

## 1.0 Council Tax Harmonisation

- 1.1 A request has been received via officers at the Ministry of Housing, Communities and Local Government (MHCLG) that the Chairman of the BCP Shadow Executive writes to Rishi Sunak (Parliamentary Under-Secretary of State for Local Government) setting out the preference for the harmonisation of council tax in the new authority. The request also suggests that all the local MPs are copied in on the response.
- 1.2 BCP Joint Committee on the 30<sup>th</sup> October 2017 established a Council Tax Harmonisation Task and Finish Group with the terms of reference to develop a Council Tax harmonisation strategy which took into account the following issues;
- the period over which harmonisation could occur;
  - the increases in Council Tax for Poole and Bournemouth in year one and beyond;
  - the possibility of freezing or reducing Council Tax in Christchurch;
  - the impact of a Town Council precept in Christchurch;
  - Council Tax foregone.
- 1.3 The Task and Finish group has subsequently reported back to five BCP Joint Committee meetings, in November 2017, December 2017, January 2018, March 2018 and April 2018 on the progress of the work undertaken by the group.
- 1.4 This feedback included two key resolutions. The first, made by the BCP Joint Committee at its meeting on the 21 November 2017, read;
- That while recognising that the Task and Finish Group on Council Tax Harmonisation needs to look at all available options, this Joint Committee urges the Task and Finish Group to prioritise options which:-*
- a. *ensure that no Borough's Council Tax levels will rise at a rate exceeding the Government's referendum limits; and*
  - b. *include freezes and/or reductions to the absolute level of Council Tax paid by Christchurch residents.*
- 1.5 The second resolution, made by the BCP Joint Committee at its meeting on the 16 April 2018, was in response to a MHCLG request for a high level principle to be included in the Finance Order. This resolution, read;
- That the harmonisation of council tax in the BCP unitary council takes place over a period of less than eight years and in each year the differential between the highest and lowest prevailing rates will reduce.*
- 1.6 This latest request reflects a desire from the Secretary of State to fully understand the local position towards the harmonisation of council tax and what would be acceptable parameters.

- 1.7 The report to the Joint Committee on the 16 April established that there were five models which adhered to the agreed resolutions. As set in the Consolidated MTFP Report to the 23 May 2018 BCP Joint Committee the model with the lowest level of Council Tax forgone, which was also a key determinant as set out in the Task and Finish Groups terms of reference, is Model M which was a 6 year harmonisation model.
- 1.8 The suggestion therefore is that the Joint Executive endorse the proposal that the Chairman of the Shadow Executive write to Rishi Sunak based on the following local parameters for the harmonisation of Council Tax;
- a) *That 2025/2026 will be the first year a harmonised council tax will be applied (a 6 year harmonisation model).*
  - b) *That no Borough's Council Tax levels will rise at a rate exceeding the Government's referendum limits; and*
  - c) *That the Council Tax levied in Christchurch is frozen until the new harmonised rate is applied.*
- 1.9 It is important to recognise that the Future Dorset proposal was put forward for numerous reasons including a strategic response to the Government's ongoing austerity programme. These funding reductions are scheduled to continue. Therefore proposals which lead to council tax forgone in effect mean less of the savings created through the reorganisation being available to protect frontline services and less resources being available to meet the financial challenges which lay ahead.
- 1.10 The proposal which leads to no Council Tax forgone is a day one weighted average harmonisation model which is the current preference of the Dorset Area Unitary Authority. This is based on setting a day one council tax by taking the 2018/19 budgeted council tax revenue across Bournemouth, Christchurch and Poole and dividing it by the total budgeted taxbase (number of band D properties) for 2018/19. This weighted average would then form what is referred to as an Alternative Notional Amount (ANA) for 2018/19 to which the annual referendum limit would then be applied for 2019/20.
- 1.11 Such an approach is **not** however consistent with the principles and resolutions of the BCP Joint Committee as it would lead to an above annual referendum limit increase for both Bournemouth and Poole residents in 2019/20. Alternatively a day one harmonisation model working within the resolution of the Joint Committee would lead to £6.8m per annum in Council Tax forgone for 2019/20 compared to £1.5m per annum for 2019/20 in the Model M referred to above.
- 1.12 It is suggested that the letter also requests that if MHCLG imposes an alternative strategy it either compensates the new BCP Unitary Authority if it leads to higher levels of Council Tax forgone or explains directly to our residents if it leads to an increase which government would, under ordinary circumstances, consider to be excessive.

Rishi Sunak  
Parliamentary Under-Secretary of State for Local Government  
2 Marsham Street  
London  
SW1P 4DF

Dear Rishi

### **BCP Unitary Council - Council Tax Harmonisation principle**

Paul Rowsell the Head of the Governance, Reform and Democracy Unit has requested that I write to you in my capacity as the Chairman of the Bournemouth, Christchurch and Poole Shadow Executive setting out the local preference for the harmonisation of council tax in the new authority.

Through previous correspondence with officers of MHCLG we have set out the decision by the BCP Unitary Joint Committee in regards to the high level council tax harmonisation principle we were requested to provide for the Finance Order. The resolution of the committee read as follows;

*That the harmonisation of council tax in the BCP unitary council takes place over a period of less than eight years and in each year the differential between the highest and lowest prevailing rates will reduce.*

We now understand that the Secretary of State has requested further clarity on the local preference. In response, and after discussion at the first meeting of the BCP Shadow Executive meeting on the 15 June 2018, we hope the following additional clarifications will be helpful.

- a) *That 2025/2026 will be the first year a harmonised council tax will be applied (a 6 year harmonisation model).*
- b) *That no Borough's Council Tax levels will rise at a rate exceeding the Government's referendum limits; and*
- c) *That the Council Tax levied in Christchurch is frozen until the new harmonised rate is applied.*

As a Shadow Executive, as previously a Joint Committee, and as Leaders of our respective sovereign Councils we have always respected the annual referendum thresholds for the increase in the actual rate of council tax levied. The Secretary of State has always been very clear in determining increases over this level as being excessive and in stressing the detrimental impact on communities of any increases in bills over this threshold. Therefore, we hope an approach which continues to apply the long standing and adopted principles of the Secretary of State is one that he will find that he can support for the new BCP Unitary Authority.

If the Secretary of State however decides to impose a strategy which ignores our local preference and leads to higher levels of council tax forgone then we would request that the new authority is compensated for its impact. If however he chooses an approach which leads to increases in actual council tax bills higher than the

threshold which he has historically considered to be excessive then he should consider steps to explain such a decision to our community.

Yours sincerely

**Xxxxxxxxxx**

**Chairman BCP Shadow Executive**

**Cc - All Local MPs and Paul Rowsell**