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# Local Government Finance Act 1992

## 1992 CHAPTER 14

### PART I

#### COUNCIL TAX: ENGLAND AND WALES

#### [<sup>F1</sup>CHAPTER IVZA

#### REFERENDUMS RELATING TO COUNCIL TAX INCREASES

*[<sup>F1</sup>Directions that referendum provisions are not to apply*

#### Textual Amendments

**F1** Pt. 1 Ch. 4ZA inserted (3.12.2011) by [Localism Act 2011 \(c. 20\)](#), ss. 72(1), 240(2), [Sch. 5](#); S.I. 2011/2896, art. 2(g) (with art. 3(1)(2))

#### **52ZR Direction that referendum provisions are not to apply**

- (1) The Secretary of State may give a direction under this section to an authority other than the Greater London Authority if it appears to the Secretary of State that, unless the authority's council tax calculations are such as to produce a relevant basic amount of council tax that is excessive by reference to the principles determined by the Secretary of State for the year—
  - (a) the authority will be unable to discharge its functions in an effective manner, or
  - (b) the authority will be unable to meet its financial obligations.
- (2) The Secretary of State may give a direction under this section to the Greater London Authority if it appears to the Secretary of State that, unless the Authority's council tax calculations are such as to produce a relevant basic amount of council tax that is excessive by reference to the principles determined by the Secretary of State for the year—

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- (a) one or more of the Authority's constituent bodies will be unable to discharge its functions in an effective manner, or
  - (b) one or more of those bodies will be unable to meet its financial obligations.
- (3) The effect of a direction under this section is that the referendum provisions do not apply for the financial year to, and no further step is to be taken for the financial year under the referendum provisions by—
- (a) the authority to whom it is made, and
  - (b) where that authority is a precepting authority, a billing authority as a result of any notification under section 52ZK or 52ZM above by the precepting authority.
- (4) A direction under this section may be given to an authority other than the Greater London Authority—
- (a) whether or not the authority has carried out its council tax calculations for the financial year, and
  - (b) in the case of a billing authority, whether or not the authority has set an amount of council tax for the financial year under section 30 above.
- (5) A direction under this section may be given to the Greater London Authority only if it has carried out its council tax calculations for the financial year.
- (6) But a direction under this section may not be given to an authority if—
- (a) a referendum has been held relating to the authority's relevant basic amount of council tax for the financial year, and
  - (b) that amount has not been approved as mentioned in section 52ZH above (where the authority is a billing authority) or section 52ZO above (where the authority is a precepting authority).
- (7) The following sections make further provision about the effect of a direction under this section—
- (a) for a billing authority: section 52ZS below;
  - (b) for a major precepting authority other than the Greater London Authority: section 52ZT below;
  - (c) for the Greater London Authority: section 52ZU below;
  - (d) for a local precepting authority: section 52ZV below.
- (8) In this Part—
- “constituent body” means—
    - (a) the Mayor of London,
    - (b) the London Assembly, or
    - (c) a functional body within the meaning of section 424 of the Greater London Authority Act 1999;
  - “council tax calculations” means—
    - (a) in relation to a billing authority, calculations under sections 31A, 31B and 34 to 36 above,
    - (b) in relation to a major precepting authority other than the Greater London Authority, calculations under sections 42A, 42B and 45 to 48 above,
    - (c) in relation to the Greater London Authority, calculations under sections 85 to 90 of the Greater London Authority Act 1999 and sections 47 and 48 above, and

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- (d) in the case of a local precepting authority, calculations under section 49A above;  
“the referendum provisions” means—
  - (a) where the direction is given to a billing authority, sections 52ZB and 52ZF to 52ZI above,
  - (b) where the direction is given to a major precepting authority, sections 52ZB, 52ZJ, 52ZK and 52ZN to 52ZP above, and
  - (c) where the direction is given to a local precepting authority, sections 52ZB and 52ZL to 52ZP above.

### **52ZS Directions to billing authorities**

- (1) This section applies if the Secretary of State gives a direction under section 52ZR above to a billing authority.
- (2) The direction must state the amount that is to be the amount of the billing authority's council tax requirement for the financial year.
- (3) If the direction is given before the billing authority has carried out its council tax calculations for the financial year, that amount is to be treated for all purposes as the amount calculated by the billing authority under section 31A above.
- (4) If the direction is given after the billing authority has carried out its council tax calculations for the financial year (whether or not it has set an amount of council tax for the year)—
  - (a) those calculations are of no effect, and
  - (b) the authority must make substitute calculations for the year in accordance with section 36A above.
- (5) For the purposes of those and any subsequent substitute calculations and the application of Chapter 3 above to them—
  - (a) the amount stated in the direction as the amount of the billing authority's council tax requirement for the financial year is to be treated as the amount calculated by the billing authority under section 31A above, and
  - (b) subsections (2)(a) and (4) of section 36A above are to be ignored.

### **52ZT Directions to major precepting authorities**

- (1) This section applies if the Secretary of State gives a direction under section 52ZR above to a major precepting authority other than the Greater London Authority.
- (2) The direction must state the amount that is to be the amount of the major precepting authority's council tax requirement for the financial year.
- (3) If the direction is given before the major precepting authority has carried out its council tax calculations for the financial year, that amount is to be treated for all purposes as the amount calculated by the major precepting authority under section 42A above.
- (4) If the direction is given after the major precepting authority has carried out its council tax calculations for the financial year (whether or not it has issued a precept for the year)—
  - (a) those calculations are of no effect, and

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- (b) the authority must make substitute calculations for the year in accordance with section 49 above.
- (5) For the purposes of those and any subsequent substitute calculations and the application of Chapters 3 and 4 above to them—
  - (a) the amount stated in the direction as the amount of the major precepting authority's council tax requirement for the financial year is to be treated as the amount calculated by the billing authority under section 42A above, and
  - (b) subsection (2)(za) of section 49 above is to be ignored.

### **52ZU Directions to the Greater London Authority**

- (1) This section applies if the Secretary of State gives a direction under section 52ZR above to the Greater London Authority.
- (2) The direction must specify the amount that is to be the component council tax requirement for the relevant constituent body for the year.
- (3) The Greater London Authority must make calculations in substitution in relation to the financial year under subsections (4) to (7) of section 85 of the Greater London Authority Act 1999 in relation to—
  - (a) the relevant constituent body alone, or
  - (b) the relevant constituent body and one or more other constituent bodies.
- (4) Subsection (5) below applies if the result of the substitute calculations is such that—
  - (a) there is an increase in the Greater London Authority's consolidated council tax requirement for the year, or
  - (b) there is no such increase, but the results of the calculations in substitution made in accordance with sections 85, 86 and 88 to 90 of and Schedule 7 to the Greater London Authority Act 1999 and sections 47 and 48 above would be different from the last relevant calculations in relation to the year.
- (5) The Greater London Authority must make calculations in substitution in accordance with the provisions mentioned in subsection (4)(b) above.
- (6) In subsection (4)(b) above “the last relevant calculations” means the last calculations made by the Greater London Authority in relation to the financial year in accordance with—
  - (a) sections 85 to 90 of the Greater London Authority Act 1999 and sections 47 and 48 above, or
  - (b) sections 85, 86 and 88 to 90 of and Schedule 7 to that Act and sections 47 and 48 above.
- (7) None of the substitute calculations is to have any effect if—
  - (a) the amount calculated under section 85(6) or (7) of the Greater London Authority Act 1999 for the relevant constituent body is not in compliance with the direction,
  - (b) there is an increase in the Greater London Authority's consolidated council tax requirement for the financial year (as last calculated) which exceeds the increase required to be made to the component council tax requirement for the relevant constituent body (as last calculated for the year) to comply with the direction, or

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- (c) in making the calculations under section 88(2) or 89(3) of that Act, the Authority fails to comply with subsection (8) below.
- (8) In making substitute calculations under section 88(2) or 89(3) of the Greater London Authority Act 1999 the Greater London Authority must use any amount determined in the previous calculations for item T in section 88(2) of that Act or for item TP2 in section 89(4) of that Act.
- (9) Subsections (7)(c) and (8) above do not apply if the previous calculations have been quashed because of a failure to comply with the appropriate Greater London provisions in making the calculations.
- (10) For the purposes of subsection (9) above “the appropriate Greater London provisions” means—
- (a) in the case of calculations required to be made in accordance with sections 85 to 90 of the Greater London Authority Act 1999 and sections 47 and 48 above, those provisions, and
- (b) in the case of calculations required to be made in accordance with sections 85, 86 and 88 to 90 of and Schedule 7 to that Act and sections 47 and 48 above, those provisions.
- (11) Any substitute calculations under this section are to be made in accordance with Schedule 7 to the Greater London Authority Act 1999.
- (12) In this Part—
- “component council tax requirement” has the meaning given by section 85(6) of the Greater London Authority Act 1999;
- “consolidated council tax requirement” has the meaning given by section 85(8) of the Greater London Authority Act 1999;
- “the relevant constituent body”, in relation to a direction under section 52ZR above, means the constituent body by reference to which the direction was given (or, if there is more than one such body, each of them).

#### **52ZV Directions to local precepting authorities**

- (1) This section applies if the Secretary of State gives a direction under section 52ZR above to a local precepting authority.
- (2) The direction must state the amount that is to be the amount of the local precepting authority's council tax requirement for the financial year.
- (3) That amount is to be treated for all purposes as the amount calculated by the local precepting authority under section 49A above.
- (4) If the direction is given after the local precepting authority has issued a precept for the financial year, that amount is to be treated for all purposes as an amount calculated by the authority in substitution in relation to the year in accordance with that section (so that, in particular, section 42 above applies accordingly).

#### **52ZW Further provisions about directions**

- (1) An authority that is required to make substitute calculations for a financial year by virtue of any of sections 52ZS to 52ZU above—
- (a) must make the calculations, and

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- (b) in the case of a major precepting authority, must issue any precepts in substitution required in consequence under section 42 above, before the end of the period mentioned in subsection (3) below.
- (2) A local precepting authority to which section 52ZV(4) above applies must issue any precepts in substitution required in consequence under section 42 above before the end of the period mentioned in subsection (3) below.
- (3) That period is—
- (a) the period of 35 days beginning with the day on which the authority receives the direction (where it is the Greater London Authority), or
  - (b) the period of 21 days beginning with the day on which the authority receives the direction (in any other case).
- (4) In the case of a billing authority, the authority has 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 have effect accordingly.
- (5) In the case of a precepting authority, no authority to which it has power to issue a precept has power during the period of restriction to pay anything in respect of a precept issued by the precepting authority for the financial year.
- (6) For the purposes of subsections (4) and (5) above “the period of restriction” is the period—
- (a) beginning at the end of the period mentioned in subsection (3) above, and
  - (b) ending at the time (if any) when the authority complies with subsection (1) or (2) above (as the case may be).
- (7) The following provisions of this section apply to substitute calculations by the Greater London Authority other than those made pursuant to section 52ZU above.
- (8) Subject to variation or revocation, a direction under section 52ZR above has effect in relation to any substitute calculations made under any enactment by the Greater London Authority—
- (a) in accordance with sections 85, 86 and 88 to 90 of and Schedule 7 to the Greater London Authority Act 1999 and sections 47 and 48 above,
  - (b) in relation to the financial year to which the direction relates, and
  - (c) at any time after the direction is given.
- (9) Where a direction under section 52ZR above has effect in relation to any substitute calculations by virtue of subsection (8) above, none of the calculations have effect if the amount calculated under section 85(6) of the Greater London Authority Act 1999 for the relevant constituent body is not in compliance with the direction.]

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