

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet

**Date:** 13/01/2025

**Subject:** Council Tax Base and Collection Rate 2025/26 and Delegation of the Business Rate Estimate

**Report of:** Councillor Rowan Ree, Cabinet Member for Finance and Reform

**Report author:** Jamie Mullins, Assistant Director, Revenues

**Responsible Director:** Sukvinder Kalsi, Executive Director for Finance & Corporate Services

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### SUMMARY

This report is a statutory requirement that sets the Council Tax base for the purposes of the 2025/26 revenue budget.

The proposed 2025/26 Council Tax base is 88,304. This is an increase of 2,191 on the figure agreed for 2024/25 and will result in an increased income, based on the 2024/25 Band D Council Tax charge, of £2.0m for Hammersmith & Fulham.

The report also delegates authority to the Executive Director for Finance & Corporate Services to determine the business rates tax base for 2025/26.

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### RECOMMENDATIONS

1. That Cabinet agrees to refer this report to Full Council and recommend approval by Full Council for the financial year 2025/26 of:
    - a. - The estimated numbers of properties for each Valuation Band as set out in this report.
    - b. - An estimated collection rate of 97.0%.
    - c. - The Council Tax Base of 88,304 Band "D" equivalent properties.
    - d. - The delegation of authority to the Executive Director for Finance & Corporate Services to determine the business rates tax base for 2025/26.
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**Wards Affected:** All

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Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Keeping the Council Tax low and providing Council Tax support help residents to maintain affordable living costs.
Creating a compassionate council	We continue to lead on Ethical Debt collection by working closely with vulnerable residents and advice agencies and not employing Enforcement Agents for the collection of Council Tax for those who claim Council Tax Support. Similarly, we have one of the most comprehensive Council Tax Support Schemes in the country, providing relief for those least able to pay. .
Being ruthlessly financially efficient	The recommendations in this statutory report will ensure that the Council will charge the new premium on long term empty properties and second homes. These premiums will generate additional income and contribute to one of the lowest Council Tax rates in the country.
Taking pride in H&F	The Council's policy on charging the premiums on empty or second properties will also encourage landlords to bring these properties back in to use and creating safer and cleaner communities for residents and contributing to the prevention of homelessness.

## Financial Impact

### Council Tax Base

The Local Government Finance Act 1992 requires that the council set the tax base by 31 January each year. It is used within the overall Council Tax and budget setting process, due to be reported to Cabinet on the 10<sup>th</sup> of February 2025 and to Budget Council on the 26th of February 2025.

The proposed Council Tax Base for 2025/26 of 88,304 is 2,191 Band D equivalents, higher than the 86,113 agreed for 2024/25.

### Council Tax base changes.

The main reasons for the tax base change are:

	Band D Equivalents
Change in actual Tax Base from September 23 to September 24	757
Forecast increase in new properties	1,274
A forecast reduction in the number of single persons discounts	(234)
Forecast increase in exemptions reducing tax base	(598)
Forecast increase for second home and empty premium changes	1,175
Forecast reduction because of care leavers, foster carers, special guardianship orders & other discounts	(183)
<b>Increase from the 2024/25 tax base</b>	<b>2,191</b>

The financial implications of this report will be incorporated in the final version of the 2024/25 budget report and Council Tax calculations to be considered by the Cabinet and Full Council.

The movement in the taxbase and that of prior years will be analysed to inform the medium-term financial strategy for the Council and future years taxbase projections.

Andre Mark, Head of Finance, Strategic Planning and Investment, 13 November 2024.  
*Verified by James Newman, AD Finance, 13 November 2024.*

## Legal Implications

The Council has a statutory duty to set the Council Tax each year and this report is part of this process.

The relevant regulations and legislation together with the legal basis for agreeing the recommendations relating to the Council Tax base are found under section 31B of the Local Government Finance Act 1992 which imposes a duty on a billing authority to calculate its Council Tax by applying a formula laid down in that section. This relies on calculating a figure for the Council Tax base for the year. The Local Authority (Calculation of Council Tax Base) (England) Regulations 2012 require a billing authority to use a given formula to calculate the Council Tax base. The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, as amended in 2012 and Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012 address the position of second and unoccupied homes.

*Jade Monroe, Chief Solicitor, Social Care, Email: [jade.monroe@lbhf.gov.uk](mailto:jade.monroe@lbhf.gov.uk), 11 November 2024*

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## **Background Papers Used in Preparing This Report**

None

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### DETAILED ANALYSIS

#### **Discounts and Premiums**

##### **Second Homes and Empty Properties Premiums**

1. Due to a Statutory legislative amendment which was passed in October 2024, we will be charging an additional 100% premium on second homes from the 1st of April 2025. Empty properties which were previously subject to a 100% premium after two years of being empty will now be charged that premium after 12 months. The second homes and empty properties premium changes are projected to raise an additional 1175 band D equivalents.
2. Based upon 2024/25 Council Tax levels, this generates additional income to the Council of £1.07m. Our preceptor, the Greater London Authority (GLA), also benefits from the addition premiums.

##### **Council Tax Support**

3. Under Council Tax support, Hammersmith & Fulham and the GLA absorb the full cost of the scheme. This mirrors the previous Council Tax benefit arrangements. For 2025/26, the Council has provided Council Tax support discounts that equate to 10,026 Band 'D' equivalents. Based on 2024/25 Council Tax levels, this represents financial support of £13.90m (including the GLA precept).
4. The tax base regulations require the cost of the scheme to be treated as a discount and deducted from the Council's tax base calculation.

##### **Valuation Band Properties**

5. In previous years the latest information on the number of properties within each valuation band is contained within a return (CTB1), which the Council provided to the DLUHC on 7 October 2024. That return reflected the actual number of properties shown in the Valuation List as of 9 September 2024, and the Council's records as of 16 October 2024.
6. A detailed analysis of the properties in each valuation band is summarised below. There are 94,867 dwellings on the list with 28,855 properties estimated to receive a single person's discount. The total Band "D" equivalent is approximately 99639.5 properties.

## **Council Tax Base Return Summary (CTB1)**

Band	Band Size	Total Dwellings	Total after Discounts, Premiums, Exemptions and Disabled Relief	Ratio	Band "D" Equivalents
A	Values not exceeding £40,000	4114	2992.3	6/9	1994.8
B	Values exceeding £40,000 but not exceeding £52,000	6627	4960.8	7/9	3858.4
C	Values exceeding £52,000 but not exceeding £68,000	14502	12610.3	8/9	11209.1
D	Values exceeding £68,000 but not exceeding £88,000	25910	23254.3	9/9	23254.3
E	Values exceeding £88,000 but not exceeding £120,000	17310	15842.3	11/9	19362.8
F	Values exceeding £120,000 but not exceeding £160,000	11216	10338.5	13/9	14933.4
G	Values exceeding £160,000 but not exceeding £320,000	12258	11557.8	15/9	19262.9
H	Values exceeding £320,000	2930	2881.5	18/9	5763.0
	Total	94867	84439.0		<b>99639.5</b>

### **Adjustments to the Valuation List**

7. The above table shows the valuation band position on 07 October 2024, but the Council is also required to consider any likely changes that may arise for the financial year 2025/26. Therefore, the following adjustments need to be considered:

#### **New Properties**

8. There are likely to be a number of new properties, conversions etc added to the valuation list at some point during the year. There are approximately 1001 units currently under construction on various sites in the borough that will be added to the tax base sometime during 2025/26. It is estimated after allowing for different completion dates that this will equate to an additional 1273.5 Band 'D' equivalents.

#### **Single Person Discounts (SPD)**

9. Based on Sole Occupier Discount increases over the last year following on from the SPD review, we are projecting that an additional 234.4 band D equivalents by 1<sup>st</sup> April 2025.

#### **Student Exemptions**

10. Dwellings wholly occupied by students are exempt from Council Tax. The projected Council Tax base needs to be adjusted to allow for students that have

yet to prove their exemption for the new academic year. It is estimated that an adjustment of 597.6 Band D equivalents is required.

### **Council Tax Support**

11. The cost of the scheme equates to 10,026 Band “D” equivalents, based on 2024/25 Council Tax levels, which are deducted from the tax base for 2025/26. This is less than the deduction of 10,355 Band D equivalents made in 2024/25. This is due to a small decrease in the number of claimants applying for a discount.

### **Care Leavers, Foster Carers and Special Guardianship Orders**

12. For 2025/26, the Council has provided discounts for care leavers up to the age of 25. This equates to 110.5 Band D equivalents based on 2024/25 Council Tax levels. The cost of this discount is fully funded by the Council and needs to be deducted from the council’s tax base calculation.

From the 1<sup>st</sup> of April 2024, the Council has also provided an exemption for In-House foster carers and special guardians residing in the Borough. This equates to 72 Band D equivalents based on 2024/25 levels, The cost of this exemption will be fully funded by the Council and also needs to be deducted from the council’s tax base calculation.

13. The Council is required to set its tax base on the total of the relevant amounts for the year for each of the valuation bands shown or is likely to be shown for any day in the year in the authority’s valuation list.
14. Based on the CTB1 calculation of 7 October 2024 and the proposed adjustments, the Council is requested to approve the estimated numbers of
15. properties for each valuation band as set out in the following table:

### **2025/26 Council Tax Base Calculation**

Band	Band “D” Equivalent Actual September	Adjustments for New Properties	Adjustments for Student Exemptions	SPD	Projected increase for second home and empty premium changes	Care Leaver Foster carers, special guardian ship orders	Revised Band “D” Equivalent
A	1,533.8	0	-13.3	-10.3	19.7	-16.6	1,513.3
B	2,833.6	0	-20.2	-22.7	36.9	-38.1	2,789.5
C	8,976.4	0	-70.2	-20.4	102.7	-32.8	8,955.7
D	20,199.2	481	-157.0	-62.0	222.6	-46.0	20,637.8
E	17,465.3	80.6	-140.5	-36.6	167.5	-23.2	17,513.1
F	14,070.5	290.3	-145.8	-38.2	115.8	-18.7	14,273.9
G	18,776.2	421.6	-46.6	-33.7	393.4	-7.1	19,503.8
H	5,745.0	0	-4.0	-10.5	116.5	-0	5,847.0
<b>Total</b>	<b>89,600.8</b>	<b>1,273.5</b>	<b>-597.6</b>	<b>-234.4</b>	<b>1,175.1</b>	<b>-182.5</b>	<b>91,034.9</b>

## **Collection Rate**

16. The Council is also required to estimate its collection rate for 2025/26 at the same time as arriving at the estimated number of properties within the tax base. In arriving at a percentage collection rate for 2025/26, the Council considers the likely sum to be collected, previous collection experience and any other relevant factors.
17. The actual sum to be collected from local Council Taxpayers cannot be finally determined until the preceptor's requirements are known and the Council has approved its budget. The Council therefore must make an estimate of the sums to be collected locally making estimated allowance for sums from Council Tax support and write-offs/non-collection.
18. The actual collection rate for 2024/25 achieved to the end of October 2024 is 59.22% comprising cash collection of £74.6m and Council Tax Support of £13.8m. It is estimated that a further £46.02m (37.78%) will need to be recovered thereafter to obtain the overall target of 97%.
19. It is suggested that the collection rate for 2025/26 is set at 97%.
20. Council Tax debt position has been given specific focus, and we expect to see a marked improvement in 2025/26. Residents have been helped by our ethical approach to debt recovery and repayment plans – which is both empathetic and effective in collecting revenues. However, for those who refuse to pay their council tax and haven't spoken to us about help with their finances, we have no other option other than to recoup this funding through all available legal means, if necessary. This includes the use of Enforcement Agents. We have a duty to those taxpayers who are paying to pursue those that can pay but won't."

## **The Tax Base**

21. Under Section 31(B) of the Local Government Finance Act 1992 and the Regulations, the Council's tax base is calculated by multiplying the estimated number of Band "D" equivalents by the estimated collection rate.
22. Based on the number of Band "D" equivalents in the table in paragraph 9. Above and the estimated collection rate in paragraph 19 above, the calculation is as follows:

$$(\text{Band D equivalents}) \times (\text{Collection Rate}) = (\text{Tax Base})$$

$$91,035 \times 97.0\% = 88,304$$

## **Business Rates Tax base**

23. The Local Government Finance Act 2012 made it obligatory for authorities to formally calculate the estimated level of business rates (the business rates tax base) it anticipates collecting for the forthcoming financial year and passing this information to precepting authorities by 31 January. The Government continues to set the tax rate (known as the non-domestic multiplier).

24. The tax base is based on data from the Valuation Office with local allowance for the appropriate level of business rates appeals, the provision for bad debts, any discretionary reliefs and any forecast growth. This information is pulled together into a government return (NNDR1). The detailed guidance on completing the NNDR1 will be issued just before Christmas.

#### 25. Non-Domestic Rating

For 2025/26, with the temporary Retail Hospitality and Leisure (RHL) Relief expiring, the government is introducing a new discount rate of 40%. The small business multiplier will be frozen for 2025/26 for properties receiving RHL relief.

### **Equality Implications**

26. There are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010, by the approval of these proposals. In acknowledgement of the significant inequalities, discrimination and stigma faced by care leavers, this report exempts care leavers from Council Tax up to the age of 25.

27. From the 1<sup>st</sup> of April 2024, the Council has also provided an exemption for In-House foster carers and special guardians residing in the Borough.

### **Risk Management Implications**

28. The report considers the implications required by the Council to meet its obligations under the Local Government Finance Act 2012 which made it obligatory for authorities to formally calculate the estimated level of business rates (the business rates tax base) it anticipates collecting for the forthcoming financial year and passing this information to precepting authorities by 31 January. The Council is also required to estimate its Collection Rate for 2025/26 at the same time as arriving at the estimated number of properties within the Tax Base. The Council is required Under Section 33(1) of the Local Government Finance Act 1992 and The Local Authorities (Calculations of Council Tax Base) (England) Regulations 2012, the Council (as billing authority) to calculate its Council Tax Base. The proposals are compliant with statutory duties and are provided in accordance with management of standing risk to manage the Council's finances. Changes in the recovery policy are anticipated to have a beneficial impact on the collection rate from 2025/26, which will further protect funding for essential frontline services. The Council has or will be taking steps to support specific groups through the use of discounts, including care leavers, in-house foster carers and special guardians.

*Implications verified by, David Hughes, Director of Audit, Fraud, Risk and Insurance, 8 November 2024.*

### **LIST OF APPENDICES**

None