

**This report accompanies the oral statement on council tax capping given by the Minister of State for Local and Regional Government on 29<sup>th</sup> April 2004.**

**It sets out the principles determined by the First Secretary of State in deciding, in accordance with S52(B) of the Local Government Finance Act 1992, whether local authorities' budget requirements in 2004/05 were excessive.**

## **COUNCIL TAX CAPPING**

### **Categories of authority determined for the purposes of section 52B of the Local Government Finance Act 1992**

- (a) London borough councils, metropolitan district councils, county councils in areas with no combined fire authority, the Isle of Wight, the Isles of Scilly, the Common Council of the City of London and the Greater London Authority;
- (b) 'Unitary' authorities (i.e. non-metropolitan district councils also exercising the functions of county councils in their areas) and county councils in areas with a combined fire authority;
- (c) district councils other than those in categories (a) and (b);
- (d) police authorities in metropolitan county areas;
- (e) police authorities other than those in category (d);
- (f) fire authorities in metropolitan county areas; and
- (g) combined fire authorities.

## **Principles of excessiveness determined for each category of authority**

### Categories (a) and (b)

6½% increase in budget requirement (less local precepts) between 2003/04 and 2004/05 and 8½% increase in Band D council tax (less local precepts) between 2003/04 and 2004/05

For authorities in category (b), the increase in budget requirement (less local precepts) between 2003/04 and 2004/05 is measured with respect to the alternative notional amount given in "The Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2004/05" approved by the House of Commons on 26th April. The increase in Band D council tax (less local precepts) between 2003/04 and 2004/05 is measured with respect to the indicative council tax for 2003/04. These figures have been notified to authorities and are available on the ODPM local government finance website at <http://www.local.odpm.gov.uk/finance/ctax/indctrep.xls>

### Category (c)

2% increase in budget requirement (less local precepts) between 2003/04 and 2004/05 and 8½% increase in Band D council tax (less local precepts) between 2003/04 and 2004/05 and Band D council tax (less local precepts) for 2004/05 greater than the mean for category (c) authorities (£137).

### Categories (d), (e), (f) and (g)

7% increase in budget requirement between 2003/04 and 2004/05 and 13% increase in Band D council tax between 2003/04 and 2004/05 and

Band D council tax for 2004/05 greater than the mean for that category. (£93 for category (d), £121 for category (e), £45 for category (f) and £53 for category (g).)

For authorities in category (g), the increase in budget requirement between 2003/04 and 2004/05 is measured with respect to the alternative notional amount given in "The Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2004/05" approved by the House of Commons on 26th April. The increase in Band D council tax between 2003/04 and 2004/05 is measured with respect to the indicative council tax for 2003/04. These figures have been notified to authorities and are available on the ODPM local government finance website at

<http://www.local.odpm.gov.uk/finance/ctax/indctrep.xls>

A summary of the relevant figures for all authorities in each category is attached. This report is available on the ODPM local government finance website at:

<http://www.local.odpm.gov.uk/finance/ctax/capcomp.xls>