

West Northants Council – Council Tax Harmonisation

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.

At its meeting on the 16th December the Task and Finish group concluded that 3 or 4 year harmonisation period would be appropriate. 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 overall average 2021/22 Band D Council Tax will be £1,566.39 for any harmonisation period, an increase of 4.99% from the 2020/21 average £1,491.94.

The Table below sets out the average increases in the West Northamptonshire Council Band D Council Tax in each area in 2021/22 that are required in order to set the course for harmonisation in three years.

	Average Band D Council Tax 2020/21	Average Band D Council Tax 2021/22	Change (£)	Change (%)
Daventry	£1,451.56	£1,536.55	£84.99	5.83%
Northampton	£1,516.26	£1,584.20	£67.94	4.46%
South Northamptonshire	£1,481.75	£1,559.80	£78.05	5.25%
Average	£1,491.94	£1,566.39	£74.45	4.99%

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.

The percentage increases in subsequent years will be dependant on decisions in those years regarding the level of the average increase, linked to the referendum principles set by central government. The differentials between the different areas would continue until the harmonisation period concludes in 2023/24, at which point the average Band D in each area would be equal.