

Office of the Deputy Prime Minister

**Local Government
Finance (England)**

**The Limitation of Council Tax
and Precepts (Alternative
Notional Amounts) Report
(England) 2004/05**

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The Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2004/05

Report by the First Secretary of State under section 52C
of the Local Government Finance Act 1992

*Ordered by The House of Commons
to be printed on 25 March 2004*

Introduction

1. This report is made by the First Secretary of State (“the Secretary of State”) and laid before the House of Commons under section 52C of the Local Government Finance Act 1992¹ (“the 1992 Act”). It applies to billing authorities² and major precepting authorities³ in England.
2. This report is made to reflect the change in precepting status of combined fire authorities⁴ in England for financial years from 1 April 2004. Combined fire authorities will be major precepting authorities in the financial year beginning on 1 April 2004⁵ and will be required to issue a precept or precepts to billing authorities in their area. Previously, the constituent authorities of the combined fire authority contributed to its expenses in proportion to their council tax bases.
3. This report sets out the alternative notional amounts for certain billing authorities and major precepting authorities in England which the Secretary of State specifies as regards the financial year beginning on 1 April 2003. It also sets out such explanation as the Secretary of State considers desirable of the calculation by him of the alternative notional amounts.
4. If this report is approved by resolution of the House of Commons, section 52B(4) of the 1992 Act (comparison of amount calculated by the authority as its budget requirement for the year under consideration and for a financial year falling before the year under consideration) will have effect as regards the financial year beginning on 1 April 2004 (“the year under consideration”) as if the alternative notional amounts for the authorities to which the Report relates were the basis of comparison there referred to.

Alternative Notional Amounts

5. The Secretary of State hereby specifies as the alternative notional amounts as regards the financial year beginning on 1 April 2003 for each billing authority and major precepting authority the amount shown against the name of the authority in Annex A to this Report.

Calculation of Alternative Notional Amounts

6. Annex B contains such explanation as the Secretary of State considers desirable of the calculation by him of the alternative notional amounts specified in this Report.

Signed by authority of the First Secretary of State

Nick Raynsford
Minister of State
Office of the Deputy Prime Minister

23 March 2004

¹ Section 52C was inserted by section 30(1) and Schedule 1 of the Local Government Act 1999 and applies with effect from 1 April 2000.

² For the definition of billing authority see section 1(2) of the Local Government Finance Act 1992.

³ For the definition of major precepting authority see section 39(1) of the Local Government Finance Act 1992.

⁴ A combined fire authority is a fire authority constituted by a combination scheme under section 6 of the Fire Services Act 1947.

⁵ See section 83(1) of the Local Government Act 2003 and articles 2 and 8 of, and paragraph 23 of the Schedule to, the Local Government Act 2003 (Commencement No 1 and Transitional Provisions and Savings) Order 2003 S.I. 2003/2938.

Annex A

Alternative Notional Amounts

Billing Authority

	£
Bath & North East Somerset District Council	151,648,000
Blackburn with Darwen Borough Council	169,431,000
Blackpool Borough Council	158,906,000
Bournemouth Borough Council	156,524,000
Bracknell Forest Borough Council	93,403,000
Brighton & Hove City Council	261,692,000
Bristol City Council	389,937,000
Darlington District Council	99,790,000
Derby City Council	237,253,000
East Riding of Yorkshire Council	297,482,000
Halton Borough Council	140,696,000
Hartlepool Borough Council	108,994,000
Herefordshire Council	162,149,000
Kingston-upon-Hull City Council	286,834,000
Leicester City Council	334,900,000
Luton Borough Council	206,239,000
Medway Council	254,057,000
Middlesbrough Borough Council	160,742,000
Milton Keynes Council	215,135,000
North East Lincolnshire Council	175,242,000
North Lincolnshire Council	159,434,000
North Somerset District Council	171,652,000
Nottingham City Council	310,849,000
Peterborough City Council	174,280,000
Plymouth City Council	251,202,000
Poole Borough Council	121,848,000
Portsmouth City Council	196,649,000
Reading Borough Council	140,390,000
Redcar & Cleveland Borough Council	157,516,000

Alternative Notional Amounts *(continued)***Billing Authority**

	£
Rutland Council	33,073,000
Slough Borough Council	136,881,000
South Gloucestershire Council	220,863,000
Southampton City Council	226,720,000
Southend-on-Sea Borough Council	174,959,000
Stockton-on-Tees Borough Council	192,517,000
Stoke-on-Trent City Council	250,398,000
Swindon Borough Council	175,685,000
Telford & Wrekin Council	158,251,000
Thurrock Borough Council	151,226,000
Torbay Borough Council	130,209,000
Warrington Borough Council	181,912,000
West Berkshire Council	139,123,000
Royal Borough of Windsor & Maidenhead	119,409,000
Wokingham District Council	129,548,000
York City Council	147,817,000

Alternative Notional Amounts (*continued*)**Major Precepting Authority**

	£
Bedfordshire County Council	343,288,000
Buckinghamshire County Council	406,126,000
Cambridgeshire County Council	429,533,000
Cheshire County Council	571,573,000
Derbyshire County Council	628,843,000
Devon County Council	589,450,000
Dorset County Council	317,033,000
Durham County Council	446,022,000
East Sussex County Council	438,903,000
Essex County Council	1,168,017,000
Hampshire County Council	991,205,000
Kent County Council	1,198,889,000
Lancashire County Council	1,017,592,000
Leicestershire County Council	479,956,000
North Yorkshire County Council	468,672,000
Nottinghamshire County Council	656,956,000
Shropshire County Council	237,166,000
Staffordshire County Council	653,068,000
Wiltshire County Council	349,939,000
Worcestershire County Council	421,431,000

Alternative Notional Amounts (*continued*)**Major Precepting Authority**

	£
Avon Fire Authority	38,315,000
Bedfordshire Fire Authority	21,055,000
Berkshire Fire Authority	26,949,000
Buckinghamshire Fire Authority	21,506,000
Cambridgeshire Fire Authority	21,362,000
Cheshire Fire Authority	33,589,000
Cleveland Fire Authority	28,634,000
Derbyshire Fire Authority	30,934,000
Devon Fire Authority	41,282,000
Dorset Fire Authority	22,587,000
Durham Fire Authority	24,125,000
East Sussex Fire Authority	29,876,000
Essex Fire Authority	57,767,000
Hampshire Fire Authority	53,658,000
Hereford and Worcester Fire Authority	22,444,000
Humberside Fire Authority	38,821,000
Kent Fire Authority	57,345,000
Lancashire Fire Authority	53,481,000
Leicestershire Fire Authority	26,400,000
North Yorkshire Fire Authority	26,265,000
Nottinghamshire Fire Authority	35,798,000
Shropshire Fire Authority	15,745,000
Staffordshire Fire Authority	31,770,000
Wiltshire Fire Authority	18,584,000

Calculation of Alternative Notional Amounts

Definitions

1. In this Annex—

“budget requirement” means in respect of a billing authority the amount calculated by it in relation to the financial year beginning on 1 April 2003 under section 32(4) of the 1992 Act (less any local precepts issued to it or anticipated by the authority in accordance with section 32(6) of the 1992 Act); and in respect of a major precepting authority, other than a combined fire authority, the amount calculated by it in relation to the financial year beginning on 1 April 2003 under section 43(4) of the 1992 Act;

“constituent authority” means a billing authority or a major precepting authority which budgeted to make a payment to a combined fire authority in its area in the financial year beginning on 1 April 2003.

The calculation of alternative notional amounts

2. Subject to paragraph 3 below, as regards the financial year beginning on 1 April 2003 and those billing and major precepting authorities listed in Annex A to the Report, the alternative notional amount is calculated by applying the formula—

$$(A - B + C + D) \times E$$

where—

A is an amount referred to in paragraph 4 below

B is an amount referred to in paragraph 5 below

C is an amount referred to in paragraph 6 below

D is an amount or sum of amounts set out in paragraph 7 below

E is 1.03 where the authority is a combined fire authority and 1 where the authority is a constituent authority

3. Where (apart from this paragraph) the relevant alternative notional amount as regards an authority would be a figure other than a whole number of thousands, the figure is rounded to the first whole number of thousands above that figure.

4. The amount A equals

- for a billing authority: the budget requirement for the financial year beginning on 1 April 2003, as reported to the Office of the Deputy Prime Minister at line 1 of the Budget Requirement (BR1) return 2003/04;

- for a major precepting authority other than a combined fire authority: the budget requirement for the financial year beginning on 1 April 2003, as reported to the Office of the Deputy Prime Minister at line 1 of the Budget Requirement (BR2) return 2003/04.
 - for a combined fire authority: zero, in recognition of the fact that combined fire authorities will not become major precepting authorities until 1 April 2004 and so did not calculate a budget requirement under section 43(4) of the 1992 Act for the financial year beginning on 1 April 2003.
5. The amount B equals
- for each constituent authority: the budgeted payment to a combined fire authority, as reported to the Office of the Deputy Prime Minister at line 69 of the RA Revenue Accounts Budget Estimates return for 2003/04, or revised figures subsequently reported to the Office of the Deputy Prime Minister before 11 December 2003, and as shown in Annex B to the consultation letter issued by the Office of the Deputy Prime Minister on 11 December 2003.
 - for each combined fire authority: zero
6. The amount C equals
- for each constituent authority: zero
 - for each combined fire authority: the budgeted receipt from its constituent authorities as reported to the Office of the Deputy Prime Minister at line 69 of the RA Revenue Accounts Budget Estimates return for 2003/04, or revised figures subsequently reported to the Office of the Deputy Prime Minister before 11 December 2003, and as shown in Annex B to the consultation letter issued by the Office of the Deputy Prime Minister on 11 December 2003.
7. The amounts to be used as D in the calculation in paragraph 2 above are as follows:

Allowance for supplementary payments to combined fire authorities

This adjustment is made to take account of actual supplementary payments made in respect of the financial year beginning on 1 April 2003. For constituent authorities, the purpose of the adjustment is to exclude amounts included at B that have not been used for a supplementary payment to the combined fire authority. For combined fire authorities, the purpose of the adjustment is to include amounts that were not included at C. The figures used for this adjustment are those provided by authorities during consultation.

Devon Fire Authority	£780,000
East Sussex Fire Authority	£249,000
Essex Fire Authority	£431,000
Hampshire Fire Authority	£784,000
Lancashire Fire Authority	£650,000
Leicestershire Fire Authority	£313,000
East Sussex County Council	£1,540,000
Brighton and Hove City Council	£255,000
Plymouth City Council	£202,000
Torbay Borough Council	£196,000

Partial funding of the budgeted payment to a combined fire authority from pensions reserves

This adjustment is made to exclude amounts at B that were financed from a pensions reserve and hence not from any of the items included within the budget requirement. The figure used for this adjustment was provided by the authority during consultation.

North Yorkshire County Council	£242,000
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Partial funding of the budgeted payment to a combined fire authority from PFI Special Grant Report no 115

This adjustment is made to exclude amounts at B that were financed from a PFI special capital financing grant under Special Grant Report no 115 and hence not from any of the items included within the budget requirement. The figures used in this adjustment are the amounts payable by the Office of the Deputy Prime Minister in respect of the financial year beginning on 1 April 2003, rounded to the nearest whole number of thousands.

Lancashire County Council	£601,000
North Yorkshire County Council	£609,000
York City Council	£179,000

Correction of information reported on the RA Revenue Account Budget Estimates return for 2003/04

This adjustment is made to correct an error made by a constituent authority in reporting its budgeted payment to its combined fire authority at line 69 of the RA return for 2003/04. The figure used for this adjustment was provided by the authority during consultation.

Warrington Borough Council	£42,000
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Where an authority is not listed in this paragraph the amount of D shall be zero.

8. The 3% uplift provided for in E in paragraph 2 is in recognition of the need for combined fire authorities to finance their own reserves.

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