

West Northants Council – Council Tax Harmonisation Options

The Council Tax Harmonisation Task and Finish Group on 19th June and 21st July considered the options for Council Tax harmonisation and concluded that, in order to maximise income, harmonisation should be based on applying the referendum limit to the average level of current Band D rates. This approach was endorsed by the Shadow Executive Committee on 25th August.

There was no clear conclusion on the harmonisation period. As it currently has the lowest level of Council Tax, the increases in Daventry area will need to be at a higher percentage than the referendum limit in order to harmonise with the other areas. The longer the harmonisation period then the lower the average increase in the Daventry area, albeit it would be above the referendum limit for longer.

The Comprehensive Spending Review announced a referendum limit for 2021-22 of 1.99% plus an Adult Social Care Precept of 3%, i.e. a total increase of 4.99%. The harmonisation model previously presented to the T&F group was based on an average 3.99% increase. The impact of a 1% higher average increase is that the increases in each of the constituent areas will be around 1% higher, for any given harmonisation period.

The table below summarises the 2021-22 average increases in each of the existing Council areas for a given harmonisation period.

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs
Daventry	7.90%	6.43%	5.95%	5.71%	5.57%	5.47%	5.40%	5.35%
Northampton	3.29%	4.14%	4.42%	4.57%	4.65%	4.71%	4.75%	4.78%
South Northants	5.70%	5.34%	5.23%	5.17%	5.13%	5.11%	5.09%	5.08%

The differences in percentages beyond a 3 year harmonisation period have a minimal impact in cash terms. For example, the average Band D Council Tax in the Daventry area in 2021-22 would be £1,537.90 with a 3 year harmonisation or £1,529.23 with an 8 year harmonisation, a difference of just £8.67 for the year, or 17p per week.

It should be noted that the percentage increases quoted are the average increases within each of the existing Council areas. Individual taxpayers will see different increases depending on the impact of Special Expenses and Parish Precepts as well the increases determined by the Police, Fire & Crime Commissioner.

