

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

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18. BACKGROUND PAPERS

18.1 None