

The Referendums Relating to Council Tax Increases (Principles) (England) Report 2026/27

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).

(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)**.

(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 Housing, 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, major precepting authorities falling within section 39(1)(a), (aa) and (b) to (db) of the 1992 Act, the Greater Manchester Combined Authority(a), the York and North Yorkshire Combined Authority(b), the South Yorkshire Mayoral Combined Authority(c) and the West Yorkshire Combined Authority(d). No principles are specified for local precepting authorities, other mayoral combined authorities or for mayoral county combined authorities.

Principles for the financial year beginning on 1st April 2026

11. Whilst the 2026-27 local government finance settlement covers the period 2026-27 to 2028-29, this report relates to 2026-27 only. The principles which apply for 2026-27 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

Name
Minister of State

[Date] 2026

Ministry of Housing, Communities and Local Government

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- (a) The Greater Manchester Combined Authority was created by the Greater Manchester Combined Authority Order 2011 (S.I. 2011/908).
- (b) The York and North Yorkshire Combined Authority was created by the York and North Yorkshire Combined Authority Order 2023 (S.I. 2023/1432).
- (c) The South Yorkshire Mayoral Combined Authority was created by the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014 (S.I. 2014/863, which was amended by S.I. 2020/806). Since 17th September 2021 the Combined Authority has been known as the South Yorkshire Mayoral Combined Authority, in accordance with a resolution notified to the Secretary of State under section 97 of the Local Transport Act 2008 (c. 26), as applied to a combined authority by section 104(4) of the Local Democracy, Economic Development and Construction Act 2009 (c. 20).
- (d) 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).

Annex A

Principles for the financial year beginning on 1st April 2026

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 2026 is as follows:

Interpretation

1.—(1) In this set of principles—

“2025-26” means the financial year beginning on 1st April 2025;

“2026-27” means the financial year beginning on 1st April 2026;

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

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

“the GLA” means the Greater London Authority;

“a relevant local authority” means—

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

(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, the York and North Yorkshire Combined Authority, the South Yorkshire Mayoral Combined Authority and the West Yorkshire 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 2026-27

2. For 2026-27, 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(d),

(a) 1992 c.14.

(b) Section 39(1) was amended by the Local Government (Wales) Act 1994 (c. 19), section 35(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; the Levelling-up and Regeneration Act 2023 (c. 55), section 56 and paragraph 111 of Schedule 4.

(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.

(d) The local authorities that are within this category are set out, for information, in Annex B to this Report.

- (b) any police and crime commissioner,
- (c) the Greater Manchester Combined Authority, the York and North Yorkshire Combined Authority, the South Yorkshire Mayoral Combined Authority and the West Yorkshire Combined Authority(a),
- (d) any shire district council,
- (e) the GLA, and
- (f) any fire and rescue authority.

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(a)

3. For 2026-27, 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 2026-27 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 2025-26.

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(b)

4. For 2026-27, 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 2026-27 is more than £15 greater than its relevant basic amount of council tax for 2025-26.

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(c)

5. For 2026-27, the PCC component relevant basic amount of council tax of the Greater Manchester Combined Authority(b), of the York and North Yorkshire Combined Authority(c), of the South Yorkshire Mayoral Combined Authority(d) or of the West Yorkshire Combined Authority(e) is excessive if the authority's PCC component relevant basic amount of council tax for 2026-27 is more than £15 greater than its PCC component relevant basic amount of council tax for 2025-26.

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- (a) 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).
 - (b) For the definition of "the PCC Component" in relation to the Greater Manchester Combined Authority, see article 2 of the Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017 (S.I. 2017/470).
 - (c) For the definition of "the PCC Component" in relation to the York and North Yorkshire Combined Authority, see article 2 of the York and North Yorkshire Combined Authority Order 2023 (S.I. 2023/1432).
 - (d) For the definition of "the PCC Component" in relation to the South Yorkshire Mayoral Combined Authority, see article 2 of the South Yorkshire Mayoral Combined Authority (Election of Mayor and Transfer of Police and Crime Commissioner Functions) Order 2024 (S.I. 2024/414).
 - (e) For the definition of "the PCC Component" in relation to the West Yorkshire Combined Authority, see article 2 of the West Yorkshire Combined Authority (Election of Mayor and Functions) Order 2021 (S.I. 2021/112).

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2026-27, 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 2026-27 is—

- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2025-26, and
- (b) more than £5 greater than its relevant basic amount of council tax for 2025-26.

Principles for 2026-27 for the GLA

7. For 2026-27, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2026-27 is more than £5.13 greater than its unadjusted relevant basic amount of council tax for 2025-26, or
- (b) the GLA's adjusted relevant basic amount of council tax for 2026-27 is more than £20.13 greater than its adjusted relevant basic amount of council tax for 2025-26.

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(f)

8. For 2026-27, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(f) is excessive if the authority's relevant basic amount of council tax for 2026-27 is more than £5 greater than its relevant basic amount of council tax for 2025-26.

Annex B

Local authorities for the following areas fall within the definition of “relevant local authority” as in the *Principles for the financial year beginning on 1st April 2026* (see paragraph 2(a) of Annex A)

(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

Cumberland

Darlington

Derby

Dorset
Durham
East Riding of Yorkshire
Halton
Hartlepool

Herefordshire
Isle of Wight
Isles of Scilly
Kingston-upon-Hull

Leicester

Luton
Medway
Middlesbrough
Milton Keynes
North East Lincolnshire

North Northamptonshire
North Lincolnshire
North Somerset
Northumberland
North Yorkshire
Nottingham

Peterborough
Plymouth
Portsmouth
Reading
Redcar & Cleveland

Rutland
Shropshire
Slough
Somerset
South Gloucestershire
Southampton
Southend-on-Sea

Stockton-on-Tees
Stoke-on-Trent
Swindon
Telford & Wrekin
Thurrock

Torbay
Warrington
West Berkshire
West Northamptonshire

Westmorland and Furness
Wiltshire
Windsor & Maidenhead

Wokingham
York

DRAFT