

REPORT TO EXECUTIVE

Date of Meeting: 16 December 2025

Report of: Strategic Director Corporate Resources

Title: Council Taxbase and NNDR 1 2026/27

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

1.1 To set the 2026/27 Council Tax base in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

1.2 To seek approval that the Council's estimate of Business Rate Income (NNDR1) for the next financial year is delegated to the Strategic Director Corporate Resources.

2. Recommendations:

2.1 In accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Exeter City Council as its tax base for the year 2026/27 shall be 40,186.

2.2 That the Collection Fund Surplus of £1,060,596 be approved.

2.3 That the section 151 Officer is delegated responsibility to approve the Council's NNDR1 return by 31 January 2026.

3. Reasons for the recommendation:

3.1 To ensure that the Council meets its statutory deadline for notifying Precepting Authorities and the Government by 31 January 2026.

4. What are the resource implications including non-financial resources:

4.1 Both the Council Taxbase and the NNDR1 provide key information used to calculate the overall resources available to the Council, Government and Preceptors in the following financial year.

5. Section 151 Officer comments:

5.1 Approval of the report is a statutory requirement in respect of the Taxbase. There is an increase of 334 Band D equivalent properties compared to the 2025/26 Taxbase (increase of 0.83%).

6. What are the legal aspects?

6.1 When setting the council tax base and national non-domestic rates (NNDR) base, members must consider the council's financial requirements, including government grants, business rates, investments, fees, charges, and financial reserves. The council tax requirement is calculated based on the aggregate of estimated expenditure, contingencies, and reserves needed to meet future or past deficits.

In coming to decisions in relation to the revenue budget and the Council Tax the City Council and Councillors have the following legal duties, namely:-

- (a) The Council must act in accordance with its statutory duties and responsibilities.
- (b) The Council must act reasonably.
- (c) The Council must not act in breach of its fiduciary duty to its ratepayers and Council Tax payers.

7. Monitoring Officer's comments:

7.1 Section 106 of the Local Government Finance Act 1992 imposes restrictions on voting rights for members of local authorities present at a meeting of the Council, the Executive or a Committee where individual members have unpaid council tax debts that have been outstanding for at least two months. If such a member is present at a meeting where matters related to council tax are being considered, they are required to disclose as soon as practicable that section 106 applies to them and they are prohibited from voting on any question regarding those matters.

7.2 Failure to comply with these requirements constitutes a criminal offence, unless they can prove they were unaware that section 106 applied to them at the time of the meeting or that the matter in question was the subject matter of the meeting.

7.3 The Monitoring Officer's comments are intended to assist all members of the Council in consideration of the complex legal background to their budgetary and Council Tax decisions and to set out the legal factors which members of the City Council need to consider in reaching decisions on the budget and Council Tax.

In coming to a decision in relation to the revenue budget and the council tax, the City Council and Councillors have the following legal duties:

- a) To act in accordance with their statutory duties and responsibilities;
- b) To act reasonably; and
- c) To have careful regard to their fiduciary duty to its rate payers and Council taxpayers.

The City Council has a clear legal duty to set a balanced budget. A resolution not to set a Council tax would be unlawful so would a resolution to set a Council tax which deliberately did not balance the budget.

When deciding, councillors are reminded of their obligation to act reasonably and in accordance with the principles set down in the *Wednesbury* case (*Associated Provincial Picture Houses Ltd v Wednesbury Corporation* [1948]). This means that councillors are required to consider and take into account all relevant considerations and ignore any irrelevant considerations. Put simply, it would be unlawful for the Council to come to a

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view which is unreasonable in the sense that it is so irrational that no reasonable authority could have reached it.

The meaning of fiduciary duty can be summarised as a duty to act lawfully, prudently and in the public interest for the benefit of all residents and taxpayers in order to ensure that a lawful and balanced budget is set. When discharging their fiduciary duty, councillors will need to consider the following:

- a) Prudent use of the council's resources, including the raising of income and the control of expenditure;
- b) Financial prudence both long and short term;
- c) Striking a fair balance between the interest of the council taxpayers on the one hand and the community interest and adequate and efficient services on the other hand; and
- d) Acting in good faith with a view to complying with statutory duties and exercising its statutory powers for the benefit of the community.

8. Equality Act 2010 (The Act)

8.1 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report determines the taxbase for the whole City.

9. Carbon Footprint (Environmental) Implications:

9.1 No direct carbon/environmental impacts arising from the recommendations.

10. Report details:

10.1 BACKGROUND

10.1.1 In accordance with the requirements of the Local Government Finance Act, 1992, Exeter City Council as a billing authority will be issuing Council Tax bills to occupiers of property in March 2026, effective from 1 April.

10.1.2 As a first step to calculating the Council Tax itself, the City Council is required by legislation to determine a tax base by the 31 January for the following financial year.

10.1.3 Based on a valuation list received from the Valuation Officer, the calculation, in simple terms, involves three steps, namely:

- i. the determination of the number of chargeable dwellings;
- ii. an assessment of disregards, premiums and discounts, and
- iii. the equivalent number of band D properties and a collection rate.

10.1.4 The calculation of the Taxbase includes the impact of the Council Tax Support Scheme, which significantly reduces the Council's income from Council Tax.

10.2 COUNCIL TAX BASE FOR 2026/27

10.2.1 The Council Tax Base for Exeter is set out in table 8.1 and in Appendix A. It is estimated that the equivalent number of Band D properties (Gross taxbase) for 2026/27

(including the reduction in dwellings owing to the Council Tax Support Scheme) will be 41,216 an increase of 342 over 2025/26.

10.2.2 This estimated collection rate of 97.5% for the year is applied to the Gross Taxbase, which results in a net Council Tax base of 40,186, an increase of 334 over the 2025/26 figure of 39,852.

Table 10.1 – Taxbase 2026/27

Taxbase	2026/27 Gross Taxbase	2026/27 Net Taxbase (97.5%)
Taxbase to be used in calculating the council tax for 2026/27	41,216	40,186

10.2.3 The Collection Fund Surplus to be declared is £1,060,596 and will be split as follows:

	2025-26 TAX	2026-27 SHARE
EXETER CITY COUNCIL	£185.76	£82,783.42
DEVON FIRE & RESCUE SERVICE	£104.68	£46,650.35
DEVON COUNTY COUNCIL	£1,801.26	£802,726.47
DEVON AND CORNWALL POLICE	£288.20	£128,435.52
	£2,379.90	£1,060,595.76

10.3 BUSINESS RATES RETENTION

10.3.1 Under the Business Rates Retention funding, the Council has to provide MHCLG with an estimate of its Business Rate Income for the forthcoming year. However, due to the changes in the funding and the local/central share, MHCLG require the estimate (completed on a NNDR1 form) to be compiled and formally submitted by 31 January. The Council must also share this information with Devon County Council and Devon and Somerset Fire and Rescue Service who are also affected.

10.3.2 MHCLG have stated that, in their view, the decision to approve the NNDR1 can be delegated to the section 151 Officer and this report seeks approval for such delegation as the figures have not yet been calculated (The Council requires an annual software update in order to calculate the NNDR1 form).

11. How does the decision contribute to the Council's Corporate Plan?

11.1 The approval of the Taxbase enables the Council to calculate the budget available for the following financial year.

12. What risks are there and how can they be reduced?

12.1 Not applicable.

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13. Are there any other options?

13.1 Not applicable.

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

List of Appendices:

- Appendix A – Council Taxbase 2026-27