

# Referendums Relating to Council Tax Increases (Alternative Notional Amounts) (England) Report 2024-2025

## Introduction: legislative background

1. Under section 52ZB of the Local Government Finance Act 1992<sup>1</sup> (“the 1992 Act”) each billing authority, major precepting authority and local precepting authority<sup>2</sup> in England is required to determine whether its relevant basic amount of council tax<sup>3</sup> 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. Such a determination must be made as soon as is reasonably practicable after council tax referendum principles determined by the Secretary of State under section 52ZC of the 1992 Act have been approved by the House of Commons.

2. The principles determined by the Secretary of State under section 52ZC must include a comparison between –

- the authority’s relevant basic amount of council tax for the year under consideration; and
- the authority’s relevant basic amount of council tax for the immediately preceding financial year<sup>4</sup>.

3. Under section 52ZE of the 1992 Act 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 he thinks should be used by an authority as the basis of any comparison in applying section 52ZC in place of the authority’s relevant basic amount of council tax for the preceding year. 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 52ZC of the 1992 Act.

## The Report

4. This report is made by the Secretary of State for Levelling Up, Housing, and Communities (“the Secretary of State”) and is laid before the House of Commons under section 52ZE of the 1992 Act.

5. It relates to the authorities listed in Annex A of this Report (“the relevant authorities”). For those authorities, it specifies an alternative notional amount in relation

---

<sup>1</sup> 1992 c.14. Chapter 4ZA of Part 1 of the 1992 Act (sections 52ZA to 52ZY) inserted by Schedule 5 of the Localism Act 2011 (c.20).

<sup>2</sup> Billing authority, major precepting authority and local precepting authority are defined in sections 1(2), 39(1) and 39(2) of the 1992 Act respectively.

<sup>3</sup> See section 52ZX of the 1992 Act for the meaning of “relevant basic amount of council tax”; amended by section 41 of the Local Audit and Accountability Act 2014 (c.2) and S.I. 2017/611. If an authority has the power to calculate its council tax for a financial year under Part 4 of S.I. 2008/3022 (as amended by S.I. 2012/20 and 2018/1296), Schedule 3 to those Regulations modifies the application of section 52ZX of the 1992 Act.

<sup>4</sup> See section 52ZC(2) and (3) of the 1992 Act.

to the financial year beginning on 1st April 2023. It also sets out at Annex B such explanation as the Secretary of State thinks desirable of the need for the calculation of the alternative notional amount and the method for that calculation.

6. If this report is approved by resolution of the House of Commons, in relation to the financial year beginning on 1st April 2024 (the year under consideration), the alternative notional amount specified must be used for the purposes of the comparison referred to in section 52ZC of the 1992 Act<sup>5</sup>.

### **Alternative notional amount**

7. Annex A of this Report sets out an amount by reference to the relevant authorities.

8. In relation to the financial year beginning on 1st April 2023, the Secretary of State specifies that amount as an alternative notional amount for those authorities.

### **Need for the calculation of an alternative notional amount**

9. Annex B of this Report contains such explanation as the Secretary of State thinks desirable of the need for the calculation of the alternative notional amounts.

### **Method for calculation of the alternative notional amount**

10. Annex B of this Report also contains such explanation as the Secretary of State thinks desirable of the method for the calculation of the alternative notional amounts.

Signed by authority of the Secretary of State for Levelling Up, Housing, and  
Communities

[ ] 2024

---

<sup>5</sup> See section 52ZE(5) of the 1992 Act.

## Annex A

### Alternative Notional Amount as regards the financial year beginning 1 April 2023

<b>Authority</b>	<b>Alternative Notional Amount for 2023/24</b>
Cumberland Council	<b>£1,730.45</b>
Harrogate predecessor area of North Yorkshire Council*	<b>£1,783.17</b>
North Yorkshire Council*	<b>£1,759.82</b>
Scarborough predecessor area of North Yorkshire*	<b>£1,777.23</b>
* These Alternative Notional Amounts provide for the different ways in which the authority may apply referendum principles to the increase in its relevant basic amount of council tax. See Annex B for further details.	

## **Annex B**

### **Explanation for the calculation of the alternative notional amount and method of calculation**

1. This annex explains why an alternative notional amount (“ANA”) is needed and sets out the method for the calculation of the ANA, as required by section 52ZE(3)(c) of the 1992 Act.

#### **Cumberland Council**

1. On 1 April of 2023, charter trustees were established for the City of Carlisle to ensure the continuation of the civic, historic and ceremonial traditions of the former borough. For the first year of their operation, costs were met by an additional charge on the council tax of Cumberland Council.
2. From 1 April 2024, the charter trustees will be local precepting authorities, with the ability to charge council tax in their own right. To reflect this change, to ensure that residents pay the correct amount for charter trustees, and to ensure a like-for-like comparison of council tax levels can be made when determining whether the council tax increase set by Cumberland Council in 2024-25 is excessive, an ANA is required.
3. The ANA for Cumberland Council’s band D amount in 2023-24 reflects the ending of its responsibility to fund the work of the charter trustees during the previous year of operation. This is calculated by using the council’s band D amount for 2023-24 (£1730.84) minus the £0.39 charged to fund the Carlisle Charter Trustees.

#### **North Yorkshire Council, Harrogate predecessor area and Scarborough predecessor area**

4. On 1 April 2023, charter trustees were established for Harrogate and Scarborough to ensure the continuation of the civic, historic and ceremonial traditions of the former borough following the restructuring of local government in North Yorkshire which resulted in the abolition of Harrogate and Scarborough borough councils.
5. For the first year of their operation, the charter trustees’ costs were met by an additional charge on the council tax of North Yorkshire Council. From 1 April 2024, the charter trustees will be local precepting authorities, with the ability to charge council tax in their own right. To reflect this change, to ensure that residents pay the correct amount for charter trustees, and to ensure a like-for-like comparison of council tax levels can be made when determining whether increases set in 2024-25 are excessive, ANAs are required for North Yorkshire Council.
6. Restructured authorities which have inherited different levels of council tax in their predecessor areas and which are going through a process of equalisation under Part 4 of the Local Government (Structural Changes) (Finance)

Regulations 2008<sup>6</sup>, are able to choose how they comply with the referendum principles set by the Secretary of State in relation to their council tax increase, in accordance with their local preference. The comparison made under the principles can be in respect of either the increase in the band D amount in each individual predecessor area, or the increase in the average band D amount across all of their predecessor areas. Unlike Cumberland Council, North Yorkshire Council is going through this process and the ANAs need to reflect this. As such, this report sets out the following amounts.

- a. An ANA for the Harrogate predecessor area's band D amount in 2023-24 to reflect the ending of North Yorkshire Council's responsibility to charge additional council tax to fund charter trustees during their first year of operation. This is calculated using the amount charged on a band D property in the Harrogate predecessor area in 2023-24, minus the £0.18 charged to fund the charter trustees.
  - b. An ANA for the Scarborough predecessor area's band D amount in 2023-24 to reflect the ending of North Yorkshire Council's responsibility to charge additional council tax to fund charter trustees during their first year of operation. This is calculated using the amount charged on a band D property in the Scarborough predecessor area in 2023-24, minus the £0.54 charged to fund the charter trustees.
  - c. An ANA for the average band D amount across all of North Yorkshire Council's predecessor areas in 2023-24, weighted according to their respective tax bases, to reflect the ending of its responsibility to charge additional council tax to fund the two sets of charter trustees. The average is calculated by taking the band D amounts charged in each predecessor area (for the Harrogate and Scarborough predecessor areas these are the figures calculated in paragraphs 6a and 6b above) and multiplying each of them by the locality's tax base to get a locality council tax requirement figure. These locality council tax requirement figures are then added together and divided by the entire North Yorkshire Council tax base to produce the ANA.
7. The calculations underpinning the ANAs for Cumberland and North Yorkshire Councils have been agreed with the authorities.

---

<sup>6</sup>See regulation 6 of S.I. 2009/5 (as amended by S.I. 2012/460), and regulation 12 of S.I. 2009/467 (as amended by S.I. 2018/1296).