

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Full Council

**Date:** 28/01/2026

**Subject:** Council Tax Base and Collection Rate 2026/27 and Delegation of the Business Rate Estimate

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

**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 2026/27 revenue budget.

The proposed 2026/27 Council Tax base is 91,726. This is an increase of 3,422 on the figure agreed for 2025/26 and will result in an increased income, based on the 2025/26 Band D Council Tax charge, of £3.48m for Hammersmith & Fulham.

The report also delegates authority to the Executive Director for Finance & Corporate Services to determine the business rates tax base for 2026/27.

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## RECOMMENDATIONS

1. That Full Council approves for the financial year 2026/27:
  - a. The estimated numbers of properties for each Valuation Band as set out in this report.
  - b. An estimated collection rate of 98.0%.
  - c. The Council Tax Base of 91,726 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 2026/27.

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**Wards Affected:** All

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Our Values	Summary of how this report aligns to the H&F Values
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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 continue to charge the 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 09<sup>th</sup> of February 2026 and to Budget Council on the 25th of February 2026.

The proposed Council Tax Base for 2026/27 of 91,726 is 3,422 Band D equivalents, higher than the 88,304 agreed for 2025/26.

### Council Tax base changes.

The main reasons for the tax base change are:

	Band D Equivalents	Paragraph

Change in actual Tax Base from September 24 to September 25	2,164	1
Forecast increase in new properties	1,410	8
Increase in collection rate from 97% to 98%	926	2
Forecast increase in Discounts & Exemptions (not including Council Tax Support) reducing tax base	(514)	9 - 12
Forecast reduction for increase in claims for Council Tax Support	(127)	13
Forecast reduction because of care leavers, foster carers, Veterans Scheme, special guardianship orders & other discounts	(437)	14
<b>Increase from the 2025/26 tax base</b>	<b>3,422</b>	

The financial implications of this report will be incorporated in the final version of the 2026/27 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.

*Prepared by Andre Mark, Head of Finance, Strategic Planning and Investment, 13 November 2025, Verified by James Newman, AD Finance, 13 November 2025.*

## 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.

*Glen Egan, Assistant Director of legal Services, Email: glen.egan@lbhf.gov.uk, 04 November 2025*

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## Background Papers Used in Preparing This Report

MHCLG Return CTB1 (October 2025)

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## DETAILED ANALYSIS

### Discounts and Premiums

#### Changes to the Taxbase

1. Due to a Statutory legislative amendment which was passed in October 2024, we are charging an additional 100% premium on second homes from the 1st of April 2025. As of October 2025, there are 2,160 properties subject to the second home premium and 474 properties being charged a long-term empty premium, which are being closely monitored. Whilst the increase in the premiums has boosted the taxbase, as has the increase in the number of properties being built, there has also been an increase in the number of discounts and exemptions during the year, which has partially offset this amount, resulting in a net gain of **2,164** Band "D" equivalents.

#### Collection Rate

2. The long-term collection rate has been increased from 97% to **98%**, reflecting the investment in the service, which will facilitate further revenue collection. It must be noted that the 98% collection rate is over the lifetime of the debt, rather than 'in year' collection rates. There is a resulting net gain of **926** Band "D" equivalents.

Since 2018, LBHF has operated an Ethical Debt approach to the collection and recovery of Council Tax. Our policy ensures recovery practices are fair, respectful and sensitive to individual circumstances. It also promotes inclusion by providing accessible support options, such as payment plans, debt advice and hardship schemes so vulnerable residents are not excluded from essential services.

Early intervention and supportive repayment plans reduce costly enforcement and write-offs, improving collection rates over time. By preventing aggressive enforcement and supporting residents who really need help to manage debt sustainably, the policy helps maintain financial stability for households. This approach reduces long term poverty cycles, enabling residents to contribute to the local economy. We are on target to award another £250k in HSF to those residents who are not on full Council Tax Support but who evidenced hardship.

### Council Tax Support

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 2026/27, the Council has provided Council Tax support discounts that equate to an estimated 10,095 Band 'D' equivalents. This is a small increase from the 2025/26 position, reflecting additional take up campaigns and caseload growth of 100 claims with a 127 Band D equivalent. Based on the 2025/26 Council Tax

charges, this represents financial support of £14.49m (including the GLA precept).

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**

3. 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 10<sup>th</sup> October 2025. That return reflected the actual number of properties shown in the Valuation List as of 10 September 2025, and the Council's records as of 06<sup>th</sup> October 2025.

A detailed analysis of the properties in each valuation band is summarised below. There are 95,707 dwellings on the list with 30,033 properties estimated to receive a single person's discount.

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

Band	Band Size	Total Dwellings	Total after Discounts, Premiums, Exemptions and Disabled Relief	Ratio	Band "D" Equivalent
A	Values not exceeding £40,000	4122	2387.6	6/9	1592
B	Values exceeding £40,000 but not exceeding £52,000	6635	3768.6	7/9	2931
C	Values exceeding £52,000 but not exceeding £68,000	14509	10378.5	8/9	9225
D	Values exceeding £68,000 but not exceeding £88,000	25924	20816	9/9	20816
E	Values exceeding £88,000 but not exceeding £120,000	17702	14986.4	11/9	18317
F	Values exceeding £120,000 but not exceeding £160,000	11601	10378.2	13/9	14991
G	Values exceeding £160,000 but not exceeding £320,000	12274	11630.8	15/9	19385
H	Values exceeding £320,000	2940	3004.7	18/9	6009
	Total	95707	77350.8		93266

## **Adjustments to the Valuation List**

4. The above table shows the valuation band position on 07 October 2025, but the Council is also required to consider any likely changes that may arise for the

financial year 2026/27. Therefore, the following adjustments need to be considered:

### **New Properties**

5. There are likely to be several new properties, conversions etc added to the valuation list at some point during the year. There are approximately 620 units currently under construction on various sites in the borough that will be added to the tax base sometime during 2026/27. Additionally, there are circa 600 properties still to come in during 2025/26, of which 400 properties are dedicated student dwellings, which receive a 100% exemption. It is estimated after allowing for different completion dates that this will equate to an additional 1,220 properties and an increase of **1,410** Band 'D' equivalents.

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

6. Based on Sole Occupier Discount increases over the last year following, we are projecting that an additional **62.2** band D equivalents by 1<sup>st</sup> April 2027.

### **Student & other Exemptions**

7. 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. As there is no significant student building works in 2026/27 It is estimated that an adjustment of **21.7** Band D equivalents is required. However, there are still 400 student properties (**378.3** Band "D" equivalents) still to be valued in 2025/26, which will be 100% exempt from paying the Council Tax.
8. There will also be some additional disregard discounts and other exemptions within 2026/27, due to a changing base and for the new properties already mentioned. We estimate this will lead to a reduction of **51.8** Band "D" equivalents.
9. The total reduction for all categories of discounts and exemptions is 514 Band "D" equivalents, being  $(62.2 + 21.7 + 378.3 + 51.8)$ .

### **Council Tax Support**

10. As at the end of October 2025, the cost of the scheme equates to 9,967.9 Band "D" equivalents, based on 2025/26 Council Tax levels, which are deducted from the tax base for 2025/26. The forecast for 2026/27 is 10,095.2 Band "D" equivalents, representing a small increase of **127** Band "D" equivalents from 2025/26. This is due to additional take up initiatives, including Pension Credit take up campaigns, increasing the number of claimants applying for a discount.

### **Care Leavers, Foster Carers, Veterans Scheme and Special Guardian Orders**

11. For 2026/27, the Council proposes to maintain a 100% Local Discount for care leavers up to the age of 25, Foster Carers and Special Guardianships. We are also introducing a new 25% discount for Service Veterans from the 1st of April 2026. This is estimated at 306 Band D equivalents. However, LBHF only retain 70% of the Council Tax collected with the other 30% being passed across to the GLA. Therefore, the true cost of the schemes to the Council is **437.1** Band D equivalents, being  $306 / 70 \times 100$  and this figure needs to be deducted from the council's tax base calculation.
12. 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.
13. Based on the CTB1 calculation of 06th October 2025 and the proposed adjustments, the Council is requested to approve the estimated numbers of properties for each valuation band as set out in the following table:

### **2026/27 Council Tax Base Calculation**

Band	Band 'D' Equivalents October 2025	New Dwellings (includes still to be brought in for 25/26)	Adjustments for Discounts, CTRS, Premiums, Exemptions and Disabled Relief	Local Discounts (Carers, Foster Care & Veterans)	Revised Band 'D' Equivalents
A	1592	3.3	1.7		1593
B	2931	38.9	27.39		2943
C	9225	191.1	163.06		9253
D	20816	300	195.13	437	20484
E	18317	397.2	129.1		18585
F	14991	426.1	114.8		15302
G	19385	33.3	7.4		19411
H	6009	20	2.2		6027
<b>Total</b>	<b>93266</b>	<b>1409.9</b>	<b>640.78</b>		<b>93598</b>

### **Collection Rate**

14. The Council is also required to estimate its collection rate for 2026/27 at the same time as arriving at the estimated number of properties within the tax base. In arriving at a percentage collection rate for 2026/27, the Council considers the likely sum to be collected, previous collection experience and any other relevant factors.
15. 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.
16. It is suggested that the collection rate for 2026/27 is set at 98%.

## **The Tax Base**

17. 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.
18. 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:

(Band D equivalents) x (Collection Rate) = (Tax Base)

93,598 \* 98% = 91,726

## **Business Rates Tax base**

19. 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).
20. 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.

## **21. Non-Domestic Rating**

For 2026/27, the temporary Retail Hospitality and Leisure (RHL) Relief scheme is being replaced by a series of additional multipliers, which will support those businesses. Details of the multipliers and new transitional relief schemes, supporting the revaluation in 2026, will be announced in the Autumn Statement.

## **Equality Implications**

22. 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.
23. 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**

24. 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 2026/27 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 2026/27, 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, veterans and special guardians.

*Implications verified by, Moira Mackie, Head of Internal Audit, 4 November 2025*