



The new council for
**NORTH
YORKSHIRE**

Council Tax Harmonisation

Agenda

1. Council Tax setting – an intro to the basics
2. LGR: Explanation of the Issues
3. Bucks & Dorset experiences
4. “Fairness” Issues
5. Interactions with Council Tax Reduction Scheme
6. Administrative and operational considerations
7. Emerging Conclusions from Members Working Group

1. Council Tax setting – an intro to the basics

Council Tax calculation

- The LGF Act 1992 requires local authorities to set a single basic amount of council tax for their area [“Band D charge”] .
- The Band D Charge is calculated as follows:

Council Tax Requirement	£xx	(a)
Band D equivalent properties (Council tax base)	xx	(b)
Band D Council Tax Charge	£xx	(a/b)

Links to other band charges

Band A	6/9
Band B	7/9
Band C	8/9
Band D	9/9
Band E	11/9
Band F	13/9
Band G	15/9
Band H	18/9

Referendum principles

- Local authorities, fire authorities, and Police and Crime Commissioners are required to determine whether the amount of council tax they plan to raise is 'excessive'. The Secretary of State sets **thresholds of excessiveness**, known as 'referendum principles', for different classes of authority.
- The referendum principles for 2022/23 were:

Authorities with responsibility for adult social care (ASC)	ASC expenditure	1%*
	Other expenditure	2%
Shire Districts in two tier areas	Maximum of	£5 or 2%
Parishes and Town Councils	No threshold set by the Gov't	

* Excluding rolled forward flexibilities from previous years

2. LGR: Explanation of the Issues



What and why?

- Where local authorities merge or unitarise this would mean setting a single level of council tax across their area, resulting in large increases in some bills and / or a significant loss of income for the authority
- So we have regulations to allow local authorities “to harmonise more equitably their council tax levels” over a number of years.

[The Local Government \(Structural Changes\) \(Finance\) Regulations 2008](#)

[The Local Government \(Structural Changes\) \(Finance\) \(Amendment\) Regulations 2012](#)

[The Local Government \(Structural and Boundary Changes\) \(Amendment\) Regulations 2018](#)

- These apply to restructuring shire districts, county councils and unitary authorities.

Band D Council Tax Levels by District

Predecessor area	Band D (excl local precepts, incl ASC precept)	Area Band D (excl local precepts)	Weighted Band D and variations
Craven	187.21	1,654.56	21.76
Hambleton	119.48	1,586.83	89.49
Harrogate	255.92	1,723.27	-46.95
Richmondshire	225.00	1,692.35	-16.03
Ryedale	208.21	1,675.56	0.76
Scarborough	244.75	1,712.10	-35.78
Selby	183.22	1,650.57	25.75
North Yorkshire	1,467.35		1,676.32



What are the rules?

- In two-tier areas the starting point is the final combined band D charge of the outgoing district and county council in each predecessor area.
- The new authority can set different amounts of council tax in its predecessor areas for 7 years.
- A uniform level of council tax must be set by year 8.
- Each year the gap must narrow between the highest charging predecessor area and the others (there is no minimum narrowing requirement).
- Increases are subject to referendum principles (but in a more flexible way).
- Can choose to apply the principles to the amounts set in each predecessor area or to the overall weighted average Band D.



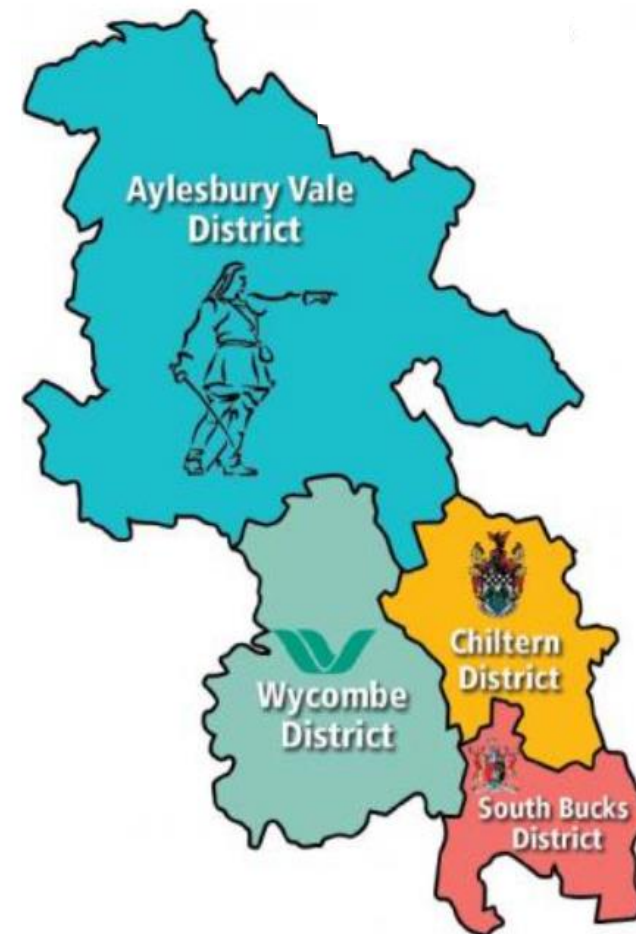
Potential factors for local authorities to weigh up

- Equalising quickly may give the authority more certainty about its finances and reduce administrative burdens, but may mean unpopular sharper increases for a significant number of residents.
- Lengthy equalisation could also be unpopular locally – for example creating suggestions that people are paying more for the same services in different localities.
- Because equalisation doesn't allow authorities to set the maximum increase permitted by referendum principles in all predecessor areas each year, the authority may 'lose' income every year that the process continues.
- The constraints of referendum principles. These are set annually, but restructuring authorities may prefer longer term certainty, and perhaps more flexibility from the Secretary of State.

3. Bucks & Dorset

Buckinghamshire achieved equalisation in year one (2020/21)

Predecessor area	Combined county/ district 19/20 band D (£)	Gap to close (£)	Band D set by UA in 2020/21 (£)	% increase
Wycombe	1,470.70	45.24	1550.87	5.5%
South Bucks	1,492.64	23.30	1550.87	3.9%
Aylesbury Vale	1,495.26	20.68	1550.87	3.7%
Chilterns	1,515.94	-	1550.87	2.3%
Average band D	1491.36	-	1550.87	3.99%



The referendum principle for 2020-21 was 4%

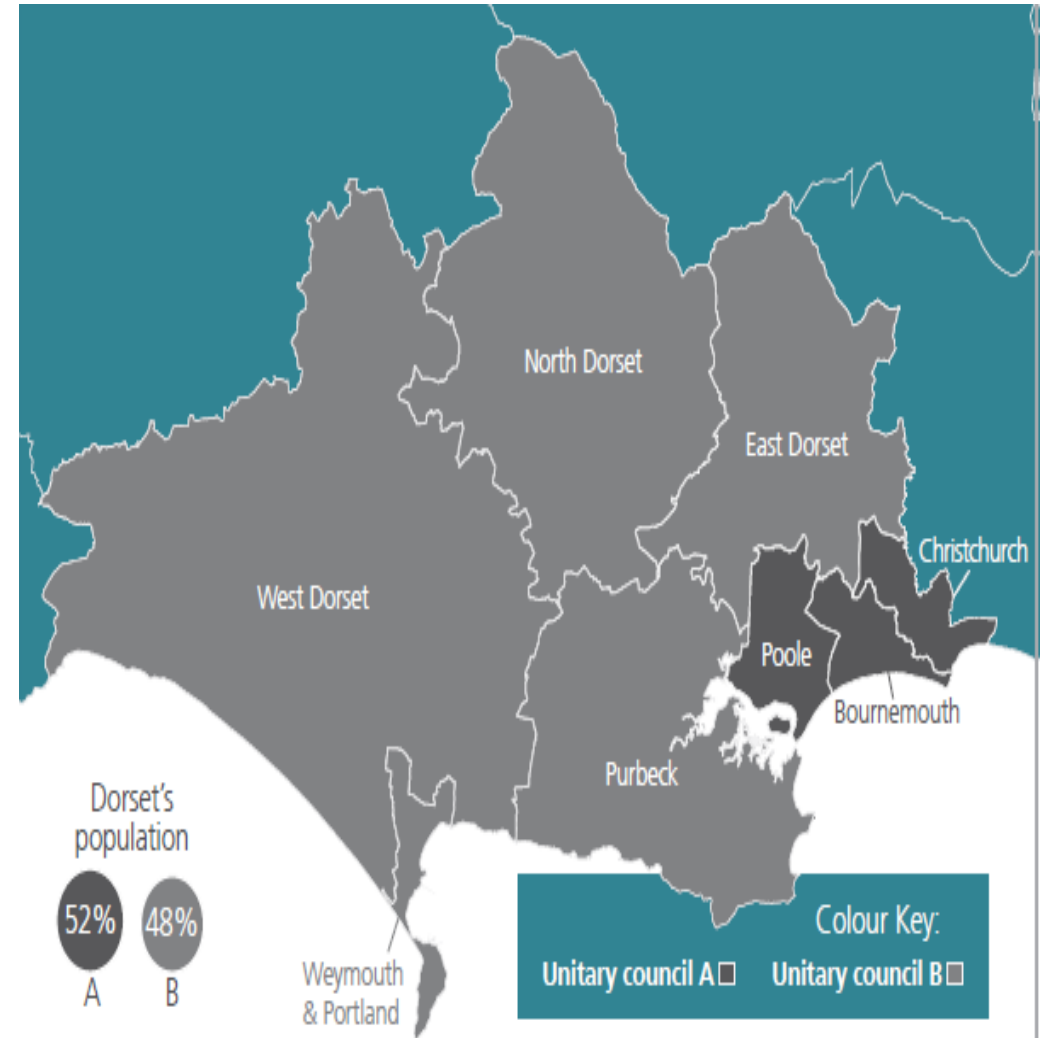
Dorset Unitarisation 2019/20

Predecessor or area	District 18/19 (£)	County Council 18/19 (£)	Combined 18/19 (£)
East Dorset (SD)	218.66	1406.34	1625.00
North Dorset (SD)	126.96	1406.34	1533.30
Purbeck (SD)	187.86	1406.34	1594.20
West Dorset (SD)	144.75	1406.34	1551.09
Weymouth & Portland (SD)	301.08	1406.34	1707.42

Gap to close = **£174.12**

<u>New BCP UA</u>	District 18/19 (£)	County Council 18/19 (£)	Unitary Council 18/19 (£)	Combined 18/19 (£)
Christchurch (SD)	200.82	1406.34	N/A	1607.16
Bournemouth (UA)	N/A	N/A	1438.92	1438.92
Poole (UA)	N/A	N/A	1399.68	1399.68

Gap to close = **£207.48**



Dorset Unitarisation 2019/20

<u>New Dorset UA</u>	Combined county/ district 18/19 band D (£)	Band D set by UA in 2019/20 (£)	% increase*
East Dorset (PA)	1625.00	1629.75	0.3%
North Dorset (PA)	1533.30	1629.75	6.3%
Purbeck (PA)	1594.20	1629.75	2.2%
West Dorset (PA)	1551.09	1629.75	5.1%
Weymouth & Portland (PA)	1618.62^	1629.75	0.7%
Average band D	1582.44	1629.75	2.99%

* Referendum principles allowed an increase of up to 3%+0% remaining ASC Precept flexibility in either each of the purple highlighted cells (individual predecessor areas) or the yellow highlighted cell (the average band D amount). As Dorset chose to complete equalisation in 2019/20 it applied the principle to the yellow cell.

^ Reduced from £1707.42 by an ANA, owing to functions transferring to a new town council

<u>New BCP UA</u>	Combined county/ district 18/19 band D (£)	Unitary Council 18/19 band D (£)	Band D set by UA in 19/20 (£)*	% increase *	Gap still to close (£)
Christchurch (PA)	1598.30^	N/A	1598.30	0.0%	N/A
Bournemouth (PA)	N/A	1438.92	1473.40	2.4%	124.90
Poole (PA)	N/A	1399.68	1441.53	2.9%	156.77
Average band D	1445.61		1478.52	2.27%	NA

* Referendum principles allowed an increase of up to 3%+0% remaining ASC Precept flexibility in either each of the purple highlighted cells (individual predecessor areas) or the yellow highlighted cell (the average band D amount). The authority could choose which one the principle applied to. BCP applied it to the purple cells.

^ Reduced from £1607.16 by an ANA, owing to functions transferring to a new town council.

3rd May 2019

'We have been slaughtered': Voters wipe out Tories in Christchurch over merger and council tax

By Andy Martin | [andym_echo](#)

27th February 2019

Christchurch residents WILL pay £150 more per year than people in Bournemouth and Poole for exactly the same services

By Andy Martin | [andym_echo](#)

6th May 2019

Christchurch Independents open to talks with all parties and groups other than the Conservatives

By Andy Martin | [andym_echo](#)

The proposed cut for Christchurch residents is to balance up the charge across the BCP Council area

CHRISTCHURCH residents can look forward to receiving a reduction in their council tax after the BCP authority set out proposals to bring in harmonisation across its area sooner than planned.

Local Controversy

LOCAL NEWS: Furious row breaks out over BCP Council's new tax harmonisation plans

3

BY JASON HARRIS ON 5TH JUNE 2019

LOCAL NEWS

ADVERTISER & TIMES

Home > Christchurch > Christchurch residents' council tax bill 'completely unfair and unjust'

Christchurch News Politics

Christchurch residents' council tax bill 'completely unfair and unjust'

By Antonella Lazzeri - 1 March, 2019

609 0

Christchurch residents set for cut in council tax bill

By Antonella Lazzeri - 6 February, 2020

107 0

HARMONISING the council tax and services across Bournemouth, Christchurch and Poole will be one of the major priorities for the new Unity Alliance administration on BCP, says its first leader.

5th June 2019

Two-year harmonisation period for council tax "fairest outcome" for three towns

By Josh Wright

OFFICIAL

4. “Fairness” issues

@ 2.99% Hypothetical Aggregate Council Tax Increase

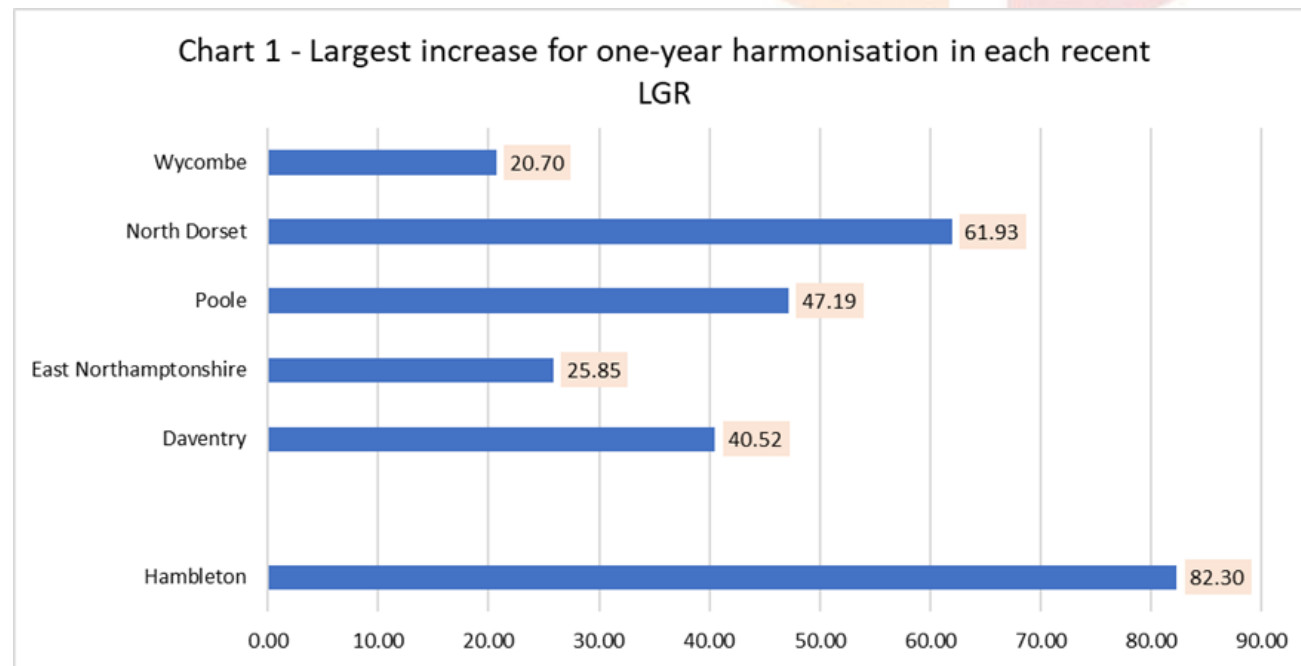
Predecessor area	2022-23	YEAR 1 - 2023-24		
	Baseline Band D	Threshold uplift	Harmonisation	Band D
Craven	1,654.56	50.12	21.76	1,726.45
Hambleton	1,586.83	50.12	89.49	1,726.45
Harrogate	1,723.27	50.12	-46.95	1,726.45
Richmondshire	1,692.35	50.12	-16.03	1,726.45
Ryedale	1,675.56	50.12	0.76	1,726.44
Scarborough	1,712.10	50.12	-35.78	1,726.45
Selby	1,650.57	50.12	25.75	1,726.45
North Yorkshire Band D	1,676.32	50.12		1,726.45

Case studies

- **Buckinghamshire** (2020-21). Range £45.24 (3.1%). Four district councils. Harmonisation in one year. Smaller range than North Yorkshire.
- **Dorset Council** (2019-20). Range £174.12 (11.4%). Five district councils. Harmonisation in one year. Larger range but smaller increases.
- **Bournemouth, Christchurch and Poole (BCP)** (2019-20). Range £207.48 (14.8%). One district council and two unitaries. The district council had the highest area Band D (£1,607) and the two unitaries were both much lower (Bournemouth £1,438 and Poole £1,399). Average Band D in the new council was £1,445, implying an increase of £6.69 in Bournemouth and £45.93 in Poole – but a reduction of £152 in Christchurch. Larger range but smaller increases because pre-existing unitaries reduced the average weight.
- **North Northamptonshire** (2021-22). Range £56.74 (4.0%). Four district councils. Harmonisation in one year. Smaller range than North Yorkshire.
- **West Northamptonshire** (2021-22). Range £64.70 (4.5%). Three district councils. Harmonisation in one year (check). Smaller range than North Yorkshire.

Case studies – largest Band D increase

- Largest increase in Band D to harmonise in one year for all recent LGR
- Larger in North Yorkshire than other LGR arrangements
- Function of both the range between highest and lowest Band D and the weighted average (i.e. how the Band Ds are grouped)



5. Interactions with CTR proposals

Amounts currently payable by those in receipt of maximum CTR relief

	Craven	Hamb'ton	Harrogate	R'shire	Ryedale	S'boro	Selby
Current Band D Charge	£1654.56	£1,586.83	£1,723.27	£1,692.35	£1,675.56	£1,712.10	£1,650.57
Current max CTR support	90%	90%	100%	100%	100%	87.5%	100%
Amount payable	£165.46	£158.68	£nil	£nil	£nil	£214.01	£nil

Amounts payable under proposed N Yorks CTR scheme

	Craven	Hamb'ton	Harrogate	R'shire	Ryedale	S'boro	Selby
Current max CTR support	100%	100%	100%	100%	100%	100%	100%
Amount payable	£nil	£nil	£nil	£nil	£nil	£nil	£nil
Annual saving to recipients of maximum CTR	£165.46	£158.68				£214.01	

- Note - if the CTR proposals that are currently out to consultation are agreed, recipients of maximum CTR in Hambleton will see an improvement in their financial position in 23/24 regardless of whether their Council Tax level is increased at an above average level as there will be no 'minimum payment'.

6. Administrative and operational considerations

Operational and admin considerations

- Annual billing
- Ability to merge systems post vesting day
- Dealing with customer contact and queries
- Unified Council Tax policies
- Preparation of Council Tax demand, information leaflet(s)
- Preparation of tax base calculations
- Preparation of Council Tax Resolution report

7. Emerging Conclusions