

<b>Title of Report</b>	Council Taxbase and Local Business Rates Income 2026/27	
<b>Key Decision No</b>	FCR S530	
<b>For Consideration By</b>	Cabinet and Council	
<b>Meeting Date</b>	Cabinet 26 January 2026 and Council 28 January 2026	
<b>Cabinet Member</b>	Councillor Robert Chapman, Cabinet Member for Finance, Insourcing & Customer Service	
<b>Classification</b>	Open Report and Appendix	
<b>Ward(s) Affected</b>	All Wards	
<b>Key Decision &amp; Reason</b>	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget. Significant in terms of its effects on communities living or working in an area comprising two or more wards
<b>Implementation Date</b>	Following Full Council Approval	
<b>Group Director</b>	Naeem Ahmed, Group Director, Finance and Corporate Resources	
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*This report is covered by s.106 of the Local Government Finance Act 1992. This provides that if a Member owes two or more months' arrears of Council Tax, they are obliged to disclose this fact to the meeting and not vote on the matter. Failure to comply is a criminal offence punishable by a fine.*

*There will be a recorded vote for this agenda item.*

## **1. Cabinet Member's Introduction**

- 1.1 This report is a key component of setting the Budget and Council Tax for the forthcoming financial year. The money available for service delivery next year will depend on the amount of Council Tax that we believe will be collected and we must be careful to estimate this accurately. This report

recommends that the Council assumes an estimated collection rate for Council Tax for 2026/27 of 94.5%.

- 1.2 Members are also asked to delegate to the Group Director of Finance and Corporate Resources the authority to determine the 2026/27 Business Rates Base.
- 1.3 There are significant changes to the operation of the Business Rates system in 2026/27 including a revaluation of all non-domestic properties in Hackney (and everywhere else in England) and a major change to the business rates multipliers. These are both discussed later in the report
- 1.4 In accordance with our promise to provide low-income households with a 90% discount on their Council Tax bill by 2026 and a full 100% discount by 2030 we reduced the minimum contribution to 10% for 2024/25. Having met that commitment we are not introducing further changes to the Scheme in 2026-27 but we plan to move to a zero contribution by 2030.
- 1.5 I commend this report to Cabinet and Council

## **2. Group Director Introduction**

- 2.1 This report recommends a Council Tax Base of 80,163.35 Band D equivalents based on a Council Tax collection rate for 2026/27 of 94.5%.
- 2.2 It should also be noted that the Welfare Reform Act 2012 abolished Council Tax Benefit in March 2013 and replaced it with the Council Tax Reduction Scheme (CTRS). We reduced the minimum claimant contribution to 10% for 2024/25 with a planned phased move to a zero contribution by 2030. We will not be introducing any changes to the Scheme in 2026-27.
- 2.3 Because the Business Rates Reset (part of the Fair Funding 2.0 Reform) updated the value of rateable values of properties in London (and across all of England), the financial incentive for the localised business rates pooling arrangement that we had in previous years, is removed and so there will be no scheme in 2026/27. This will be reviewed in future years.

## **3. Recommendation(s)**

**Council is recommended to resolve:**

- 3.1 **In accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Hackney Council as its Council Tax Base for 2026/27 shall be 80,163.35 Band D equivalent properties adjusted for non-collection. This represents an estimated collection rate of 94.5%.**
- 3.2 **Delegated authority be given to the Group Director of Corporate Resources to determine the 2026/27 Business Rates Base.**
- 3.3 **That the CTRS scheme for 2026/27 remains unchanged from that previously approved by Full Council.**

#### **4. Reasons for Decision**

##### Council Tax Base

- 4.1 Section 33 of the Local Government Finance Act 1992 requires that the authority must agree Hackney's Council Tax Base for 2026-27 as calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. This decision must be taken and communicated to preceptors by 31 January 2026.

##### Business Rates Baseline Income

- 4.2 Regulation 3 of The Non-Domestic Rating (Rates Retention) Regulations 2013, requires that for 2025/26, we must estimate Non-Domestic Rating income for Hackney (the billing authority) and calculate the major preceptor's share due to the Greater London Authority and to the Government; and any deductions to be made for qualifying relief. This report asks the Council to delegate authority to the Group Director of Finance and Corporate Resources to make this calculation because of the issues with the business rates database as noted in section 7.7 below. We must inform the Greater London Authority and the Government of its share by 31st January 2026. We do this by submitting an official return to the Government - NNDR 1 - by this date. The business rates yield which is part of the calculation will be to be used in the budget and tax setting report before the Council meeting on 4 March 2026.

##### Council Tax Reduction Scheme

- 4.3 There will be no changes to the current CTRS scheme in 2026/27.

#### **5.0 Background**

- 5.1 This report sets out the Council Taxbase in 2026/27.

##### Strategic Policy Context

- 5.2 This is required by statute. In particular, Hackney's tax base for 2026/27 must be notified to the GLA and to the various levying bodies which base their levies on the Council Tax Base. Under regulations this must take place before 31 January 2026. The appropriate bodies will be notified by the due date once the tax base is confirmed

##### Options Considered and Rejected

- 5.3 The requirement to calculate the Council Tax base has been laid down by Statute. As such, there are no alternatives to be considered.

##### Equality, Diversity and Belonging

- 5.4 The Council Taxbase is not a service but one element of a statutory

obligation for residents to pay council tax. The calculation of this element is determined by statute and regulations.

#### Sustainability

#### 5.5 No Implications

#### Consultations

- 5.6 Relevant consultations have been carried out involving the Cabinet Member for Finance, Insourcing and Customer Service, and Directors of Finance.

#### Risk Assessment

- 5.7 The risks associated with the Council's financial position are detailed in this report.

### **6.0 Council Tax Base**

- 6.1 As noted above, Section 33 of the Local Government Finance Act 1992 requires that the authority must agree Hackney's Council Tax Base for 2026-27.

- 6.2 The rules for calculating the Council Tax Base are set out in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The calculation is based on the valuation list and other information available on 31 December 2025. The process is set out below

- 6.3 Firstly, the authority must estimate the number of properties in each band after allowing for exempt properties. These figures are also adjusted to allow for discounts (e.g. single person discount and Council Tax Reduction Scheme), exemptions and the impact of applying regulations which allow the Council to charge additional Council Tax to the owners of empty homes and second homes. A formula is then used to calculate the total number of Band D equivalent properties. This gives a higher weighting to properties in Bands above Band D and a lower weighting to properties in bands below Band D. This can therefore be thought of as the average number of properties liable to pay Council Tax. The calculation is set out at **Appendix 1**.

- 6.4 The Authority then must estimate what percentage of the total Council Tax due for the year it will be able to collect. This is usually referred to as the collection rate. This percentage is then applied to the total number of Band D equivalent properties to give the tax base to be used for setting the Council Tax. Another way of considering the tax base is that it represents the amount of Council Tax income that will be received from setting a Band D Council Tax of £1.

- 6.5 There are a number of factors to be considered when assessing the likely collection rate for 2026/27. Collection rates since 2020/21 have been adversely affected by the Covid-19 pandemic, system issues and latterly by

the cost of living crisis. However, the service has worked extremely hard to improve collection rates and we now are setting a collection rate of 94.5% in 2026/27 which is 0.5% above the 2025/26 rate and is approaching our pre Covid collection rate of 95%.

- 6.6 As noted previously, If actual collection in the forthcoming year exceeds the budgeted collection rate this could generate a surplus in the Collection Fund which would provide additional one-off resources available for use in 2027/28. If on the other hand, the collection rate set is over-optimistic, this may result in a deficit on the collection fund at the end of 2026/27, the major part of which would need to be met from Hackney's 2027/28 Budget.
- 6.7 A collection rate of 94.5% will result in a tax base of 80,163.35 Band D equivalents, as shown in the table below.

<b>2026/27 TAX BASE/COLLECTION RATE</b>	
	<b>2026/27</b>
Aggregate of Band D Equivalents	84,828.94
Estimated Collection Rate	94.5%
<b>Tax Base (Band D Equivalents)</b>	<b>80,163.35</b>

- 6.8 This compares to a tax base of 78,754.1 Band D equivalents used in the 2025/26 budget setting.
- 6.9 There will be no changes to the current Council Tax Reduction Scheme (CTRS) scheme in 2026-27

## **7. Business Rates**

### **7.1 Changes to the system**

From April 2026, the business rates system for non-domestic properties in England and Wales will undergo a major reform, introducing a new five-tier multiplier system, targeted relief for the retail, hospitality, and leisure (RHL) sectors, and a comprehensive revaluation of all non-domestic properties.

Key Changes from April 2026 are as follows: -

- (a) Five-Tier Multiplier System: The existing two-tier system will be replaced by five different multipliers to better reflect property type and value.
- (b) Permanently Lower RHL Multipliers: Eligible RHL properties with a rateable value (RV) below £500,000 will benefit from permanent multipliers set 5p below the national standard and small business rates. This replaces the current system of RHL Relief

- (c) New High-Value Multiplier: A new multiplier will apply to all properties with an RV of £500,000 and above (primarily large distribution warehouses and major commercial facilities), set 2.8p above the national standard rate.

## 7.2 Comprehensive Revaluation

The Valuation Office Agency (VOA) has updated the rateable values of all non-domestic properties based on market rental values as of 1 April 2024, which will take effect on 1 April 2026.

## 7.3 Multipliers for 2026-27

The non-domestic rating multipliers for the 2026-27 tax year will range from 38.2p for the small business RHL multiplier to 50.8p for the high-value non-domestic rating multiplier.

## 7.4 Relief Schemes and Support

A support package worth an estimated £4.3 billion over the next five years is being provided to help businesses. Key schemes include:

- (a) Transitional Relief (TR) Scheme: A redesigned three-year scheme to support ratepayers facing significant bill increases because of the revaluation by capping annual increases based on rateable value.
- (b) Supporting Small Business Scheme (SSBS): This scheme caps bill increases for businesses losing small business rates or rural rate relief as a result of the revaluation at the higher of £800 or the relevant transitional relief cap.
- (c) Transitional Relief Supplement (TRS): A 1p supplement added for one year from 1 April 2026 for ratepayers not qualifying for TR or SSBS, helping to fund the Government's costs of transitional relief.
- (d) EV Charging Points Relief: A ten-year 100% business rates relief for eligible Electric Vehicle Charging Points and EV-only forecourts.
- (e) Small Business Rate Relief (SBRR) Grace Period Extended: The grace period for Small Business Rates Relief when expanding into a second property is extended from one year to three years.

## 7.5 Section 31 Grant

Local Authorities will be compensated for the reduced income that they will receive from the lower RHL multipliers and will receive funding for the reliefs (noted above) that they pay out. All will be paid out through section 31 grant. In addition, councils will also be funded through section 31 grants for the mandatory and empty properties relief they provide. This is not a gain as it will be offset by an equivalent reduction in the top up grant paid to councils.

## 7.6 Business Rates Base and NNDR 1 Return

The Business Rates 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. The latest estimate of the 2026/27 Business Rates Base including Section 31 grants, which will be finalised this month is £71m

This information is pulled together into a government return (NNDR1) which must be returned to the Government by 31st January 2026.

## 7.7 Reason for Delegation

The delegation to the Group Director of Finance and Corporate Resources to determine the business rates base is recommended at paragraph 3.2 above because the need to update the business rates database, including the incorporation the many complex changes introduced for 2026/27, will not allow us to present a robust Business Rates forecast in time for the January Cabinet and Council meetings. However, we still must submit our NDR1 return to the Government by 31st January 2026.

## 8.0 Financial Implications

- 8.1 The setting of a realistic and prudent collection rate for Council Tax in 2026/27 is an essential component of the overall budget strategy. If the collection rate set is over-optimistic, this may result in a deficit on the collection fund at the end of 2026/27, the major part of which would need to be met from Hackney's 2027/28 Budget. This would impact adversely on the overall budget strategy.
- 8.2 The proposed tax base of 80,163.35 Band D equivalents would result in Council Tax income of £118.332m for Hackney's element, assuming no increase in the Council Tax rate in 2026/27. The overall resources for the 2026/27 budget will be dependent on the outcome of the 2026-27 Final Local Government Finance Settlement due to be announced in early February 2026, although we do now have the provisional Settlement figures.
- 8.3 Similarly, the setting of an accurate base for Local Business Rates is essential to enable the Council to be able to plan effectively. Once determined, the amount of Business Rates attributable to the GLA and the Government will need to be paid over at certain dates irrespective of whether or not the income has been received by the Council from local businesses. Thus, an overly optimistic or simply erroneous baseline could have significant cash flow implications as well as adverse impact on the future year's budgets.



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Date: 14 January 2026

9. **HR & OD Implications**

There are no HR and OD implications arising from this report.

HR/OD implications prepared on behalf of Director of Human Resources  
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10. **Legal Implications**

- 10.1 The recommendations to Cabinet in this report relate to non-executive functions in respect of which decisions are reserved to and must be made by Council. Accordingly, Cabinet is asked to recommend to Council, and Council is asked to resolve the calculation of the Council Tax Base as required by s33 Local Government Finance Act (LGFA) 1992. S33 imposes a duty on the Council, as a billing authority, to calculate the basic amount of its council tax by reference to a formula set out in the Act and Regulations made under the Act. Cabinet is also asked to recommend, and Council to resolve, that delegated authority be given to the Group Director, Finance and Corporate Resources in respect of the estimation of NNDR under Regulation 3 of The Non-Domestic Rating (Rates Retention) Regulations 2013.
- 10.2 As the report makes clear, the decision must be taken by 31 January in each year and therefore this report will, following consideration by Cabinet, be considered by Council at its meeting on 28 January 2026.
- 10.3 An important part of the calculation of the council tax base is the collection rate which is assumed in the calculation. It is important that Members adopt a prudent approach to agreeing with this assumption since, as the report makes clear, an unrealistic assumption is likely to lead to a deficit on the account which will have to be met from elsewhere thus undermining the integrity of the Council's budget. Members must therefore satisfy themselves that the proposed collection rate of 94.5% is realistic.
- 10.4 There is a requirement to publish notice of the amount set for Council Tax in at least one local paper within 21 days of the Council's decision under section 38(2) of the Local Government and Finance Act 1992.
- 10.5 Members are reminded that the calculation of the Council Tax Base is



covered by s.106 of the Local Government Finance Act 1992. This provides that if a Member owes two or more months' arrears of Council Tax, they are obliged to disclose this fact to the meeting as soon as practicable after the meeting commences and not vote on the matter, although they may speak. Failure to comply is a criminal offence punishable by a fine unless the member can prove that they did not know (a) that the section applied to them at the time of the meeting or (b) that the matter in question was the subject of consideration at the meeting.

- 10.6 Members are also reminded of the requirements of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014. The Regulations, which are reflected in the Council's Constitution, provide that where any vote is taken at a Council meeting on setting the budget, which includes the setting of Council Tax, for the authority, the Minutes of the meeting will record the names of all Councillors present at the vote and how each Councillor voted (for or against) or the fact that they abstained from voting.

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Date: 14 January 2026

## **Appendices**

Appendix 1 – 2026/27 Council Tax Base Calculation Schedule

## **Background Papers**

None