

NORTH HERTFORDSHIRE DISTRICT COUNCIL



20 January 2026

Our Ref Council Tax Setting Committee 29
 January 2026
Contact. Committee Services
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To: Members of the Committee: Councillors Ian Albert, Val Bryant, Ralph Muncer, Sean Nolan and Paul Ward

Substitutes: Councillors Matt Barnes, Ruth Brown, Nigel Mason, Steven Patmore,
 Laura Williams and Stewart Willoughby

**NOTICE IS HEREBY GIVEN OF A
MEETING OF THE COUNCIL TAX SETTING COMMITTEE**

to be held in

**FLOOR 1, ROOM 2, DISTRICT COUNCIL OFFICES,
LETCWORTH GARDEN CITY, SG6 3JF**

On

THURSDAY, 29TH JANUARY, 2026 AT 5.30 PM

Yours sincerely,

Isabelle Alajooz
Director – Governance

****MEMBERS PLEASE ENSURE THAT YOU DOWNLOAD ALL
AGENDAS AND REPORTS VIA THE MOD.GOV APPLICATION
ON YOUR TABLET BEFORE ATTENDING THE MEETING****

Agenda

Part I

Item		Page
1.	ELECTION OF CHAIR FOR THE CIVIC YEAR 2025/26 To elect a Chair for the Council Tax Setting Committee for the Civic Year 2025/26.	
2.	APOLOGIES FOR ABSENCE Members are required to notify any substitutions by midday on the day of the meeting. Late substitutions will not be accepted and Members attending as a substitute without having given the due notice will not be able to take part in the meeting.	
3.	MINUTES - 23 JANUARY 2025 To take as read and approve as a true record the minutes of the meeting of the Committee held on the 23 January 2025.	(Pages 5 - 8)
4.	NOTIFICATION OF OTHER BUSINESS Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chair will decide whether any item(s) raised will be considered.	
5.	CHAIR'S ANNOUNCEMENTS Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.	
6.	PUBLIC PARTICIPATION To receive petitions, comments and questions from the public.	

7. COUNCIL TAX BASE 2026/27 (Pages 9
REPORT OF THE DIRECTOR – RESOURCES - 18)

To set the Council Tax Base for 2026/27 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (the Regulations).

8. NATIONAL NON-DOMESTIC RATE RETURN 1 (NNDR1) 2026/27 (Pages
REPORT OF THE DIRECTOR – RESOURCES 19 - 24)

To inform Members of the reporting processes for the NNDR 1 Return and to approve the Draft NNDR1 Return for 2026/27.

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Public Document Pack Agenda Item 3

NORTH HERTFORDSHIRE DISTRICT COUNCIL

COUNCIL TAX SETTING COMMITTEE

MEETING HELD IN THE ROOM 2, DISTRICT COUNCIL OFFICES, LETCHWORTH
GARDEN CITY, SG6 3JF

ON THURSDAY, 23RD JANUARY, 2025 AT 5.30 PM

MINUTES

Present: *Councillors: Ian Albert (Chair), Val Bryant (Vice-Chair), Ralph Muncer.*

In Attendance: *Jo Dufficy (Service Director - Customers), Robert Filby (Trainee Committee, Member and Scrutiny Officer), Geraldine Goodwin (Revenues Manager and Data Protection Officer) and James Lovegrove (Committee, Member and Scrutiny Manager)*

Also Present: *There were no members of the public present.*

50 APOLOGIES FOR ABSENCE

Audio recording – 1 minute 22 seconds

No apologies for absence were received.

Councillors Alistair Willoughby and Ruth Brown were absent.

51 MINUTES - 29 JANUARY 2024

Audio Recording – 1 minute 30 seconds

Councillor Ian Albert, as Chair, proposed and Councillor Val Bryant seconded and, following a vote, it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 29 January 2024 be approved as a true record of the proceedings and be signed by the Chair.

52 NOTIFICATION OF OTHER BUSINESS

Audio recording – 2 minutes 6 seconds

There was no other business notified.

53 CHAIR'S ANNOUNCEMENTS

Audio recording – 2 minutes 10 seconds

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be audio recorded.
- (2) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.
- (3) The Chair advised that Members were required to be present for the entire item at this meeting in order to take part in the vote.

54 PUBLIC PARTICIPATION

Audio recording – 2 minutes 47 seconds

There was no public participation at this meeting.

55 COUNCIL TAX BASE 2025/26

Audio recording – 2 minutes 51 seconds

The Service Director – Customers, presented the report entitled 'Council Tax Base 2025/2026', and advised that:

- The Executive Summary should refer to 2025/2026, not 2024/2025.
- Setting the Council Tax Base was an annual statutory requirement and was established by calculating the number of Band D equivalent properties in the District.
- The Council Tax Base calculation for 2025/2026 was 50,836.3.
- The calculation was not a whole number as it included discounts, the impact of council tax reduction, the impact of collection rate and the conversion of properties into Band D equivalent.
- This was a slight increase of 0.54% compared to 2024/2025.
- The income from Council Tax was expected to be £13.2 million.
- The breakdown for each Town and Parish Council was included at Appendix A to the report.
- The detail on how the Council Tax Base was calculated was included at Appendix B to the report.
- The collection rate of Council Tax remained high at 99%.
- It was important to note that this was the overall collection rate, which was different to the in-year collection rate as Council Tax is not always collected in the same year in which it is due.
- The current in-year collection rate was slightly above target despite a number of customers now choosing to pay over 12 instalments through the year instead of the standard 10.

In response to a question from Councillor Ralph Muncer, the Revenues, Systems & Technical Manager advised that the figures relating to the number of households in which a Summons and a Liability Order was used and the amount of Council Tax collected from this method would be sent to all Members after the meeting.

Councillor Ian Albert, as Chair, proposed and Councillor Val Bryant seconded and, the outcome of the vote was as follows:

VOTE TOTALS:

YES:	3
ABSTAIN:	0
NO:	0
TOTAL:	0

NUMBER OF DELEGATES PRESENT: 3

THE INDIVIDUAL RESULTS WERE AS FOLLOWS:

Cllr Ian Albert	YES
Cllr Val Bryant	YES
Cllr Ralph Muncer	YES

Therefore, it was:

RESOLVED: That the Committee:

- (1) Set a non-collection rate of 1% for 2025/2026.
- (2) Set the Council Tax Base for 2025/2026 at 50,836.3 and that the individual sums show in Appendix A for each Parish be agreed.

REASONS FOR DECISIONS: To fulfil the statutory requirement to set a Council Tax Base for the District and to enable Major and Local Precepting Authorities to set their levels of Council Tax for 2025/2026.

56 NATIONAL NON-DOMESTIC RATE RETURN 1 (NNDR1) - 2025/2026

Audio recording – 9 minutes 27 seconds

The Service Director – Customers, presented the report entitled ‘National Non-Domestic Rate Return 1 (NNDR1) 2025/26’, and advised that:

- This was an annual statutory return which had a required return and submission date of 31 January each year.
- This return was the best estimate of NNDR to be collected in the following year and allowed the Council to calculate any surplus and deficit as well as the amount of NNDR to be retained locally.
- The form traditionally followed the government Autumn Statement and incorporated any changes made to Business Rates.
- There was a tight turnaround for the Council to complete this form as it had been received on 16 December and there was more than one version to complete. These also had to be reviewed by the Finance team and externally by LG Futures before being returned.
- The return itself had been uploaded the previous day on 22 January as a supplement to the report.
- Despite the return being complete, last-minute amendments could be received before the deadline and therefore the delegation to officers at recommendation 2.3 was required.
- The expected income showed £21.724 million.

Councillor Ian Albert, as Chair, proposed and Councillor Val Bryant seconded and, following a vote, it was:

RESOLVED:

- (1) That the Draft NNDR 1 was approved.
- (2) That it was noted that a 2nd draft version of the NNDR1 was sent to Councils by the Ministry of Housing, Communities & Local Government (MHCLG) on Monday 16th December 2024. The final version of NNDR1 would need to be returned to MHCLG by Wednesday 31st January 2025.
- (3) That the Committee delegated any amendments to the return resulting from changes to the return and any additional guidance, to the Service Director – Customers in consultation with the Service Director – Resources and the Committee Chair.

REASONS FOR DECISIONS: To comply with statutory requirements.

The meeting closed at 5.46 pm

Chair

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COUNCIL TAX SETTING COMMITTEE 29th January 2026

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: COUNCIL TAX BASE 2026/2027

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1 To set the Council Tax Base for 2026/2027 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (the Regulations)

2. RECOMMENDATIONS

- 2.1 That the Committee is recommended to set a non-collection rate of 1% for 2026/2027.
- 2.2 That the Committee is recommended to set the Council Tax Base for 2026/2027 at 51,529.0 and that the individual sums shown in Appendix A for each Parish be agreed.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To fulfil the statutory requirement to set a Council Tax Base for the District and to enable Major and Local Precepting Authorities to set their levels of Council Tax for 2026/2027.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. As set out in paragraph 8.4, the Council can assume that there will be growth in the tax base, either prior to the relevant year or during the year. However, for 2026/27 this is not considered to be a prudent approach.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There is no requirement to consult regarding the setting of the tax base as it is a legislative requirement to calculate the tax base each year and is based on actual data which cannot be amended.
- 5.2 The tax base calculation is impacted by the number of properties in receipt of council tax reduction (CTR). We are required to set a local scheme for working age claimants, the

County Council and the Police & Crime Commissioner (PCC) for Hertfordshire have been contacted and asked to comment on the Council Tax Reduction Scheme for 2026/2027, although the only change is an uplift for inflation.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The Regulations require that a formal resolution be made to determine the tax base. This is the figure that represents the total number of properties in the district, adjusted for discounts, exemptions and premiums and then expressed as the equivalent number of Band D properties. Regulations also require that this calculation is made between 1 December and 31 January. It cannot wait until the 'tax-setting' meeting in February because the result must be notified to the County Council, Police & Crime Commissioner for Hertfordshire, and Local Councils by 31 January in each year. Each Council is therefore required to present the calculation of the tax base for tax-setting at a meeting during December or January.

8. RELEVANT CONSIDERATIONS

Council Tax Reduction Scheme

- 8.1 The amount of Council Tax Reduction awarded directly affects the tax base by reducing it by the equivalent number of Band D properties. This is established within the council's tax base.

The Calculation

- 8.2 Appendix B gives an illustrative example of the council's tax base calculation for Letchworth Garden City (LGC). This appendix details how the Council Tax base is arrived at after taking into consideration discounts, exemptions and premiums specifically for LGC. This is replicated amongst all areas of the district to give a final total of 51,529.0, which is seen at Appendix A. The result is not always a whole number of properties as it includes discounts, the impact of CTR, the impact of the non-collection rate and the conversion of properties into Band D equivalents, however this year it is a whole number. Properties are assigned to a band from A to H, and legislation sets out how these are converted into a standardised number (i.e., Band D equivalents).
- 8.3 This is an increase in the Council Tax Base of 692.2 compared with 2025/2026 or 1.35%
- 8.4 For the years prior to 2021/22 an allowance had been made for properties expected to come into the list before the end of the financial year to which the tax base refers. As agreed for the years since 2021/22, the tax base assumes that potential property completions are ignored in the tax base calculation and are only included once the property is either occupied or if the property is completed, we have served a completion

notice. This is a prudent approach when there is high uncertainty over any growth in the tax base.

Non-Collection Rate

- 8.5 In setting its tax base, the Council has always had to decide on its expected level of non-collection. Since 1995/1996, the Council has assumed a non-collection rate of 1%.
- 8.6 It should be borne in mind when considering the non-collection rate that there are a few factors, other than eventually non-collected payments, which will impact on the total value of Council Tax that is collected, and these are as follows:
- (i) The level of successful appeals against banding valuations
 - (ii) The impact of new properties coming into tax either before the start of the year or during the year
 - (iii) The number of disablement applications, premiums, Discounts and Exemptions, such as single persons discount and student exemptions.
 - (iv) The value of Council Tax Reduction Scheme awards
- 8.7 Any surplus (or deficit) on the council tax collection fund is split between the major precepting authorities (the County Council, Hertfordshire Police, and this Council) in proportion to the relative level of precept on the fund (expected to be around 77%,12%,11% County/Police/District in 2026/2027).
- 8.8 The in-year collection performance in 2026/2027 is slightly lower than that of 2025/2026 (80.64% compared with 80.74% at the end of December). It is becoming increasingly difficult to collect the Council Tax within the year that it falls due, so this does represent a considerable achievement in maintaining collection rates at a high level. The value of instalments extended into February and March is 6.59% of the total collectable debit which is slightly higher compared to last year at 5.94%. This continues to reflect the assistance that has been given to customers in extending their instalments beyond the standard ten instalments ending in January each year and does attribute to the slightly lower collection at the end of December 2025. The government has sought views on changing the statutory instalment scheme to 12 instalments rather than the current 10; further guidance is being awaited on this as it would need a change in primary legislation.
- 8.9 In setting the non-collection figure, members should be mindful that this is based on the ultimate expected collection rate and not the in-year collection rate. Ultimate collection rates remain high. Each previous financial year is over 99.0% and remains for every year before 2017/2018 at over 99.5%.
- 8.10 Analysis of the council's collection performance shows that actual collection can expect to reach 99.5% within three to four years and 99.9% within ten years. On that basis, officers are recommending that, even with the difficulty in collecting Council Tax in-year, the non-collection rate should remain at 1% for 2026/2027.

9. LEGAL IMPLICATIONS

- 9.1 The Council's Constitution provides at 10.2 the Council Tax Setting Committee Terms of Reference and specifically at 10.2.1 (a) states that the committee will have the responsibility to "Set the Council Tax Base in accordance with the Local Authority (Calculation of Council Tax Base) Regulations 2012."
- 9.2 In accordance with the Local Government Finance Act 1992 and related Statutory Instruments, the Authority is required to determine its Council Tax Base by no later than 31st January in the preceding financial year.
- 9.3 The formula to be used for the calculation of the Council Tax Base is set out in the Local Authority (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The content and timing of the supply of information from and to the Major Precepting Authorities and the Billing Authority is regulated by the Local Authority (Calculation of Council Tax Base) (Supply of Information) Regulations 1992.

10. FINANCIAL IMPLICATIONS

- 10.1 The council tax base agreed will be used to determine the total actual level of council tax levied by the council at its meeting in February 2026.
- 10.2 For North Herts Council, based on the current Band D council tax of £267.78, the council tax base of 51,529.0 will result in projected income from council tax of £13,798,436 compared to £13,217,946 in 2025/2026. The Medium-Term Financial Strategy and draft budget however assumes that there will be an increase in the council tax rate in 2026/2027, which will further increase the projected income from council tax.

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 As explained at 8.7, any shortfall in the collection fund would have to be made up by the major precepting authorities in proportion to the level of precept. Due to the pressures on Council finances, increases in Council Tax are expected to be at the limits imposed by Government. Therefore, any shortfalls need to be met through reserves and/or reductions in spend.
- 11.3 The Council has established processes in place for calculating the tax base and comparison with previous years provides a sense-check of the calculated value. By not assuming any growth, it reduces the risk of the tax base value being over-stated. Collection Fund balances are monitored throughout the year and reported as part of the quarterly Revenue Monitoring report.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equality implications arising from this report. Ensuring that the council has sufficient income to deliver the services that residents rely on whilst keeping council tax levels at an appropriate level is important. Those services may include those that have a protected characteristic so maintaining may be especially important.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1 There are no known Environmental impacts or requirements that apply to this report

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no Human Resource implications in this report.

16. APPENDICES

- 16.1 Appendix A – Council Tax Base by Parish 2026/2027
- 16.2 Appendix B – Example of Council Tax Base calculation for Letchworth Garden City

17. CONTACT OFFICERS

- 17.1 Geraldine Goodwin, Revenues Manager
Geraldine.goodwin@north-herts.gov.uk; ext. 4277
- 17.2 Ian Couper, Service Director – Resources
ian.couper@north-herts.gov.uk; ext. 4243
- 17.3 Antonio Ciampa, Accountancy Manager
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- 17.3 Rachel Cooper, Controls, Risk and Performance, Manager
Rachel.cooper@north-herts.gov.uk ext.4606
- 17.4 HR
HRhelp@north-herts.gov.uk
- 17.5 Natasha Jindal, Interim Legal Manager and Deputy Monitoring Officer
Natasha.jindal@north-herts.gov.uk ext. 4430

17.6 Amber Smith-Howell
Amber.Smith-Howell@north-herts.gov.uk ext. 4164

18. BACKGROUND PAPERS

18.1 None

Appendix A

Ashwell	909.0
Barkway	439.9
Barley	341.8
Bygrave	133.9
Caldecote & Newnham	60.6
Clothall	88.7
Codicote	1835.0
Graveley	180.5
Great Ashby	2018.0
Hexton	65.3
Hinxworth	163.0
Holwell	157.3
Ickleford	953.8
St Ippolyts	961.9
Kelshall	80.6
Kimpton	1089.3
Kings Walden	427.5
Knebworth	2074.5
Langley	87.9
Lilley	183.8
Nuthampstead	68.6
Offley	621.2
St Pauls Walden	577.8
Pirton	709.6
Preston	262.1
Radwell	56.7
Reed	164.3
Rushden & Wallington	209.6
Sandon	258.6
Therfield	278.3
Weston	447.7
Wymondley	428.5
Baldock	3816.1
Hitchin	12750.1
Letchworth	11591.7
Royston	7035.8
Total	51529.0

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COUNCIL TAX BASE CALCULATION 2026/2027 - LETCHWORTH

DESCRIPTION	DIS BAND	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL
NUMBER ON LIST		870	3,285	6,407	1,470	1,834	899	498	27	15,290
LESS NUMBER EXEMPT		35	67	85	25	28	7	3	1	251
LESS NUMBER DEMOLISHED		0	0	0	0	0	0	0	0	0
NUMBER OF CHARGEABLE DWELLINGS		835	3,218	6,322	1,445	1,806	892	495	26	15,039
LESS DISABLEMENT ADJUSTMENT		0	12	39	17	19	6	7	5	105
PLUS DISABLEMENT ADJUSTMENT	0	12	39	17	19	6	7	5		105
ADJUSTED CHARGEABLE DWELLINGS	0	847	3,245	6,300	1,447	1,793	893	493	21	15,039
SINGLE DISCOUNTS - SOLE OCCUPIERS	0	544	1,805	1,878	366	390	166	59	4	5,212
SINGLE DISCOUNTS - DISREGARDED OCCUPIERS	0	3	26	53	12	5	5	2	0	106
50% DISCOUNT - DISREGARDED OCCUPIERS	0	1	9	4	4	5	1	5	0	29
Second Home (No discount)	0	2	6	15	2	10	0	0	1	36
ZERO DISCOUNT - LONG TERM EMPTY	0	9	40	53	12	9	4	3	1	131
EFFECT OF FAMILY ANNEXE DISCOUNTS	0.0	0.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0	2
100% DISCOUNT - LONG TERM EMPTY	0	3	11	14	2	2	2	0	0	34
EMPTY HOME PREMIUM - 2-5 Years	0	38	28	17	3	5	1	1	0	93
EMPTY HOME PREMIUM - 5-10 Years	0	0	2	1	0	0	1	0	0	4
EMPTY HOME PREMIUM - Over 10 Years	0	0	0	1	0	0	0	0	0	1
TOTAL EMPTY	0	50	81	86	17	16	8	4	1	263
DWELLINGS WITH 100% LIABILITY (IGNORING ANNEXES)	0	256	1,358	4,317	1,058	1,376	717	426	16	9,524
DWELLINGS SUBJECT TO DISCOUNT (IGNORING ANNEXES)	0	553	1,857	1,964	386	412	174	66	5	5,417
DWELLINGS SUBJECT TO PREMIUM	0	38	30	19	3	5	2	1	0	98
NUMBER TO ENTER LIST BEFORE 1 APRIL 2026	0	0	0	0	0	0	0	0	0	0
NUMBER TO ENTER LIST DURING THE YEAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NUMBER ON LIST TO FALL OUT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EFFECT OF DISCOUNTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EFFECT OF ADJUSTMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AGGREGATE OF DWELLINGS	0.00	744.05	2,802.15	5,821.75	1,351.30	1,693.75	850.75	476.25	19.90	13,759.90
Less Council Tax Reduction Scheme	0.0	216.7	783.4	853.0	61.4	31.0	8.2	1.5	0.0	
Net Dwellings	0.0	527.4	2,018.8	4,968.8	1,289.9	1,662.7	842.6	474.8	19.9	
AGGREGATE x MULTIPLIER	0	351.6	1570.2	4416.7	1289.9	2032.2	1217.1	791.3	39.8	11708.8
EFFECT OF COLLECTION RATE X 99.0%	0	348.1	1554.5	4372.5	1277	2011.9	1204.9	783.4	39.4	11591.7

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COUNCIL TAX SETTING COMMITTEE
29th January 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: NATIONAL NON-DOMESTIC RATE RETURN 1 (NNDR1) - 2026/2027

REPORT OF THE DIRECTOR – RESOURCES

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1 To inform Members of the reporting processes for the NNDR 1 Return
- 1.2 To approve the Draft NNDR1 Return for 2026/2027. This will be made available to Members as soon as possible ahead of the meeting and subject to a review by LG Futures on 26 January 2026.

2. RECOMMENDATIONS

- 2.1. That the Draft NNDR 1 (to be submitted) is approved.
- 2.2. That it be noted that the final version of the NNDR1 will need to be returned to MHCLG by Wednesday 31 January 2026.
- 2.3. That the Committee delegates any amendments to the return resulting from changes to the return and any additional guidance to the Director – Resources in consultation with the Committee Chair.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To comply with statutory requirements.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. This is a statutory requirement.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. This is a statutory return and not subject to consultation. LG Futures provide advice on the technical implications of the NNDR1 form.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The Council has always had a requirement to make an NNDR1 return to the Secretary of State each year, which has been the Council's estimate of the likely income from Non-Domestic Rates for the following financial year.
- 7.2. In December 2011 the Government published its proposals for a Business Rates Retention Scheme alongside the introduction of the Local Government Finance Bill, which became an Act in November 2012. The intention of this proposal was to ensure that a proportion of Non-Domestic Rates was locally retained.
- 7.3. The amount to be retained by Billing Authorities and the amount to be paid to Central Government and Major Precepting Authorities is to be fixed at the start of the financial year based on the Billing Authority's estimate of its Non-Domestic Rating income for the year (the NNDR1 Return). For this reason, the Government has decided that this return should now be subject to approval by Members. There are subsequent adjustments to reflect the amounts that are collected.
- 7.4. The basis on which a Billing Authority is to make that estimate was set out in regulations made under the provisions of the Local Government Act 1988.
- 7.5. The existing requirements for the calculation of Non-Domestic Rating income for the year are found in Schedule 1 of the Non-Domestic Rating (Rates Retention) Regulations (the Retention Regulations).
- 7.6. The Regulations require Billing Authorities to calculate the sum due, for that year, and inform
- a) The Secretary of State in respect of the "central share" of their Non-Domestic Rating income.
 - b) Their Major Precepting Authorities

8. RELEVANT CONSIDERATIONS

The Financial Information Required in The NNDR1

- 8.1. The Non-Domestic Rating (Rates Retention) Regulations 2013 require a Billing Authority to calculate its Non-Domestic Rating income by estimating the net payments from ratepayers that will be credited to its collection fund (after having taken account of any rate relief provided to ratepayers and any repayments made to ratepayers).
- 8.2. For 2026/2027 Authorities will be required, in accordance with Regulation 13 of the Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) (as amended), to estimate the likely non-domestic rating surplus, or deficit on the Collection Fund for the current year.

- 8.3. Regulation 13 requires an Authority to estimate the surplus/deficit that it believes will exist on 31 March 2026, based on a statutory calculation set out in Schedule 4 to the Regulations (as amended). The estimated amount will be shared between the authority, its major preceptors and central Government and will be added (or subtracted) from each party's share of 2026/2027 non-domestic rating income.
- 8.4. The NNDR1 traditionally follows the Government's Autumn Budget and is amended each year to take into consideration any changes to Business Rates made in that Statement/Budget.
- 8.5. From 1st April 2026 the government has announced significant changes and Billing authorities are required to show gross rates payable for the 2026/2027 financial year split between five multipliers as follows:
- Small Business Retail, Hospitality & Leisure (RHL) multiplier – 38.2p
 - Small Business non-domestic taking multiplier – 43.2p
 - Standard RHL multiplier – 43.0p
 - Standard non-domestic rating multiplier – 48.0p
 - High-value non-domestic rating multiplier – 50.8p

In accordance with The Local Government Finance Act 1988 (Calculation of Non-Domestic Rating Multipliers for Retail, Hospitality or Leisure) (England) Regulations 2026 SI 2026/4, the new retail, hospitality and leisure (RHL) multipliers are set 5p below the relevant national multipliers for qualifying properties with rateable values below £500k, funded by a high-value multiplier 2.8p above the national standard multiplier for properties with rateable values of £500,000 and above. The threshold between the standard and small multipliers (less than £51,000 RV) will not change. The Rateable Value (RV) is determined by the Valuation Office Agency and is an estimate of a non-domestic property's annual income if it were let on the open market and is then used to calculate the business rates.

- 8.6. From 1st April 2026 a new Local Rating List (Valuation List) with an antecedent Valuation date of 1st April 2024 also takes effect. Revaluations reassess the valuation of non-domestic properties to reflect changes in the property market, resulting in increases or decreases to ratepayer bills. Assuming no other changes, at the local authority level overall bills will increase or fall depending upon whether RVs in that area have increased above or below the national average.
- 8.7. At the Autumn Budget 2025 the Chancellor announced the introduction of a new 1p supplement to the relevant tax rate for ratepayers who do not receive Transitional Relief (TR) or the Supporting Small Business (SSB) scheme to partially fund Transitional Relief. This will apply for one year from 1 April 2026.

The introduction of Electric Vehicle Charging Points (EVCP) relief. This is a ten-year 100% business rates relief for EVCPs separately assessed by the Valuation Office Agency (VOA) and Electric Vehicle only forecourts to ensure that they face no business rates liability.

The continuation of Supporting Small Business Rates scheme, which will cap bill increase at £800 per year or the relevant caps within Transitional Relief (whichever is the greatest) for any business losing eligibility for certain reliefs, including Small Business

Rate Relief and Rural Rate relief because of the 2026 revaluation. This will support businesses for 2026/27 to 2028/29.

- 8.8. The NNDR1 return for 2026/2027 was circulated to Councils on Thursday 11th December 2025. A revised form was received on Monday 15th December 2025, with some further explanatory guidance on 18th December 2025.
- 8.9. Officers will be working to complete the return as soon as possible and it will be submitted to Members when completed but are heavily reliant on the upgrade of the NEC system (software used for calculating and producing bills) to allow for the completion of the NNDR1 and balancing the new revaluation list into the LIVE system; both of which are not scheduled until week commencing 19 January 2026.
- 8.10. We have been also advised by the MHCLG of several policy intentions that were included in the 2025 Budget for implementation in 2026/2027. These policy intentions can be summarised as:
- Introduction of new multipliers
 - The removal of the retail, hospitality & leisure relief from 40% to 0%
 - Revaluation of business rate properties, effective 1 April 2026
 - Introduction of new Transitional relief (TR) scheme for upward increase only
 - Continuation of new Supporting Small Business Relief (SSB), extended to cover those who were eligible for RHL
 - Introduction of 1p supplement for ratepayers that do not receive TR or SSB
- 8.11. The law requires that the NNDR1 must be returned to MHCLG by 31 January 2026 and consequently, the Council will have to comply with this, in the knowledge that when the Budget implications become law, the NNDR1 will be inaccurate, and the Council may be required to submit a revised version.
- 8.12. It would be prudent to mention at this point that we are still awaiting several changes to be implemented by software suppliers before we can test any annual billing processes. We must thoroughly test these significant changes before we issue any Bills, this may impact on when bills can be produced and the knock-on effect that this may to collection and cashflow in April.

9. LEGAL IMPLICATIONS

- 9.1. The provisions for business rates retention were brought in under Schedule 1 of the Local Government Finance Act 2012. Approval of the NNDR1 return is delegated through the Council's Constitution to this Committee pursuant to its terms of reference at 10.2.1(c) and 10.2.2 of the Constitution.
- 9.2. The Council is aware that it has an obligation to submit its NNDR1 return by 31 January 2026 pursuant to regulation 13 of the Non-Domestic Rating (Rates Retention) Regulations 2013/452, but MHCLG has made the proviso that further iterations of the return may yet be issued. This has resulted in the recommendation at paragraph 2.3 that any necessary amendments to the return resulting from future legislation or guidance be delegated to the Service Director - Customers in consultation with the Service Director – Resources and Chair of this Committee.

10. FINANCIAL IMPLICATIONS

- 10.1. Under the Business Rates Retention element of local government funding, the provisional settlement no longer provides guaranteed funding levels, but rather the starting point for Authorities within the scheme. Ultimately, the level of Non-Domestic Rates collected by Authorities in 2026/2027 will determine the amount received for this element of their funding. In the provisional funding settlement, each Authority is set a Business Rate baseline, which is based on a MHCLG determination of funding need. The Council bases its budget calculations on this baseline level. The Council can benefit where its share of rates collected is above the assumed level. It can also lose funding where the share is below the assumed level. The losses are capped by a safety net, with gains constrained by a levy on any growth.
- 10.2. In 2026/27 business rates baselines will be reset as the baselines have not been reviewed since the business rates retention scheme was introduced in 2013. This means that business rates growth above the baseline will be reallocated across all LAs as part of the fairer funding review. The Council has always budgeted on baseline level so this will not have an impact on North Herts. Due to the reset the safety net level will change from 92.5% to 100% in 2026/27, so North Herts is guaranteed to receive the business rates baseline funding set out in the provisional settlement. The safety net will reduce to 97% in 2027/28 and then revert to 92.5% in 2028/29.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. The NNDR1 is an estimate of the amount of business rates that the Council will expect to collect in 2026/2027. As with any estimate, there is always the risk that it will prove to be inaccurate.
- 11.3. To mitigate against this, trend data for previous years will be used wherever possible and where assumptions must be made, these will be made with a cautious view. However, due to the introduction of the 2026 Rating List the reliance of trend data may not in this instance be of much use.
- 11.4. At the end of the 2026/2027 financial year, an NNDR 3 will be completed and audited, which will determine the final position in terms of Business Rates collected for 2026/2027. Therefore, the main risk is in relation to cash flow, as payments are made in year, based on the estimate. If an overpayment is made, it may be some time before the money is reimbursed as payments are made in year and based on the estimate.
- 11.5. LG Futures are a company that are experts in the field of Local Government funding. We use them to provide advice on our NNDR1 return. This seeks to minimise the risks involved.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. The submission of an NNDR1 return is a statutory one. This report highlights the reporting process and now requires the approval of Members. This does not impact on those that share a protected characteristic as the only change is one of process. If the way business rates was collected changed, then this may affect those sections of the community and would be considered in a separate equalities implications assessment.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no Human Resource implications.

16. APPENDICES

- 16.1 Appendix 1 – Draft NNDR1 return (to be submitted as soon as possible)

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18. BACKGROUND PAPERS

- 18.1 None