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## SCHEDULES

### SCHEDULE 1

#### LIMITATION OF COUNCIL TAX AND PRECEPTS

##### PART I

##### THE NEW CHAPTER

1 In Part I of the <sup>M1</sup>Local Government Finance Act 1992 the following Chapter shall be inserted after Chapter IV—

##### “CHAPTER IVA

##### LIMITATION OF COUNCIL TAX AND PRECEPTS

###### *Introduction*

###### **Interpretation.**

52A (1) In this Chapter a reference to an authority is to—

- (a) a billing authority, or
- (b) a major precepting authority.

(2) Sections 52W and 52X below contain other interpretative provisions for the purposes of this Chapter.

###### *Designation or nomination*

###### **Power to designate or nominate authorities.**

52B (1) If in the Secretary of State’s opinion the amount calculated by an authority as its budget requirement for a financial year (the year under consideration) is excessive, he may exercise his power to designate or nominate the authority under section 52D below.

(2) The question whether the amount so calculated is excessive must be decided in accordance with a set of principles determined by the Secretary of State.

(3) A set of principles—

- (a) may contain one principle or two or more principles;
- (b) must constitute or include a comparison falling within subsection (4) below or comparisons each of which falls within subsection (4).

(4) A comparison falls within this subsection if—

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- (a) it is between the amount calculated by the authority as its budget requirement for the year under consideration and the amount calculated by it as its budget requirement for a financial year falling before the year under consideration;
  - (b) the earlier financial year in the comparison does not fall before that beginning with 1st April 1998.
- (5) If for the purposes of this section the Secretary of State determines categories of authorities for the year under consideration—
- (a) any principles determined for the year must be such that the same set is determined for all authorities (if more than one) falling within the same category;
  - (b) as regards an authority which does not fall within any of the categories, the Secretary of State may not exercise his power to designate or nominate the authority under section 52D below by reference to the excessiveness of its budget requirement for the year.
- (6) If he does not determine such categories, any principles determined for the year under consideration must be such that the same set is determined for all authorities.
- (7) In determining categories of authorities for the year under consideration the Secretary of State shall take into account any information he thinks is relevant.
- (8) In applying this section the Secretary of State shall ignore any calculation for which another has been substituted at the time designation or nomination is proposed.

**Alternative notional amounts.**

- 52C (1) The Secretary of State may make a report specifying in relation to—
- (a) any year under consideration (within the meaning of section 52B above), and
  - (b) any authority,
- an amount which in his opinion should be used as the basis of any comparison in applying that section in place of the amount calculated by the authority as its budget requirement for a financial year falling before the year under consideration.
- (2) References in this section to the alternative notional amount are to the amount so specified.
- (3) A report under this section—
- (a) may relate to two or more authorities;
  - (b) may be amended by a subsequent report under this section;
  - (c) shall contain such explanation as the Secretary of State thinks desirable of the calculation by him of the alternative notional amount;
  - (d) shall be laid before the House of Commons.
- (4) If a report under this section is approved by resolution of the House of Commons section 52B above shall have effect, as regards the year under

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consideration and any authority to which the report relates, as if the reference in subsection (4) to the amount calculated by the authority as its budget requirement for a financial year falling before the year under consideration were to the alternative notional amount for the year so falling.

**Designation or nomination.**

- 52D(1) This section applies if in the Secretary of State's opinion (reached after applying section 52B above) the amount calculated by an authority as its budget requirement for the year under consideration is excessive.
- (2) In such a case he may—
- (a) designate the authority as regards the year under consideration, or
  - (b) nominate the authority.
- (3) The Secretary of State may proceed under different paragraphs of subsection (2) above in relation to different authorities.

*Designation for year under consideration*

**Designation.**

- 52E (1) This section applies if the Secretary of State designates an authority under section 52D(2)(a) above as regards the year under consideration.
- (2) He shall notify the authority in writing of—
- (a) the designation;
  - (b) the set of principles determined for the authority under section 52B above;
  - (c) the category in which the authority falls (if he determines categories under section 52B above);
  - (d) the amount which he proposes should be the maximum for the amount calculated by the authority as its budget requirement for the year;
  - (e) the target amount for the year, that is, the maximum amount which he proposes the authority could calculate as its budget requirement for the year without the amount calculated being excessive;
  - (f) the financial year as regards which he expects the amount calculated by the authority as its budget requirement for that year to be equal to or less than the target amount for that year (assuming one to be determined for that year).
- (3) A designation under section 52D(2)(a) above—
- (a) is invalid unless subsection (2) above is complied with;
  - (b) shall be treated as made at the beginning of the day on which the authority receives a notification under that subsection.
- (4) If—
- (a) an authority has been designated under section 52D(2)(a) above, and
  - (b) after the designation is made the authority makes substitute calculations in relation to the year,

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the substitute calculations shall be invalid unless they are made in accordance with section 52I or 52J below (as the case may be).

- (5) Before the end of the period of 21 days beginning with the day it receives a notification under this section, an authority may inform the Secretary of State by notice in writing that—
- (a) for reasons stated in the notice, it believes the maximum amount stated under subsection (2)(d) above should be such as the authority states in its notice, or
  - (b) it accepts the maximum amount stated under subsection (2)(d) above.

**Challenge of maximum amount.**

- 52F (1) This section applies if an authority designated under section 52D(2)(a) above informs the Secretary of State by notice in writing under section 52E(5)(a) above.
- (2) After considering any information falling within subsection (3) below the Secretary of State shall either—
- (a) proceed under subsection (4) below (in which case subsections (5) to (10) below shall also apply), or
  - (b) proceed under subsection (11) below.
- (3) Information falling within this subsection is—
- (a) information which is supplied by the authority and is of a kind and provided in a form specified by the Secretary of State for the purposes of this section;
  - (b) any other information he thinks is relevant.
- (4) If he proceeds under this subsection the Secretary of State—
- (a) shall make an order stating the amount which the amount calculated by the authority as its budget requirement for the year is not to exceed;
  - (b) may alter the target amount for the year.
- (5) The following paragraphs apply for the purposes of subsection (4) above—
- (a) the amount stated under subsection (4)(a) above may not exceed the amount already calculated by the authority as its budget requirement for the year unless in the Secretary of State's opinion the authority failed to comply with section 32 or 43 above (as the case may be) in making the calculation;
  - (b) subject to paragraph (a) above, the amount stated under subsection (4)(a) above may be the same as, or greater or smaller than, that stated in the notice under section 52E(2)(d) above;
  - (c) the Secretary of State may alter the target amount for the year under subsection (4)(b) above only if the amount stated under subsection (4)(a) above is greater or smaller than that stated in the notice under section 52E(2)(d) above.
- (6) In the application of subsection (5)(a) above in relation to the Greater London Authority—

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- (a) for the reference to section 43 above there shall be substituted a reference to sections 70 and 71 of the Greater London Authority Act 1999, and
  - (b) at the end there shall be added the words “or he has issued a direction for the year under section 80 of the Greater London Authority Act 1999”.
- (7) An order under this section—
- (a) shall not be made unless a draft of it has been laid before and approved by resolution of the House of Commons;
  - (b) may relate to two or more authorities.
- (8) As soon as is reasonably practicable after an order under this section is made the Secretary of State shall serve on the authority (or each authority) a notice stating—
- (a) the amount stated in the case of the authority concerned in the order;
  - (b) the altered target amount for the year (if he alters it in the case of the authority concerned).
- (9) When he serves a notice under subsection (8) above on a precepting authority the Secretary of State shall also serve a copy of it on each billing authority to which the precepting authority has power to issue a precept.
- (10) In applying subsection (5)(a) above the Secretary of State shall ignore any calculation for which another has been substituted at the time of designation.
- (11) If the Secretary of State proceeds under this subsection he shall—
- (a) cancel the designation of the authority under section 52D(2)(a) above as regards the year and notify the authority in writing of the cancellation, and
  - (b) nominate the authority under section 52D(2)(b) above;
- and in such a case the designation under section 52D(2)(a) above and the notification under section 52E above shall be treated as not having been made.

#### **Acceptance of maximum amount.**

- 52G(1) This section applies if an authority designated under section 52D(2)(a) above informs the Secretary of State by notice in writing under section 52E(5)(b) above.
- (2) As soon as is reasonably practicable after he receives the notice the Secretary of State shall serve on the authority a notice stating the amount which the amount calculated by it as its budget requirement for the year is not to exceed; and the amount stated shall be that stated in the notice under section 52E(2)(d) above.
  - (3) When he serves a notice under subsection (2) above on a precepting authority the Secretary of State shall also serve a copy of it on each billing authority to which the precepting authority has power to issue a precept.

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**No challenge or acceptance.**

- 52H(1) This section applies if the period mentioned in section 52E(5) above ends without an authority designated under section 52D(2)(a) above informing the Secretary of State by notice in writing under paragraph (a) or (b) of section 52E(5).
- (2) As soon as is reasonably practicable after the period ends the Secretary of State shall make an order stating the amount which the amount calculated by the authority as its budget requirement for the year is not to exceed; and the amount stated shall be that stated in the notice under section 52E(2)(d) above.
- (3) An order under this section—
- (a) shall not be made unless a draft of it has been laid before and approved by resolution of the House of Commons;
  - (b) may relate to two or more authorities.
- (4) As soon as is reasonably practicable after an order under this section is made the Secretary of State shall serve on the authority (or each authority) a notice stating the amount stated in the case of the authority concerned in the order.
- (5) When he serves a notice under subsection (4) above on a precepting authority the Secretary of State shall also serve a copy of it on each billing authority to which the precepting authority has power to issue a precept.

**Duty of designated billing authority.**

- 52I (1) If a billing authority receives a notice under section 52F(8), 52G(2) or 52H(4) above it shall make substitute calculations in relation to the year in accordance with sections 32 to 36 above, ignoring section 32(10) above for this purpose.
- (2) The substitute calculations shall be made so as to secure—
- (a) that the amount calculated by the authority as its budget requirement for the year does not exceed that stated in the notice, and
  - (b) that any amount calculated under section 33(1) or 34(2) or (3) above as the basic amount of council tax applicable to any dwelling does not exceed that so calculated in the previous calculations.
- (3) Subsection (2)(b) above does not apply in a case where the amount stated in the notice exceeds that already calculated by the authority as its budget requirement for the year.
- (4) In making substitute calculations under section 33(1) or 34(3) above the authority must use any amount determined in the previous calculations for item P or T in section 33(1) or item TP in section 34(3).
- (5) For the purposes of subsection (4) above the authority may treat any amount determined in the previous calculations for item P in section 33(1) above as increased by the amount of any sum which—
- (a) it estimates will be payable for the year into its general fund in respect of additional grant, and

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- (b) was not taken into account by it in making those calculations.
- (6) References in this section to the amount stated in the notice are, in the case of a notice under section 52F(8) above, to the amount stated under section 52F(8)(a).

**Duty of designated precepting authority.**

- 52J (1) If a major precepting authority receives a notice under section 52F(8), 52G(2) or 52H(4) above it shall make substitute calculations in relation to the year in accordance with—
- (a) sections 70, 71 and 73 to 75 of and Schedule 6 to the Greater London Authority Act 1999 and sections 47 and 48 above (where the authority is the Greater London Authority), or
  - (b) sections 43 to 48 above (in any other case).
- (2) The substitute calculations shall be made so as to secure—
- (a) that the amount calculated by the authority as its budget requirement for the year does not exceed that stated in the notice, and
  - (b) that any amount calculated under section 44(1) or 45(2) or (3) above as the basic amount of council tax applicable to any dwelling does not exceed that so calculated in the previous calculations.
- (3) In the application of subsection (2)(b) above in relation to the Greater London Authority—
- (a) for the reference to section 44(1) above there shall be substituted a reference to section 73(2) of the Greater London Authority Act 1999, and
  - (b) for the reference to section 45(2) or (3) above there shall be substituted a reference to section 74(3) of that Act.
- (4) Subsection (2)(b) above does not apply in a case where the amount stated in the notice exceeds that already calculated by the authority as its budget requirement for the year.
- (5) In making substitute calculations under section 44(1) or 45(3) above the authority must use any amount determined in the previous calculations for item P or T in section 44(1) above or item TP in section 45(3) above.
- (6) In making substitute calculations under section 73(2) or 74(3) of the Greater London Authority Act 1999 the authority must use any amount determined in the previous calculations for item P1 or T in section 73(2) of that Act or for item P2 or item TP2 in section 74(4) of that Act.
- (7) For the purposes of subsection (5) above the authority may treat any amount determined in the previous calculations for item P in section 44(1) above as increased by the amount of any sum which—
- (a) it estimates will be payable to it for the year in respect of additional grant, and
  - (b) was not taken into account by it in making those calculations.
- (8) For the purposes of subsection (6) above the authority may treat any amount determined in the previous calculations—

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- (a) for item P1 in section 73(2) of the Greater London Authority Act 1999, or
  - (b) for item P2 in section 74(4) of that Act,
- as increased by the relevant portion of any new additional grant.
- (9) For the purposes of subsection (8) above, “the relevant portion of any new additional grant” means the amount of any additional grant payable to the authority for the year which was not taken into account by the authority in making the previous calculations, but—
- (a) in the case of item P1, reduced, as may be prescribed, by such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part, and
  - (b) in the case of item P2, restricted, as may be prescribed, to such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part;
- and “special item” has the same meaning in this subsection as in sections 73 and 74 of the Greater London Authority Act 1999 (see section 74(2) of that Act).
- (10) In subsection (9) above, “prescribed” means specified in, or determined in accordance with, either—
- (a) the report under section 85 of the Local Government Finance Act 1988 relating to the amount of additional grant in question, or
  - (b) regulations made by the Secretary of State under section 73(3)(b) of the Greater London Authority Act 1999 (in relation to item P1) or under section 74(5)(b) of that Act (in relation to item P2),
- as the Secretary of State may determine for the purposes of paragraph (a) or (b) of subsection (9) and any particular financial year or years.
- (11) References in this section to the amount stated in the notice are, in the case of a notice under section 52F(8) above, to the amount stated under section 52F(8)(a).

**Failure to substitute.**

- 52K(1) This section applies if an authority which has received a notice under section 52F(8), 52G(2) or 52H(4) above fails to comply with section 52I or 52J above (as the case may be) before the end of—
- (a) the period of 35 days beginning with the day on which the authority receives the notice (where it is the Greater London Authority), or
  - (b) the period of 21 days beginning with the day on which the authority receives the notice (in any other case).
- (2) In the case of a billing authority, it shall have no power during the period of restriction to transfer any amount from its collection fund to its general fund and sections 97 and 98 of the 1988 Act (transfers between funds) shall have effect accordingly.
- (3) In the case of a major precepting authority, any authority to which it has power to issue a precept shall have no power during the period of restriction to pay anything in respect of a precept issued by it for the year.



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- (4) For the purposes of this section the period of restriction is the period which—
- (a) begins at the end of the period mentioned in subsection (1) above, and
  - (b) ends at the time (if any) when the authority complies with section 52I or 52J above.

### *Nomination*

#### **Nomination.**

52L (1) This section applies if the Secretary of State nominates an authority under section 52D(2)(b) above.

- (2) He shall notify the authority in writing of—
- (a) the nomination;
  - (b) the set of principles determined for the authority under section 52B above;
  - (c) the category in which the authority falls (if he determines categories under section 52B above);
  - (d) the amount which he would have proposed as the target amount for the year under consideration if he had designated the authority as regards that year under section 52D(2)(a) above.
- (3) A nomination under section 52D(2)(b) above —
- (a) is invalid unless subsection (2) above is complied with;
  - (b) shall be treated as made at the beginning of the day on which the authority receives a notification under that subsection.
- (4) After nominating all the authorities he intends to nominate the Secretary of State—
- (a) shall decide, in the case of each authority nominated, whether to proceed under section 52M or under section 52N below in relation to it;
  - (b) may decide to proceed under different sections in relation to different authorities.

#### **Designation after nomination.**

52M(1) This section applies if the Secretary of State—

- (a) nominates an authority under section 52D(2)(b) above, and
  - (b) decides to proceed under this section in relation to the authority.
- (2) He shall—
- (a) designate the authority as regards the financial year immediately following the year under consideration;
  - (b) determine an amount which he proposes should be the maximum for the amount calculated by the authority as its budget requirement for the year as regards which the designation is made;
  - (c) determine the target amount for the year as regards which the designation is made, that is, the maximum amount which he

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- proposes the authority could calculate as its budget requirement for the year without the amount calculated being excessive.
- (3) In making the determinations under subsection (2) above he shall take into account—
- (a) the amount which he would have proposed as the target amount for the year under consideration if he had designated the authority as regards that year under section 52D(2)(a) above, and
  - (b) any information he thinks is relevant.
- (4) He shall notify the authority in writing of—
- (a) the designation;
  - (b) the amount determined under subsection (2)(b) above;
  - (c) the target amount determined under subsection (2)(c) above;
  - (d) any information taken into account under subsection (3)(b) above;
  - (e) the financial year as regards which he expects the amount calculated by the authority as its budget requirement for that year to be equal to or less than the target amount for that year (assuming one to be determined for that year);
  - (f) the period within which the authority may inform the Secretary of State that it challenges or accepts the amount stated under paragraph (b) above.
- (5) A designation under this section—
- (a) is invalid unless subsection (4) above is complied with;
  - (b) shall be treated as made at the beginning of the day on which the authority receives a notification under that subsection.
- (6) If an authority has been designated under this section as regards a financial year the Secretary of State may not designate it under section 52D(2)(a) above as regards that year.
- (7) If—
- (a) an authority has been designated under this section as regards a financial year, and
  - (b) after the designation is made the authority makes calculations or substitute calculations in relation to the year,
- the calculations (or substitute calculations) shall be invalid unless they are made in accordance with section 52T or 52U below (as the case may be).
- (8) Before the end of the period notified under subsection (4)(f) above an authority may inform the Secretary of State by notice in writing that—
- (a) for reasons stated in the notice, it believes the maximum amount stated under subsection (4)(b) above should be such as the authority states in its notice, or
  - (b) it accepts the maximum amount stated under subsection (4)(b) above.
- (9) The period notified under subsection (4)(f) above must be a period of at least 21 days beginning with the day the authority receives the notification under subsection (4) above.

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**No designation after nomination.**

52N(1) This section applies if the Secretary of State—

- (a) nominates an authority under section 52D(2)(b) above, and
  - (b) decides to proceed under this section in relation to the authority.
- (2) He shall determine an amount which he proposes should be the notional amount calculated by the authority as its budget requirement for the year under consideration.
- (3) In making the determination he shall take into account—
  - (a) the amount which he would have proposed as the maximum for the amount calculated by the authority as its budget requirement for the year under consideration if he had designated it as regards that year under section 52D(2)(a) above, and
  - (b) any information he thinks is relevant.
- (4) He shall notify the authority in writing of—
  - (a) the amount determined under subsection (2) above;
  - (b) the amount mentioned in subsection (3)(a) above;
  - (c) any information taken into account under subsection (3)(b) above.
- (5) Before the end of the period of 21 days beginning with the day it receives a notification under subsection (4) above an authority may inform the Secretary of State by notice in writing that, for reasons stated in the notice, it believes the notional amount stated under subsection (4)(a) above should be such as the authority states in its notice.
- (6) After the end of the period mentioned in subsection (5) above the Secretary of State—
  - (a) shall, if he receives a notice under subsection (5) above, reconsider his determination under subsection (2) above (taking the notice into account);
  - (b) shall notify the authority in writing of the amount which is to be the notional amount calculated by the authority as its budget requirement for the year under consideration.
- (7) A notification under subsection (6) above shall be treated as made at the beginning of the day on which the authority receives it.
- (8) In applying this Chapter at any time after a notification is made under subsection (6) above of the amount which is to be the notional amount calculated by the authority as its budget requirement for a financial year, the amount calculated by the authority as its budget requirement for that year shall be taken to be the notional amount notified.

*Designation after previous designation*

**Designation after previous designation.**

52P (1) This section applies if—

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- (a) the Secretary of State designates an authority as regards a year under section 52D(2)(a) above or section 52M above or this section, and
  - (b) the amount calculated by the authority as its budget requirement for the year exceeds the target amount for the year.
- (2) He may designate the authority as regards the financial year immediately following the year mentioned in subsection (1) above, and if he does so he shall—
  - (a) determine an amount which he proposes should be the maximum for the amount calculated by the authority as its budget requirement for the year as regards which the designation is made;
  - (b) determine the target amount for the year as regards which the designation is made, that is, the maximum amount which he proposes the authority could calculate as its budget requirement for the year without the amount calculated being excessive.
- (3) In making the determinations under subsection (2) above he shall take into account—
  - (a) the amount calculated by the authority as its budget requirement for the year mentioned in subsection (1) above,
  - (b) the target amount for that year, and
  - (c) any information he thinks is relevant.
- (4) He shall notify the authority in writing of—
  - (a) the designation;
  - (b) the amount determined under subsection (2)(a) above;
  - (c) the target amount determined under subsection (2)(b) above;
  - (d) any information taken into account under subsection (3)(c) above;
  - (e) the financial year as regards which he expects the amount calculated by the authority as its budget requirement for that year to be equal to or less than the target amount for that year (assuming one to be determined for that year);
  - (f) the period within which the authority may inform the Secretary of State that it challenges or accepts the amount stated under paragraph (b) above.
- (5) A designation under this section—
  - (a) is invalid unless subsection (4) above is complied with;
  - (b) shall be treated as made at the beginning of the day on which the authority receives a notification under that subsection.
- (6) If an authority has been designated under this section as regards a financial year the Secretary of State may not designate it under section 52D(2)(a) above as regards that year.
- (7) If—
  - (a) an authority has been designated under this section as regards a financial year, and
  - (b) after the designation is made the authority makes calculations or substitute calculations in relation to the year,the calculations (or substitute calculations) shall be invalid unless they are made in accordance with section 52T or 52U below (as the case may be).

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- (8) Before the end of the period notified under subsection (4)(f) above an authority may inform the Secretary of State by notice in writing that—
  - (a) for reasons stated in the notice, it believes the maximum amount stated under subsection (4)(b) above should be such as the authority states in its notice, or
  - (b) it accepts the maximum amount stated under subsection (4)(b) above.
- (9) The period notified under subsection (4)(f) above must be a period of at least 21 days beginning with the day the authority receives the notification under subsection (4) above.
- (10) In applying subsections (1)(b) and (3)(a) above the Secretary of State shall ignore any calculation for which another has been substituted at the time designation is proposed.
- (11) References in this section to the target amount for the year mentioned in subsection (1) above are to the amount stated (or last stated) as the target amount for the year under section 52E or 52F, or under section 52M or 52Q, or under this section or section 52Q, as the case may be.

*Position after designation under section 52M or 52P*

**Challenge of maximum amount.**

- 52Q(1) This section applies if—
- (a) an authority designated under section 52M above informs the Secretary of State by notice in writing under subsection (8)(a) of that section, or
  - (b) an authority designated under section 52P above informs the Secretary of State by notice in writing under subsection (8)(a) of that section.
- (2) After considering any information falling within subsection (3) below the Secretary of State—
    - (a) shall make an order stating the amount which the amount calculated by the authority as its budget requirement for the year is not to exceed;
    - (b) may alter the target amount for the year.
  - (3) Information falling within this subsection is—
    - (a) information which is supplied by the authority and is of a kind and provided in a form specified by the Secretary of State for the purposes of this section;
    - (b) any other information he thinks is relevant.
  - (4) The following paragraphs apply for the purposes of subsection (2) above—
    - (a) if the authority has already calculated an amount as its budget requirement for the year, the amount stated under subsection (2) (a) above may not exceed the amount already calculated unless in the Secretary of State’s opinion the authority failed to comply

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- with section 32 or 43 above (as the case may be) in making the calculation;
- (b) subject to paragraph (a) above, the amount stated under subsection (2)(a) above may be the same as, or greater or smaller than, that stated in the notice under section 52M(4)(b) or 52P(4)(b) above (as the case may be);
  - (c) the Secretary of State may alter the target amount for the year under subsection (2)(b) above only if the amount stated under subsection (2)(a) above is greater or smaller than that stated in the notice under section 52M(4)(b) or 52P(4)(b) above (as the case may be).
- (5) In the application of subsection (4)(a) above in relation to the Greater London Authority—
- (a) for the reference to section 43 above there shall be substituted a reference to sections 70 and 71 of the Greater London Authority Act 1999, and
  - (b) at the end there shall be added the words “or he has issued a direction for the year under section 80 of the Greater London Authority Act 1999”.
- (6) An order under this section—
- (a) shall not be made unless a draft of it has been laid before and approved by resolution of the House of Commons;
  - (b) may relate to two or more authorities.
- (7) As soon as is reasonably practicable after an order under this section is made the Secretary of State shall serve on the authority (or each authority) a notice stating—
- (a) the amount stated in the case of the authority concerned in the order;
  - (b) the altered target amount for the year (if he alters it in the case of the authority concerned).
- (8) When he serves a notice under subsection (7) above on a precepting authority the Secretary of State shall also serve a copy of it on each billing authority to which the precepting authority has power to issue a precept.
- (9) In applying subsection (4)(a) above the Secretary of State shall ignore any calculation for which another has been substituted at the time of designation.

**Acceptance of maximum amount.**

- 52R (1) This section applies if—
- (a) an authority designated under section 52M above informs the Secretary of State by notice in writing under subsection (8)(b) of that section, or
  - (b) an authority designated under section 52P above informs the Secretary of State by notice in writing under subsection (8)(b) of that section.
- (2) As soon as is reasonably practicable after he receives the notice the Secretary of State shall serve on the authority a notice stating the amount which the amount calculated by it as its budget requirement for the year is not

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to exceed; and the amount stated shall be that stated in the notice under section 52M(4)(b) or 52P(4)(b) above (as the case may be).

- (3) When he serves a notice under subsection (2) above on a precepting authority the Secretary of State shall also serve a copy of it on each billing authority to which the precepting authority has power to issue a precept.

**No challenge or acceptance.**

52S (1) This section applies if—

- (a) the period mentioned in section 52M(8) above ends without an authority designated under section 52M above informing the Secretary of State by notice in writing under paragraph (a) or (b) of section 52M(8), or
  - (b) the period mentioned in section 52P(8) above ends without an authority designated under section 52P above informing the Secretary of State by notice in writing under paragraph (a) or (b) of section 52P(8).
- (2) As soon as is reasonably practicable after the period ends the Secretary of State shall make an order stating the amount which the amount calculated by the authority as its budget requirement for the year is not to exceed; and the amount stated shall be that stated in the notice under section 52M(4)(b) or 52P(4)(b) above (as the case may be).
- (3) An order under this section—
- (a) shall not be made unless a draft of it has been laid before and approved by resolution of the House of Commons;
  - (b) may relate to two or more authorities.
- (4) As soon as is reasonably practicable after an order under this section is made the Secretary of State shall serve on the authority (or each authority) a notice stating the amount stated in the case of the authority concerned in the order.
- (5) When he serves a notice under subsection (4) above on a precepting authority the Secretary of State shall also serve a copy of it on each billing authority to which the precepting authority has power to issue a precept.

**Duty of designated billing authority.**

52T (1) This section applies if a billing authority receives a notice under section 52Q(7), 52R(2) or 52S(4) above.

- (2) If it has not made calculations in relation to the year in accordance with sections 32 to 36 above, in making such calculations it shall secure that the amount calculated by it as its budget requirement for the year does not exceed that stated in the notice.
- (3) If it—
- (a) has made calculations in relation to the year in accordance with sections 32 to 36 above, or
  - (b) has made substitute calculations in relation to the year in accordance with section 37 above,

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it shall make substitute calculations in relation to the year in accordance with sections 32 to 36 above, ignoring section 32(10) above for this purpose.

- (4) The substitute calculations shall be made so as to secure—
  - (a) that the amount calculated by the authority as its budget requirement for the year does not exceed that stated in the notice, and
  - (b) that any amount calculated under section 33(1) or 34(2) or (3) above as the basic amount of council tax applicable to any dwelling does not exceed that so calculated in the previous calculations.
- (5) Subsection (4)(b) above does not apply in a case where the amount stated in the notice exceeds that already calculated by the authority as its budget requirement for the year.
- (6) In making substitute calculations under section 33(1) or 34(3) above the authority must use any amount determined in the previous calculations for item P or T in section 33(1) or item TP in section 34(3).
- (7) For the purposes of subsection (6) above the authority may treat any amount determined in the previous calculations for item P in section 33(1) above as increased by the amount of any sum which—
  - (a) it estimates will be payable for the year into its general fund in respect of additional grant, and
  - (b) was not taken into account by it in making those calculations.
- (8) References in this section to the amount stated in the notice are, in the case of a notice under section 52Q(7) above, to the amount stated under section 52Q(7)(a).

**Duty of designated precepting authority.**

- 52U(1) This section applies if a major precepting authority receives a notice under section 52Q(7), 52R(2) or 52S(4) above.
- (2) If it has not made calculations in relation to the year in accordance with—
  - (a) sections 70 to 75 of the Greater London Authority Act 1999 and sections 47 and 48 above (where the authority is the Greater London Authority), or
  - (b) sections 43 to 48 above (in any other case),
 in making such calculations it shall secure that the amount calculated by it as its budget requirement for the year does not exceed that stated in the notice.
- (3) Where the authority is the Greater London Authority and—
  - (a) it has made calculations in relation to the year in accordance with sections 70 to 75 of the Greater London Authority Act 1999 and sections 47 and 48 above, or
  - (b) it has made substitute calculations in relation to the year in accordance with sections 70, 71 and 73 to 75 of and Schedule 6 to the Greater London Authority Act 1999 and sections 47 and 48 above,
 it shall make substitute calculations in relation to the year in accordance with the provisions mentioned in paragraph (b) above.
- (4) Where the authority is not the Greater London Authority and it has made—



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- (a) calculations in accordance with sections 43 to 48 above, or
  - (b) substitute calculations in accordance with section 49 above,in relation to the year, it shall make substitute calculations in relation to the year in accordance with sections 43 to 48.
- (5) The substitute calculations required by subsection (3) or (4) shall be made so as to secure—
  - (a) that the amount calculated by the authority as its budget requirement for the year does not exceed that stated in the notice, and
  - (b) that any amount calculated under section 44(1) or 45(2) or (3) above as the basic amount of council tax applicable to any dwelling does not exceed that so calculated in the previous calculations.
- (6) In the application of subsection (5)(b) above in relation to the Greater London Authority—
  - (a) for the reference to section 44(1) above there shall be substituted a reference to section 73(2) of the Greater London Authority Act 1999, and
  - (b) for the reference to section 45(2) or (3) above there shall be substituted a reference to section 74(3) of that Act.
- (7) Subsection (5)(b) above does not apply in a case where the amount stated in the notice exceeds that already calculated by the authority as its budget requirement for the year.
- (8) In making substitute calculations under section 44(1) or 45(3) above the authority must use any amount determined in the previous calculations for item P or T in section 44(1) above or item TP in section 45(3) above.
- (9) In making substitute calculations under section 73(2) or 74(3) of the Greater London Authority Act 1999 the authority must use any amount determined in the previous calculations for item P1 or T in section 73(2) of that Act or for item P2 or item TP2 in section 74(4) of that Act.
- (10) For the purposes of subsection (8) above the authority may treat any amount determined in the previous calculations for item P in section 44(1) above as increased by the amount of any sum which—
  - (a) it estimates will be payable to it for the year in respect of additional grant, and
  - (b) was not taken into account by it in making those calculations.
- (11) For the purposes of subsection (9) above the authority may treat any amount determined in the previous calculations—
  - (a) for item P1 in section 73(2) of the Greater London Authority Act 1999, or
  - (b) for item P2 in section 74(4) of that Act,as increased by the relevant portion of any new additional grant.
- (12) For the purposes of subsection (11) above, “the relevant portion of any new additional grant” means the amount of any additional grant payable to the authority for the year which was not taken into account by the authority in making the previous calculations, but—

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- (a) in the case of item P1, reduced, as may be prescribed, by such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part, and
  - (b) in the case of item P2, restricted, as may be prescribed, to such sum as the Secretary of State considers represents the portion of the amount which relates to defraying the special item in whole or in part;
- and “special item” has the same meaning in this subsection as in sections 73 and 74 of the Greater London Authority Act 1999 (see section 74(2) of that Act).
- (13) In subsection (12) above, “prescribed” means specified in, or determined in accordance with, either—
- (a) the report under section 85 of the Local Government Finance Act 1988 relating to the amount of additional grant in question, or
  - (b) regulations made by the Secretary of State under section 73(3)(b) of the Greater London Authority Act 1999 (in relation to item P1) or under section 74(5)(b) of that Act (in relation to item P2),
- as the Secretary of State may determine for the purposes of paragraph (a) or (b) of subsection (12) and any particular financial year or years.
- (14) References in this section to the amount stated in the notice are, in the case of a notice under section 52Q(7) above, to the amount stated under section 52Q(7)(a).

**Failure to make or substitute calculations.**

- 52V(1) This section applies if an authority which has received a notice under section 52Q(7), 52R(2) or 52S(4) above fails before the relevant date to make calculations or substitute calculations which comply with section 52T or 52U above (as the case may be).
- (2) The relevant date is the following date falling in the financial year immediately preceding that as regards which the authority is designated—
- (a) 11th March, in the case of a billing authority;
  - (b) 1st March, in the case of a major precepting authority.
- (3) In the case of a billing authority, it shall have no power during the period of restriction to transfer any amount from its collection fund to its general fund and sections 97 and 98 of the 1988 Act (transfers between funds) shall have effect accordingly.
- (4) In the case of a major precepting authority, any authority to which it has power to issue a precept shall have no power during the period of restriction to pay anything in respect of a precept issued by it for the financial year as regards which the designation concerned was made.
- (5) For the purposes of this section the period of restriction is the period which—
- (a) begins with the relevant date, and
  - (b) ends at the time (if any) when the authority makes calculations or substitute calculations which comply with section 52T or 52U above.

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### *Supplemental*

#### **Meaning of budget requirement.**

- 52W(1) Any reference in this Chapter to the amount calculated (or already calculated) by a major precepting authority other than the Greater London Authority as its budget requirement for a financial year is a reference to the amount calculated by it in relation to the year under section 43(4) above.
- (2) Any reference in this Chapter to the amount calculated (or already calculated) by the Greater London Authority as its budget requirement for a financial year is a reference to the amount calculated by it in relation to the year under section 70(8) of the Greater London Authority Act 1999.
- (3) Any reference in this Chapter to the amount calculated (or already calculated) by a billing authority as its budget requirement for a financial year is a reference to the amount calculated by it in relation to the year under section 32(4) above; but this is subject to section 52X below.

#### **Calculations to be net of precepts.**

- 52X(1) The amount referred to in section 52W(3) above shall be taken to be the amount calculated as there mentioned less the aggregate amount for the year of any precepts which were (or could be) taken into account by the authority in making the calculation under section 32(2) above and which were (or could be)—
- (a) issued to it by local precepting authorities, or
- (b) anticipated by it in pursuance of regulations under section 41 above.
- (2) Subsection (3) below applies where this Chapter refers to any of the following—
- (a) the amount which the Secretary of State proposes should be the maximum for the amount calculated by a billing authority as its budget requirement for a financial year;
- (b) the maximum amount which he proposes a billing authority could calculate as its budget requirement for a financial year without the amount calculated being excessive;
- (c) the amount which the amount calculated by a billing authority as its budget requirement for a financial year is not to exceed;
- (d) an amount which he proposes should be, or an amount which is to be, the notional amount calculated by a billing authority as its budget requirement for a financial year;
- (e) the financial year as regards which he expects the amount calculated by a billing authority as its budget requirement for that year to be equal to or less than the target amount for that year.
- (3) In such a case—
- (a) a reference to the amount calculated is to the amount calculated without taking account of any precept which could be issued to the authority by a local precepting authority;

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- (b) a reference to the amount which an authority could calculate is to the amount which it could calculate without taking account of any such precept;
  - (c) a reference to the target amount is to the target amount calculated without taking account of any such precept.
- (4) Subsection (1) above shall have effect subject to subsections (2) and (3) above.
- (5) Subsection (1) above shall not apply for the purpose of construing section 52Y(1) below.
- (6) The Secretary of State may by order provide that any of the provisions of subsections (1) to (3) above shall not apply for such purposes as are specified in the order.
- (7) A statutory instrument containing such an order shall be subject to annulment in pursuance of a resolution of the House of Commons.

#### **Information for purposes of Chapter IVA.**

- 52Y(1) An authority shall notify the Secretary of State in writing of any amount calculated by it as its budget requirement for a financial year, whether originally or by way of substitute.
- (2) A billing authority shall also notify the Secretary of State in writing of the aggregate amount for any financial year of any precepts which were taken into account by it in making a calculation in relation to the year under section 32(2) above and which were—
    - (a) issued to it by local precepting authorities, or
    - (b) anticipated by it in pursuance of regulations under section 41 above.
  - (3) A notification under subsection (1) or (2) above must be given before the end of the period of seven days beginning with the day on which the calculation was made.
  - (4) The Secretary of State may serve on an authority a notice requiring it to supply to him such other information as is specified in the notice and required by him for the purpose of deciding whether to exercise his powers, and how to perform his functions, under this Chapter.
  - (5) The authority shall supply the information required if it is in its possession or control, and shall do so in such form and manner and at such time as the Secretary of State specifies in the notice.
  - (6) An authority may be required under subsection (4) above to supply information at the same time as it gives a notification under subsection (1) or (2) above or at some other time.
  - (7) If an authority fails to comply with subsection (1) or (2) above, or with subsection (5) above, the Secretary of State may decide whether to exercise his powers, and how to perform his functions, under this Chapter on the basis of such assumptions and estimates as he thinks fit.
  - (8) In deciding whether to exercise his powers, and how to perform his functions, under this Chapter the Secretary of State may also take into

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account any other information available to him, whatever its source and whether or not obtained under a provision contained in or made under this or any other Act.

### **Separate administration in England and Wales.**

52Z (1) This Chapter shall apply separately to England and to Wales.

(2) In its application to Wales this Chapter shall have effect with the following modifications—

- (a) for each reference to the Secretary of State there shall be substituted a reference to the National Assembly for Wales;
- (b) in section 52C for each reference to a report there shall be substituted a reference to an order, subsection (3)(d) shall be omitted, and in subsection (4) for “approved by resolution of the House of Commons” there shall be substituted “made”;
- (c) sections 52F(7)(a), 52H(3)(a), 52K(2), 52Q(6)(a), 52S(3)(a), 52V(3) and 52X(7) shall be omitted;
- (d) in sections 52I(5)(a) and 52T(7)(a) for “general fund” there shall be substituted “council fund”.

(3) Any power of the National Assembly for Wales under this Chapter to make an order shall be exercisable by statutory instrument.”

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#### **Marginal Citations**

**M1** 1992 c.14.

**Changes to legislation:**

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