

COUNCIL TAX SETTING COMMITTEE
23rd January 2025

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL TAX BASE 2025/2026

REPORT OF: SERVICE DIRECTOR - CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1 To set the Council Tax Base for 2024/2025 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 2025/2026.
- 2.2 That the Committee is recommended to set the Council Tax Base for 2025/2026 at 50,836.3 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 2025/2026.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. As set out in paragraph 8.5, 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 2025/26 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). As we set our CTR scheme locally (for working age claimants) we do

consult on the CTR scheme each year, regardless of whether there are changes proposed or not.

- 5.3 The County Council, the Police & Crime Commissioner (PCC) for Hertfordshire and the public have been consulted in relation to the Council Tax Reduction Scheme for 2025/2026, although there are no significant changes.

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. The 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 proportionate to the amount of expenditure. This is now 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. This is replicated amongst all areas of the district to give a final total of 50,836.3, which is seen at Appendix A. The result is not 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. 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 273.7 compared with 2024/2025 or 0.54%
- 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 is based on the assumption 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 76%,12%,12% County/Police/District in 2025/2026).
- 8.8 The in-year collection performance in 2024/2025 is slightly lower than that of 2023/2024 (80.74% compared with 81.47% at the end of December). It is becoming apparent that there are collection challenges which can be associated with the cost-of-living crisis, even 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 5.94% of the total collectable debit which is slightly higher compared to last year at 5.67%. 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 2024.
- 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 now over 99.0% and for every year before 2017/2018 had reached 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 continued circumstances this year, the non-collection rate should remain at 1% for 2025/2026.

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 2025.
- 10.2 Based on the current Band D council tax of £260.01, the council tax base of 50,836.3 will result in projected income from council tax of £13,217,946, for North Herts Council compared to £12,765,034 in 2024/2025. The Medium-Term Financial Strategy and draft budget however assumes that there will be an increase in the council tax rate in 2025/2026, which will increase the projected income from council tax. The provisional Local Government finance settlement has proposed a referendum threshold for increases above 3% for District Councils.

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 2025/2026
- 16.2 Appendix B – Example of Council Tax Base calculation for Letchworth Garden City

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 None