of Schedule 3 to the 2008 Regulations (as amended by S.I. 2018/1296) apply to the 1992 Act in relation to West Northamptonshire Council. See paragraph 9 of that Schedule for modifications to section 52ZC of the 1992 Act.

- (b) the amount mentioned in section 52ZC(3F)(a) of the 1992 Act is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than the amount mentioned in section 52ZC(3F)(b).

**Principles for 2023-24 for authorities belonging to the category mentioned in paragraph 2(c)**

5. For 2023-24, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(c) is excessive if the authority's relevant basic amount of council tax for 2023-24 is more than £15 greater than its relevant basic amount of council tax for 2022-23.

**Principles for 2023-24 for authorities belonging to the category mentioned in paragraph 2(d)**

6. For 2023-24, the PCC component relevant basic amount of council tax of the Greater Manchester Combined Authority or of the West Yorkshire Combined Authority is excessive if the authority's PCC component relevant basic amount of council tax for 2023-24 is more than £15 greater than its PCC component relevant basic amount of council tax for 2022-23.

**Principles for 2023-24 for authorities belonging to the category mentioned in paragraph 2(e)**

7. For 2023-24, 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 2023-24 is—

- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2022-23; and
- (b) more than £5 greater than its relevant basic amount of council tax for 2022-23.

**Principles for 2023-24 for the GLA**

8. For 2023-24, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2023-24 is more than £23.55 greater than its unadjusted relevant basic amount of council tax for 2022-23; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2023-24 is more than £38.55 greater than its adjusted relevant basic amount of council tax for 2022-23.

**Principles for 2023-24 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 2023-24 under section 31B(1) of the 1992 Act, the authority's relevant basic amount of council tax for 2023-

24 is excessive if the amount mentioned in section 52ZC(3A)(a)(a) of the 1992 Act is 5% (comprising 2% for expenditure on adult social care and 3% for other expenditure), or more than 5%, 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 2023-24 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) of the 1992 Act is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, 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 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than the amount mentioned in section 52ZC(3D)(b).

### **Principles for 2023-24 for authorities belonging to the category mentioned in paragraph 2(h)**

**10.** For 2023-24, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(h) is excessive if the authority's relevant basic amount of council tax for 2023-24 is £5, or more than £5, greater than its relevant basic amount of council tax for 2022-23.

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(a) For 2023-24, 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 1 of that Schedule 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 2023*

(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)

Cambridgeshire

Derbyshire  
Devon  
East Sussex  
Essex

Gloucestershire  
Hampshire  
Hertfordshire  
Kent  
Lancashire

Leicestershire  
Lincolnshire  
Norfolk  
Nottinghamshire  
Oxfordshire

Staffordshire  
Suffolk  
Surrey  
Warwickshire  
West Sussex

Worcestershire

(UNITARY AUTHORITIES)  
Bath & North East Somerset  
Bedford  
Blackburn with Darwen  
Blackpool  
Bournemouth, Christchurch and Poole

Bracknell Forest  
Brighton & Hove  
Bristol  
Buckinghamshire  
Central Bedfordshire

Cheshire East  
Cheshire West and Chester  
Cornwall

Darlington  
Derby

Dorset  
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 Northamptonshire  
North Lincolnshire  
North Somerset  
Northumberland  
Nottingham

Peterborough  
Plymouth  
Portsmouth  
Reading  
Redcar & Cleveland

Rutland  
Shropshire  
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