	<b>General Purposes Committee</b> 8 December 2025
	<b>Report from the Corporate Director, Finance and Resources</b>
	<b>Lead Member - Deputy Leader &amp; Cabinet Member for Finance and Resources (Councillor Mili Patel)</b>
<b>Calculation of Council Tax Base 2026/27</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	<p>Minesh Patel Corporate Director, Finance and Resources Email: minesh.patel@brent.gov.uk Tel: 020 8937 4043</p> <p>Rav Jassar Deputy Director, Corporate &amp; Financial Planning Email: ravinder.jassar@brent.gov.uk Tel: 020 8937 1487</p> <p>Amanda Healy Deputy Director, Investment and Infrastructure Email: amanda.healy@brent.gov.uk Tel: 020 8937 5912</p>

## 1.0 Executive Summary

- 1.1 This report is presented to enable the Council to fulfil its statutory role to set a council tax base for 2026/27. The Local Government Finance Act (LGFA) 1992, as amended by the LGFA 2003 & LGFA 2012 requires the Authority to formally calculate the council tax base for 2026/27 and pass this information to

precepting authorities by 31 January 2026. The tax base must be set between 1 December 2025 and 31 January 2026.

## **2.0 Recommendation(s)**

- 2.1 To agree that the Band D equivalent number of properties is calculated, as shown, in accordance with the Government regulations;
- 2.2 To agree that the collection rate for council tax for 2026/27 is set at 97.0%; and
- 2.3 Subject to (2.1) and (2.2) above, to approve a Council Tax Base for 2026/27 of 110,475 Band D equivalent properties (after collection rate allowance deduction) be approved, as per (7.1).

## **3.0 Contribution to Borough Plan Priorities & Strategic Context**

- 3.1 Council tax is one of the main sources of funding for the Council's revenue budget, representing 41% of the Council's core funding in 2025/26, up from 31% in 2014/15. The increase in relative importance of Council Tax in the past decade has been the result of income from grants provided by central government not increasing in line with increases in costs and demand for services.
- 3.2 In 2025/26, the actual Council Tax yield for Brent was £178.4m. This means that increases to the tax base since 2015/16 have contributed £42.4m to the revenue budget. This is income that has been generated locally and has contributed to keeping the savings to a minimum and enabling continued investment in the services that Brent's residents rely on.
- 3.3 Cumulatively, the Council Tax yield for Brent Council has increased by £90.7m between 2015/16 and 2025/26, which is 21% of Brent's net revenue budget for 2025/26 (£431.4m). The increase in the tax base alone since 2015/16 is contributing 10% to the net revenue budget in 2025/26. Therefore, it is possible to draw the following conclusions:
  - i) It is of strategic importance to the Council to set an appropriate level of Council Tax which enables the delivery of the priorities and objectives within the Borough Plan, while protecting the services that the residents rely on.
  - ii) The effect of changes to the tax base is material to the ability of the Council to set a level of Council Tax which complies with i).
  - iii) If the actual tax base is lower than the tax base calculated by the Council for budget setting purposes, this would result in a deficit on the Collection Fund, which would be material to the revenue budget in future years. It is therefore also of strategic importance to the Council to set an appropriate tax base as part of the budget setting process, taking account of all known risks.

- 3.4 The following sections set out the Council's statutory calculation of the proposed tax base for budget setting purposes for 2026/27 and the considerations made in making the recommendation.

#### **4.0 Calculating the Tax Base**

- 4.1 The calculation of the tax base is one of the technical stages in the process of setting the council tax, which is scheduled for the Full Council Meeting on 23 February 2026.
- 4.2 The Local Government Finance Act (LGFA) 1992, as amended by the LGFA 2003 & LGFA 2012, requires the Authority formally to calculate the council tax base for 2026/27 and pass this information to precepting authorities by 31 January 2026. The tax base must be set between 1 December 2025 and 31 January 2026.
- 4.3 Brent, like all Local Authorities, has to work out how much next year's Band D council tax should be so that the total tax that will be collected equals the budget required to pay for its services. To work out the Band D tax, the budget requirement is divided by a figure called the council tax base, which is calculated in this report. In effect, the tax base represents the aggregate taxable value of all residential property in Brent. As well as Brent, the Greater London Authority also needs the tax base figure to work out how much they need to add on to Brent's council tax to pay for their services. This is formally known as their 'precept'.
- 4.4 The Council's 'number of taxable properties' has been calculated in accordance with relevant procedures and guidance for 2026/27. The calculation of the Tax Base has two parts:
- (a) The number of taxable properties shown as 'Band D equivalents'; and
  - (b) The expected collection rate for the year.
- 4.5 The calculation method is set out in the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended. For calculating the tax base, (and setting the council tax) properties in each of the eight valuation bands are given different weightings. These weightings are shown as a proportion of the Band D value. These are shown in Table 1.

Table 1: Council Tax band weightings

Band	A	B	C	D	E	F	G	H
Weighting	6/9	7/9	8/9	1	11/9	13/9	15/9	2

- 4.6 The calculation is primarily based on the Council Tax Base return (CTB1) submitted to the Ministry of Housing, Communities and Local Government in October 2025, which is used in Government grant calculations. This sets out the factual number of Band D properties, after taking account of the existing

level of council tax support and exemptions. An estimate is also made for the change in the tax base expected in 2026/27 as a result of new housing developments in the borough and demolitions, adjusted for expected discounts, exemptions and Council Tax Support.

4.7 The council tax base for 2026/27 could be expressed as:

- The Band D equivalent properties as at 6 October 2025 after adjustments for discounts, premiums, exemptions and council tax support;
- The estimated net growth in Band D properties between 6 October 2025 and 31 March 2026 (as all of these properties will be liable for council tax in 2026/27);
- Half of the estimated net growth in Band D properties during 2026/27 (all of these properties will be liable for council tax in 2026/27 but as they will complete, on average, half-way through the year, only half of their tax raising potential should be taken into account).

## **5.0 Band D Equivalent Properties**

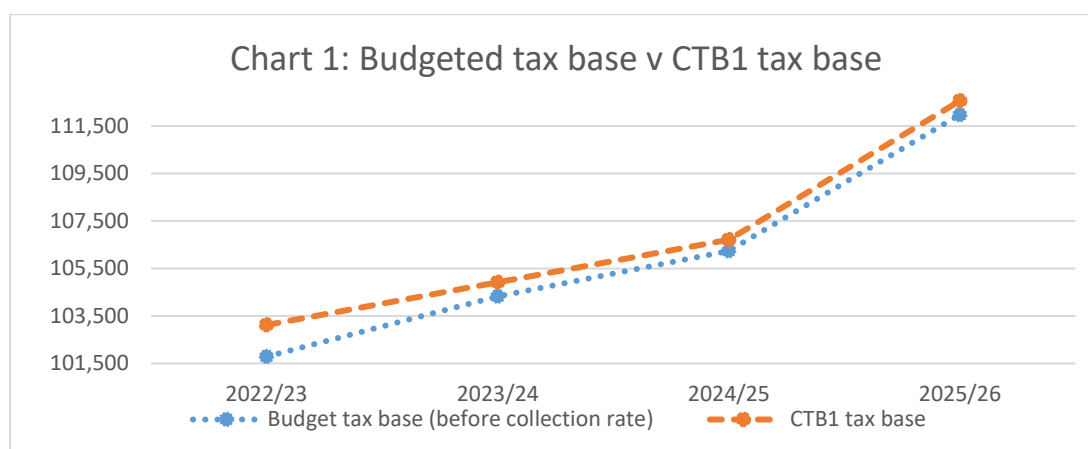
5.1 In October of each financial year, the Council completes a return, called CTB1, to the Ministry of Housing, Communities and Local Government, which reports the tax base after adjustments for discounts, premiums, exemptions and council tax support at that time. From the 2025 return, the Band D Council Tax base at 6 October 2025 is 112,560. This is 5.5% higher than the equivalent figure as at 7 October 2024.

5.2 However, this increase includes the one-off adjustment for the changes to the Council Tax Support Scheme which took effect on 1 April 2025. Excluding the estimated increase to the tax base included in the Calculation of Council Tax Base 2025/26 report to General Purposes Committee in January 2025 (3,828), the tax base is 1.9% higher than the equivalent figure as at 7 October 2025. This growth rate is similar to the growth rate in the previous year (1.7%).

5.3 The assumption in the Medium Term Financial Strategy (MTFS) for 2025/26 was that there would be 111,976 Band D equivalent properties. Given that growth has been consistent in recent years, excluding the effects of the COVID-19 pandemic, the 7 October 2025 figure can be considered to be the average tax base for 2025/26. This means that the actual tax base for 2025/26 is 584 properties higher than was forecast in January 2025 and the assumptions used for the 2025/26 tax base were robust and prudent. This surplus tax base is marginally higher than in 2024/25 and is worth an additional £1.0m to the revenue budget. This indicates that the current growth in the taxbase is consistent with the targets for housebuilding set out in the Brent Local Plan 2019-2041 (adopted February 2022), on which the current MTFS assumptions are based.

5.4 Chart 1 shows the comparison between the tax base (before adjustment for the collection rate) used for budget setting purposes since 2022/23 with the tax base per the CTB1 form in October of each financial year.

- 5.5 Following the adoption of the Brent Local Plan in 2022, which set out a clear target for housebuilding in the borough (23,250 new homes by 2028/29), the actual growth in the tax base has increased at a faster rate than the assumptions in the budget, but has narrowed since 2022/23.



- 5.6 The assumption in the Medium Term Financial Strategy for 2026/27 is for 1.7% growth in the tax base based on this long term trend and the Local Plan targets. The two year moving average (excluding the changes to Council Tax Support) is 1.8% in 2025/26 (1.7% in 2024/25). The average since 2017/18 is for 1.9% growth per annum in the tax base, suggesting that the current MTFS assumption is a reasonable estimate of the expected growth in the tax base.
- 5.7 At the meeting of Resources and Public Realm Scrutiny Committee on 2 September 2025, it was reported that delivery of housing in Brent was below target in 2023/24, with an expectation that the final data for 2024/25 will show a similar trend. However, housing is a national policy priority, meaning that it is also expected that there will be changes to planning legislation and an emphasis on housebuilding across the current parliament that will result in upward pressure on the tax base. This position will continue to be monitored throughout the year and if appropriate, the assumptions in the MTFS will be adjusted.
- 5.8 On this basis, it is considered prudent to assume that the council tax base will increase in line with the current MTFS assumption by 1.7% from 111,976 to **113,892** for 2026/27.

## 6.0 Council Tax Collection Rate

- 6.1 The figure for Band D equivalent taxable properties then needs to be adjusted to reflect the fact that 100% collection of council tax is unlikely to be achieved. The council tax base set by the Council takes account of what is eventually expected to be collected, not just by the end of the financial year in question. This is referred to as the lifetime collection rate.
- 6.2 Over the years the collection rate has been adjusted to take into account economic factors that have affected actual collection in-year and the longer term effect on collection for the remaining debt outstanding. In 2024/25, the collection rate assumption was increased from 97.0% to 97.5% on the basis

that the recovery from the COVID-19 pandemic and the return to normal debt recovery action will enable long term collection to increase back to pre-pandemic levels. It was acknowledged that with the cost-of-living crisis ongoing, this represented a risk, but it was considered reasonable to make this assumption. However, in 2025/26, the collection rate assumption was reduced back to 97.0% on the basis of the evidence presented that collection at the higher amount was now unachievable.

- 6.3 However, due to the strategic importance of the tax base to the Council's revenue budget, particularly in light of the current difficult financial environment in local government, a greater focus has been applied to this area during 2025/26, which are aimed at improving the situation in the long term.
- 6.4 Work is underway to strengthen debt management capacity, with a focus on consistency, fairness, and digital innovation. Enhanced data analytics and new communication tools are being introduced to improve debt profiling, increase customer contacts and reduce arrears, while maintaining a clear commitment to supporting residents in financial hardship. The aim is to increase overall collection rates while ensuring that recovery processes are proportionate and sensitive to individual circumstances.
- 6.5 Since April 2025, overall debt has reduced by 6%, which is more than double the reduction in the same period last year, reflecting the effectiveness of the investment and exceeding business case targets. Further improvements to the debt position are expected for the remainder of the financial year and the medium-term.
- 6.6 In order to set a balanced budget, it is essential that the Council determines a tax base based on a realistic set of assumptions, whilst also setting a target for debt collection that is both challenging and fair to all residents of Brent, working on the principle that every household that is able to pay council tax must do so. Therefore, it is recommended that the long-term collection rate target is held at **97.0%**. This is expected to be collected over a period of six years. By comparison, the collection target for in-year collection for 2025/26 is 92.5%, increasing to 93.5% for 2026/27.
- 6.7 Council tax collection for households that are receiving Council Tax Support for 2025/26 is currently at £5.5m as at October 2025. The net collectable balance for this cohort is £11.5m. The changes to the local scheme in 2025/26 has meant that 24% of residents are having to pay Council tax for the first time ever. The earmarked £1.5m for hardship payments will be fully utilised to support the residents most in need of financial assistance.
- 6.8 If it is determined that the collection rate of 97.0% is not achievable for 2026/27, or any subsequent year, a recommendation will be made to amend the collection rate assumptions in the Medium Term Financial Strategy for 2027/28 and future financial years to reflect the lower collection expectations. If it is also necessary to assume lower collection for 2026/27, then the budget gap arising from this will need to be addressed. The actions required to address this gap may include identifying in-year savings in addition to the £10m already proposed for the 2026/27 budget. Each reduction of 0.1% in the target collection

rate will result in a further budget gap of approximately £0.2m.

- 6.9 On the other hand, if budgeted collection levels have been reached, this does not mean that collection efforts will stop or that eventual losses will necessarily be 3%. It is, however, essential that an adequate allowance for non-collection be made each year. The Government recognises that no billing authority can collect every pound of Council Tax and that an element of collection will continue after the relevant year. The legislation provides for an allowance for non-collection to be incorporated into the calculation of the tax base.
- 6.10 Table 2 shows how the long-term collection target applied to the tax base results in £190.5m of Council Tax income in the Budget & Council Tax report to be presented to Full Council in February 2026.

Table 2: Calculation of revised Council Tax Income for 2026/27 Budget

	<b>Tax base (A)</b>	<b>Council Tax Income (£m) (A*£1,724.76/1,000,000)</b>
Before Collection Rate adjustment	113,892	196.4
Collection rate adjustment	(3,417)	(5.9)
<b>After collection rate adjustment</b>	<b>110,475</b>	<b>190.5</b>

## 7.0 Setting the Council Tax Base

- 7.1 Taking into account all of the considerations above, the calculation of the tax base for 2026/27, after allowing for an estimated reduced collection rate, is proposed as follows:

Estimated Tax Base (Band D equivalent) (A) = 113,892

Multiplied by:

The estimated lifetime rate of collection (B) = 97.0%

Band D Tax Base after collection allowance (A x B) = **110,475**

## 8.0 Financial Considerations

- 8.1 The proposed Council Tax base for 2026/27 is 110,475 and will form part of the overall calculation of the Council's budget that will be presented to Full Council on 23 February 2026.

- 8.2 The assumptions made in the calculation of the council tax base are estimates. Whilst every care is taken to set an appropriate council tax base, there is uncertainty contained within these estimates. Where a deficit arises on the Collection Fund, this will have a negative impact on the revenue budget in future years. Although there is currently a Collection Fund reserve held for the purpose of smoothing out deficits, this is limited to the amount of surpluses built up as a result of growth in the tax base and this cannot be relied on indefinitely.

## **9.0 Legal Considerations**

- 9.1 The Council is required by section 33 of the Local Government Finance Act 1992 ("the Act") to calculate for each financial year the basic amount of its council tax. The basic amount of council tax must be calculated from the Council Tax base. The council tax base is the equivalent number of Band D dwellings (after taking account of discounts and exemptions) which would raise the same amount of tax as the actual number of liable dwellings in the borough, with their actual spread of bands. The Band D equivalent total is then multiplied by the estimated collection rate for the year, to give the council tax base figure. In the council tax calculation process to be undertaken at Full Council on 23 February 2026 this figure will be used to calculate the amount of tax to be levied for a Band D dwelling. The council tax level for each valuation band is then calculated by a fixed ratio which each band bears to the Band D figure.
- 9.2 The Council is required to submit its Council Tax base to the GLA between 1 December and 31 January in the financial year preceding the financial year for which the calculation of council tax base is made. If the Council does not submit its council tax base to the GLA, then the GLA is required to determine the calculation for itself, in the manner prescribed in the above Regulations.
- 9.3 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 Finance Act 1992.
- 9.4 Pursuant to The Local Government Finance Act 2012 (as amended by subsequent regulations) a billing authority has power to set discounts on dwellings of a kind set out in regulations. Billing authorities are also able to charge an 'empty homes premium' in respect of dwellings which have been empty or on second homes for various periods of time.

## **10.0 Equity, Diversity & Inclusion (EDI) Considerations**

- 10.1 N/A

## **11.0 Stakeholder and ward member consultation and engagement**

- 11.1 N/A

## **12.0 Climate Change and Environmental Considerations**

- 12.1 N/A



### **13.0 Human Resources/Property Considerations**

13.1 N/A

### **14.0 Communication Considerations**

14.1 N/A

#### **Report sign off:**

***Minesh Patel***

Corporate Director, Finance and  
Resources