

## Cabinet

Tuesday 12 December 2017

4.00 pm

Ground Floor Meeting Room G02A - 160 Tooley Street, London  
SE1 2QH

## Supplemental Agenda No.1

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### Contact

Paula Thornton 020 7525 4395 or email: [paula.thornton@southwark.gov.uk](mailto:paula.thornton@southwark.gov.uk)  
Webpage: [www.southwark.gov.uk](http://www.southwark.gov.uk)

Date: 4 December 2017

<b>Item No.</b> 26.	<b>Classification:</b> Open	<b>Date:</b> 12 December 2017	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Increasing Nursing Home Provision in Southwark	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Adult Care and Financial Inclusion	

### **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR ADULT CARE AND FINANCIAL INCLUSION**

In late 2015, it became clear our borough had a significant problem with its lack of good quality nursing home provision. All three of the nursing homes in the borough where the council funded placements had received poor inspection outcomes from the Care Quality Commission (CQC), preventing the council placing new residents in their care. In early January 2016, Camberwell Green nursing home closed.

Since then, Tower Bridge Care Centre has worked hard to address the CQC's concerns and received a rating of Good in March this year. However, the on-going quality concerns at Burgess Park nursing home and the closure of Camberwell Green have left the borough short of nursing home places.

This strategy sets out how the council will resolve this lack of current capacity through work with partners to develop two new nursing homes in the borough, together with interim measures to provide additional capacity whilst these homes are being built. By 2020, there will be a total of 361 nursing home beds available, compared to the 115 beds in the borough currently in use.

### **RECOMMENDATIONS**

1. That Cabinet notes the commissioning intention and strategy to increase local nursing homes beds that the council can access to over 300 beds by 2020.
2. That Cabinet notes the granting of a Licence to Assign of the lease, held by Four Seasons at Picton Street and known as Burgess Park, to Country Court Care Homes 2 Ltd.
3. That Cabinet notes the intention of Country Court Care Homes 2 Ltd to rebuild the home at Picton Street so that the number of rooms is increased from 55 to 70.
4. That Cabinet notes the negotiations taking place to reopen a nursing home at D'Eynsford Road.
5. That Cabinet notes the intention to undertake a procurement exercise in relation to securing a minimum number of beds and best value in relation to the re-modelled and/or newly constructed homes.

## BACKGROUND INFORMATION

6. In order to increase the number of nursing home beds in Southwark, commissioners need to facilitate the market so that new care homes are opened and existing care homes are re-modelled. Southwark Council has the opportunity to do both of these things due to being a significant landowner with assets that can support developing the market. With IBCF (Improved Better Care Fund) investment the council can achieve its commissioning intention to increase the number of local nursing home beds, which will benefit the council, CCG and local acute providers. This increase in capacity and choice of quality local nursing home provision will directly support the DTOC targets agreed by the council and CCG.
7. Southwark has three care homes registered to provide nursing care. Two are rated as Good by CQC and the other is rated as Inadequate. Across the three homes there are 271 rooms registered with CQC. However, one of the care homes, Queens Oak, is block-booked by Lambeth Council and has 88 rooms. This home is rated as Good. The other two homes are available to the council to purchase placements for its residents. These homes are Tower Bridge (rated as Good) and Burgess Park (rated as Inadequate). There is a fourth nursing home in the borough which is mothballed. This home is on D'Eynsford Road.

## KEY ISSUES FOR CONSIDERATION

### Needs analysis

8. The council currently has 291 people placed in nursing care. Of these placements 115 are local. To enable residents of the borough to stay local, when needing residential nursing care, there needs to be at least 100 additional beds in the borough. This determination is based on the number of nursing home placements funded by the council (291) and the number of placements that are out of borough (176). Of these placements, it can be argued that 25 are due to the council not being able to place up to the 80% (44) of beds in Burgess Park; and that the fact that some of the out of borough placements are due to service user and family choice rather than lack of supply. The reasons for not accessing the 44 beds in Burgess Park are set out in paragraph 14.
9. The overview of past, current and projected number of local nursing home beds, by nursing home, in the borough is shown in the table below:

Nursing home	2015	2017	2020
Burgess Park, Picton Road	55	0 <sup>1</sup>	70 <sup>3</sup>
Camberwell Green, D'Eynsford Road	55	0 <sup>1</sup>	75 <sup>4</sup>
Tower Bridge, Tower Bridge Road	128	128	128
Queens Oak	88 <sup>2</sup>	88 <sup>2</sup>	88 <sup>2</sup>
<b>Total</b>	<b>326</b>	<b>216</b>	<b>361</b>

<sup>1</sup> Zero, because an embargo means no new placements, or closed and mothballed

<sup>2</sup> These beds are block booked by Lambeth Council until 2022

<sup>3</sup> Estimated number by the provider in the intended planning application

<sup>4</sup> Median number of beds from the provider's estimation

10. In order to increase supply, commissioners need to open new care homes or re-model existing care homes. Southwark has the opportunity to do both of these things.

### **Opening new care homes**

11. The freehold of the care home at D'Eynsford Road is owned by the council and the lessee is Excelcare. Excelcare also owns Queens Oak, which is block-booked by Lambeth Council for the next 15 years. Discussions are taking place with Lambeth Commissioners and the provider about Southwark Council placing in this home.
12. Discussions are taking place with Excelcare about reopening D'Eynsford Road. These discussions relate to opening a purpose-built nursing home, for the 21<sup>st</sup> century, with 70 to 80 beds.

### **Re-modelling care homes**

13. The freehold of Burgess Park is owned by the council and the lessee is Four Seasons. The lease arrangements require that the lessee makes available at least 80% (44) of the beds in the home.
14. Burgess Park is currently rated as Inadequate. The home had a Notice of Proposal to withdraw registration of the home, which CQC has withdrawn. There are 26 people currently at Burgess Park. The council currently has 19 people placed in the home and cannot place any new people due to the issues related to the Inadequate rating of the home. To ensure the safety and care of those that continue to reside in the home, the council and CCG have regularly visited the home to monitor and support implementation of Four Seasons' action plan.
15. Part of Four Seasons' action plan for Burgess Park is to transfer the lease and, therefore, responsibility for running the home to Country Court Care Homes 2 Ltd. Four Seasons made this proposal at the end of April 2017.
16. Officers have undertaken due diligence in relation to the capability and financial standing of Country Court Care.
17. The Quality and Performance Manager has researched the CQC reports of Country Court Care Group, spoken with other LA commissioners, in particular, Sheffield City Council, and received written references. The Director of Commissioning and the Quality and Performance Manager, with a representative from the CCG, visited a Country Court Care home in Sheffield, which was their first 'turnaround' home. Additionally, Country Court Care reviewed the assessed needs of those at Burgess Park for both the council and the CCG, as well as, providing their own action plan for improving the quality of care at the home. The Director of Commissioning is satisfied that Country Court Care is a capable provider and therefore supported assignment of the lease to Country Court Care Homes 2 Ltd.
18. Finance has reviewed the financial standing of Country Court Care Homes 2 Ltd. Their review is detailed in the 'Financial implications' section of this report. Based on this assessment, the Director of Commissioning supported assignment of the lease to Country Court Care Homes 2 Ltd.

19. As part of granting the Licence to Assign of the lease, Country Court Care sought to vary the deed so that they can refurbish or rebuild the home to accommodate 21<sup>st</sup> century standards. The key features of the renegotiation includes:
  - 14.1 Relaxation from enforcement of the lease in relation to beds not being available during refurbishment or reconstruction for up to 4 years – during this period they do not need to apply for a Licence for Alterations.
  - 14.2 Relaxation from enforcement of the lease in relation to the home being registered with CQC for up to 4 months after the home is refurbished or reconstructed.
  - 14.3 Updating the inflationary uplift mechanism
20. A key element of Country Court Care's plans for improving care is to remodel the home so that the rooms are larger. Larger rooms will make delivery of care and, in particular, hoisting easier. The remodeling will also include en-suite rooms. Subject to planning permission, they intend to build a 70-bedded home. Discussions are continuing about the number of beds that the council would seek to access in relation to the new home but officers have indicated that they intend to secure at least 50 beds; under the current lease arrangements, we are entitled to 44.
21. In order to remodel the home, the council would be required to pay an increased bed price in the home to accommodate a reduced number (approximately 10) of residents staying on the site whilst works take place; or the council would need to support re-locating our residents elsewhere. Both options have cost and resource implications for Adult Social Care and Commissioning and therefore officers have secured an agreement from Four Seasons to contribute to these costs. This agreement is set out in the 'Resource implications' section of this report.

### **Procurement implications**

22. Council standing orders require that contract values over £100k should be the subject of a tender. The council spends £8 million per year on nursing home provision, this is in excess of the £589k threshold in the European Union procurement regulations, and therefore requires a OJEU Notice to be published. Nursing provisions falls within the categorization of 'light touch' services and therefore the council has flexibility on how the procurement is undertaken
23. The two contracting opportunities relating to the homes in Picton Street and D'Eynsford will be part of this wider procurement exercise for providers across London and minimum block contracts for local provision. The procurement exercise will take place in 2018 and is on the department's Forward Procurement Plan. This exercise will be led by the Partnership Commissioning Team and will relate to securing bed prices in relation to all nursing home placements.

### **Policy implications**

24. The Care Act 2014 introduced new duties on local authorities to facilitate a vibrant, diverse and sustainable market for high quality care and support in their area, for the benefit of their whole local population, regardless of how the services are funded.
25. Council priorities include 'diversification of nursing homes'. By assigning the lease to Country Court Care Homes 2 Ltd, the council will fulfil its duties by maintaining diversity of providers within this small market for the borough. Country Court Care is a family run business with a proven track record of taking responsibilities for care homes and improving their quality of care.

26. In 17/18, the Department of Health introduced the IBCF (Improved Better Care Fund). The IBCF is designed to fund adult social care activities that support timely discharge from hospital. In September 2017, the CCG agreed that the council should invest the IBCF in homecare and nursing homes, therefore, as previously stated, the IBCF investment will enable the council to achieve its commissioning intention to increase the number of local nursing home beds. This investment will benefit the council, CCG and local acute providers. This increase in capacity and choice of quality local nursing home provision will directly support the DTOC targets agreed by the council and CCG.

### **Community impact statement**

27. Based on active discussions with Excelcare and Country Court Care, and subject to any planning applications, Southwark will see an increase in local beds from over 200 to over 350 by 2020.
28. Both care homes would provide employment opportunities for local people.

### **Resource implications**

#### **Costs of the Licence to Assign the Burgess Park lease**

29. Four Seasons is required, in the lease, to cover all reasonable costs related to The Licence to Assign the lease. Therefore, all costs related to due diligence (time of officers and disbursements) were collated.

#### **Re-provision costs during remodeling of Burgess Park**

30. It is arguable that due to the length of the lease, there would, from time to time, be a need for the council to relocate service users to enable the building to be fit for purpose in relation to the delivery of care, Four Seasons has acknowledged that the timing of this decision has been affected by the company's lack of attention to the fabric of the building as well as the quality of care. Therefore, Four Seasons has offered a benefit in kind so that the council does not experience an 'unplanned' cost pressure in relation to the placements at Burgess Park.
31. Four Seasons has offered to find alternative placements within their London portfolio for service users who are currently at Burgess Park. These alternative placements will be at the prevailing 17/18 or 18/19 Burgess Park prices.
32. Additional re-provision costs relate to the travel costs of next of kin (or close friends that regularly visit a resident) continuing to visit their loved one where they would have to travel outside of Southwark. These costs have been calculated based on an average of three visits per week per client for 18 months and this amount to over £180k. Given that the temporary relocation of the residents is with the agreement of the council, these additional costs should be funded by the council. The payment from FSHC would fund this cost pressure for the council.
33. A dedicated social worker will oversee the mobilisation (decant) of the residents; and a dedicated contracts manager will ensure that FSHC uses its 'best endeavours' to accommodate the remaining residents within the FSHC portfolio. The payment from FSHC would fund this cost pressure for the council.

34. The Social Worker and Contracts Manager will work closely with the Multi-Disciplinary Team, which is led by a clinician, to ensure that any moves that take place are suitable alternatives that are appropriate for the person's needs.

### **Securing value for money in relation to bed prices**

35. The Partnership Commissioning Team will lead a procurement exercise to ensure that value for money is secured for nursing homes generally, including these homes. A Gateway 0 report will be presented to Cabinet in February to set out the procurement options and how the current spend of over £8 million per annum can deliver value for money.
36. Following the GW0, the GW1 report, 'Procurement Strategy', will consider issues such as the London Living Wage and Trade Union Recognition

### **Legal implications**

37. Legal colleagues, specialising in Property Law and Contract/Procurement Law, have been providing advice in relation to the granting of a Licence to Assign Burgess Park.
38. The enforcement of a covenant is complex procedure and therefore this presents a risk, which both Property and Legal colleagues are exploring how to manage in terms of drafting.

### **Financial implications**

39. The report explains the granting of a Licence to Assign of the Burgess Park Care Home lease from Four Seasons to Country Court Care Homes 2 Ltd (CCCH2), a subsidiary of the Country Court Care Group. The finance team have undertaken appropriate due diligence, including a review of the latest accounts and credit checks which show the company trading as a going concern. CCCH2 Ltd has a good credit rating (89) and MINT rates CCCH2 Ltd's likelihood of failure as 0.9%.
40. The deal will result in an increased number of beds in the borough at a favourable price.
41. For the remainder of 2017/18 and until the end of the construction works, the incumbent provider has agreed to re-locate the existing 18 residents at no additional cost to the Council. The cost of the construction works is to be borne by CCCH2.
42. Once the construction works are complete and residents repatriated, the increase in bed price will impact future budgets. Based on the current occupancy level of 18 beds, the annual pressure will be in the region of £111k (see table below), although this will be offset if residents currently in more expensive placements can be moved to Burgess Park.
43. An uplift formula has been discussed to inform the development of a framework contract to be procured in 2018. This formula will assist both the council and providers to plan for additional costs as a result of inflation. Of particular note is the risk around the National Minimum Wage which has rose from £7.20 to £7.50 per hour, a figure the Chancellor has pledged to see rise to £9 by 2020. The OBR predict the government will fall 25p short of this target. Assuming a straight line increase between 2017-18 and 2020-21, this averages at 6.3% per annum based on the government target or 5.3% if using the OBR forecast. At this stage it

seems sensible to cap any inflationary increases at no more than 2%.

### **Consultation and engagement**

44. This report was presented at CAB on 26 July 2017 and supported assignment of the lease to CCCH2 Ltd. The granting of a Licence to Assign was agreed on 6 November, ASC officers have written to service users and their families about this change in provider.
45. Officers have engaged with the CCG and CQC throughout these discussions.

### **SUPPLEMENTARY GUIDANCE FROM OTHER OFFICERS**

#### **Strategic Director of Finance and Governance**

46. The strategic director of finance & governance notes the recommendations contained within this report and in particular the contents of the financial implications section. Increasing the quality and availability of local nursing and residential provision will reduce the council's reliance on more expensive spot and out of borough placements. The council is subject to significant cost pressures from care home placements and delivery of the two projects outlined in this report will contribute to stabilising these in the medium term. It is noted within this report that Four Seasons are covering the costs of the lease reassignment and variation at Burgess Park, therefore it is not expected that the recommendations will impact outturn 2017-18.

#### **Director of Law and Democracy**

47. The report refers to the assignment of the existing lease to Country Court Care Homes 2 Limited ("CCCH"). This has been the subject of detailed negotiation both with CCCH and also the existing leaseholder which is Four Seasons. CCCH have asked for a number of variations to the terms of the existing lease which is dated 11 March 1994 and the impact of these variations on the value of the reversionary interest have been costed by an external valuer. The assignment of the lease by Four Seasons to CCCH was approved by the Council in accordance with the requirements of the Lease and accordingly a Licence to assign will be provided.
48. Paragraph 12 of the report refers to the negotiations for a separate care home being the D'Eynsford Road site. The Council will need to ensure that it receives the best consideration which can be reasonably obtained for any interest which it transfers in order to comply with section 123, Local Government Act 1972.
49. As noted in paragraphs 5 and 35-36, a procurement process will commence in 2018 for the provision of nursing beds. The services to be procured are classed as 'light touch' services (being Schedule 3 'social and other specific services') and as they will exceed the threshold of £589k, must be tendered in accordance with the light touch regime under the Public Contract Regulations 2015. However the council is given flexibility as to how those services are procured, provided it advertises the service in OJEU and runs a transparent and non-discriminatory process that treats providers equally. Further advice will be given on the procurement implications in both the gateway 0 and gateway 1 reports'.



**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
None		

**APPENDICES**

No.	Title
None	

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Adult Care and Financial Inclusion		
<b>Lead Officer</b>	Genette Laws, Director of Commissioning		
<b>Report Author</b>	Genette Laws, Director of Commissioning		
<b>Version</b>	Final		
<b>Dated</b>	4 December 2017		
<b>Key Decision?</b>	Yes		
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>	
Director of Law and Democracy	Yes	Yes	
Strategic Director of Finance and Governance	Yes	Yes	
<b>Cabinet Member</b>	Yes	Yes	
<b>Date final report sent to Constitutional Team</b>		4 December 2017	

<b>Item No.</b> 27.	<b>Classification:</b> Open	<b>Date:</b> 12 December 2017	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		The Council Tax Base for 2018-19	
<b>Ward(s) or groups affected:</b>		London Borough of Southwark (all wards)	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Modernisation and Performance	

### **FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE**

In this report Cabinet is asked to agree the council tax base and assumed collection rate upon which we will estimate our council tax income for next year's budget. I am delighted to say that thanks to the hard work of the council the number of homes has yet again increased considerably and that we are recommending an increase of over 5% in the band D equivalent dwellings to use as the base. Whilst collection remains strong the introduction of Universal Credit presents a risk to council tax collection and so we are recommending that the collection rate assumption remains unchanged at 97.2%.

I had hoped to use this report to increase the council tax premium on empty homes from 50% to 100% as promised in the Chancellor of the Exchequer's budget speech. Sadly it seems that this new power for local authorities will not be available until April 2019 at the earliest. I have no doubt that Southwark will make use of this power at the earliest possible opportunity, both to seek to raise more income to support services and as a deterrent to homes being left empty.

Also in this report I am delighted to announce the introduction of a new exemption from Council Tax for young people leaving Southwark's care. Leaving home is a key moment in a young person's life and it can be particularly difficult for looked after children. It is our duty as "corporate parents" to ensure young people in our care get that best start in life. That's why we are reforming the Southwark Young People's 16+ Support & Resettlement Service, to ensure care leavers get the support and assistance they need and that's why we are today officially supporting the Children's Society's campaign and agreeing to exempt our 18 to 24 year old care leavers from Southwark council tax.

### **RECOMMENDATIONS**

1. Cabinet approve the schedule of discounts and exemptions in paragraph 13, which remains unchanged from 2017-18.
2. Cabinet note that the council tax reduction scheme (CTRS) for both working and pensionable age claimants shall remain unchanged in 2018-19.
3. Cabinet agree the council tax base for 2018-19 be set at 100,884 (95,941 in 2017-18) band D equivalent dwellings.

4. Cabinet agree the assumed council tax collection level should remain at 97.20% for 2018-19 (97.20% in 2017-18) noting the risks outlined in paragraphs 25 and 26.
5. Cabinet note the council tax base for 2018-19 for St. Mary Newington parish be set at 11,936 (11,602 in 2017-18) band D equivalent dwellings.
6. Cabinet note the council tax base for 2018-19 for St. Saviour's parish be set at 1,267 (1,257 in 2017-18) band D equivalent dwellings.
7. Cabinet note that:
  - any minor and consequential amendments to the CTRS written policy are to remain delegated to the Strategic Director of Finance and Governance, in consultation with the monitoring officer.
  - no changes were made under the Strategic Director of Finance and Governance's authority during 2017-18.
8. That cabinet note that, as for 2017-18, the NNDR1 return showing the national non-domestic rates base will be signed off by the council's section 151 officer (Strategic Director of Finance and Governance).
9. Cabinet to note the proposed extension of the current council tax section 13a policy<sup>1</sup> covering discretionary relief (refer to paragraph 18):
  - **to introduce council tax discretionary relief (0% to 100%) for young people leaving Southwark council's care aged 18 to 24 years, for the period 1 April 2018 to 31 March 2019.**
  - to continue foster carers discretionary relief (0% to 100%), for the period 1 April 2018 to 31 March 2019.

## BACKGROUND INFORMATION

10. Regulations require the council to inform its preceptors of the council tax base by 31 January 2018.
11. This report sets out the statutory information that is needed in order to set the council's council tax base for 2018-19. A further report will be presented to council assembly in February 2018 setting out the level of council tax needed to meet the council's expenditure for the year 2018-19.

## KEY ISSUES FOR CONSIDERATION

12. There are a number of factors which impact the council tax base calculation and these are discussed in the sections below:
  - Council tax discounts, exemptions and premiums
  - Southwark council tax section 13a policy – discretionary relief
  - Council tax reduction scheme
  - Council tax collection rate
  - Calculation of the council tax base
  - Non-Domestic Rates (NDR)

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<sup>1</sup> Southwark Council Tax Section 13a (1)(c) policy for 2017-18

- Revenue budget implications 2018-19

### **Council tax discounts, exemptions and premiums**

13. All council tax discounts, exemptions and premiums from 2017-18 remain unchanged for 2018-19. The overall position is as follows:

<b>Type of Council Tax Discounts, Exemptions and Premiums</b>	<b>Para</b>	<b>Local / Statutory</b>	<b>Discount/ Premium</b>
Single Person		Statutory	-25%
All except one person in household disregarded	14	Statutory	-25%
All persons in household disregarded	14	Statutory	-50%
Second Home	15	Local	0%
Discount to replace Class A exemptions	16	Local	0%
Discount to replace Class C exemptions	17	Local	0%
Empty (unoccupied) but furnished		Local	0%
Empty for over 2 years (premium)		Local	+50%

14. Occupants may be disregarded for the purposes of establishing the billable amount. Qualifying students, for example, are disregarded, and households containing only students are fully exempt. If all but one of the occupants is disregarded, a 25% discount is awarded. If all occupants are disregarded, but no exemption is applicable, a 50% discount is awarded.
15. Second home discount schemes are left to local discretion, between a statutory minimum of 0% and statutory maximum of 50%.
16. Class A exemptions were abolished with effect from 1 April 2013. These allowed up to 12 months tax free for properties that were uninhabitable or undergoing major works.
17. Class C exemptions were abolished with effect from 1st April 2013. These allowed up to 6 months tax free for properties that were empty and unfurnished.

### **Southwark council tax section 13a policy – discretionary relief**

18. The council's 2017-18 section 13a policy allows for local council tax discretionary relief to be awarded to council tax payers falling into prescribed categories.

**From 2018-19, the council's section 13a policy will introduce a new initiative to include council tax discretionary relief for young people leaving Southwark council's care aged 18 to 24 years, who are liable for council tax.**

Currently, foster carers are able to claim discretionary relief in 2017/18. The proposed extension of the current council tax section 13a policy covering discretionary relief is as follows:

- **to introduce council tax discretionary relief (0% to 100%) for young people leaving Southwark Council's care aged 18 to 24 years, for the period 1 April 2018 to 31 March 2019.**
- to continue foster carers discretionary relief (0% to 100%), for the period 1 April 2018 to 31 March 2019.

The decision to amend the s13a policy is taken by the Strategic Director of Finance and Governance, as authorised under the council constitution.

### **Council tax reduction scheme**

19. From 2013-14 there has been a significant change in the calculation of the council tax base. The localisation of council tax support has resulted in a substantial reduction in the number of band D equivalent properties in the tax base. Instead of council tax benefit claimants having council tax paid for through council tax benefit, from 1 April 2013 through the council's localised council tax reduction scheme (CTRS) claimants receive a discount, up to a maximum 100% discount for pension age claimants to a maximum 85% discount for working age claimants.
20. The actual amount of CTRS discount applied is monitored monthly and an adjustment has been made to forecast these figures to obtain a more representative estimate for 2018-19.
21. The CTRS caseload has continued to reduce gradually during 2017-18, leading to an increase in the tax base. Analysis shows that the greatest reduction has been in the "working age other" element of the scheme. This group of people are in receipt of passported benefits, job seekers allowance and income support. Typically this is indicative of claimants moving into work and therefore off benefits and eligibility for CTRS. Other movements can be attributed to a combination of changes in claimants' circumstances such as movement in and out of the borough, changes in income, and starting work.
22. The council tax reduction scheme replaced council tax benefit and is passed on to claimants through a discount. Current estimates show that for 2018-19 this will reduce the overall council tax base by 17,465 properties before adjustment for collection rate.

### **Council tax collection rate**

23. The 2017-18 collection performance as at 30 November 2017 is 70.0% (30 November 2016 was 71.8%). Performance compared with the same period last year is slightly lower due to the removal of discounts and exemptions over recent months. This process raises the amount collectible; however those amounts only fall due later in the year. This effectively lowers the collection rate over the short term but increases cash collectable in the long term.
24. Arrears collection as at 30 November 2017 is £2.1m compared with the annual target of £3.6m, (on 30 November 2016 this was £2.8 million against an annual target of £3.4 million).
25. The Strategic Director of Finance and Governance recommends that, based on collection performance in previous years and to date in 2017-18, a 97.20% assumed collection rate in 2018-19 would give the best estimate of the likely value to be obtained from the demands issued in April 2018 (appendix B). However, there are still considerable uncertainties arising from the accumulated effects of welfare reform.
26. The impact of Universal Credit (UC) will continue to be felt as system design causes delays in claimants receiving payments. Furthermore, UC claimants are not automatically making an application for CTRS, which would have been processed automatically in the past. This is leading to delays in customers

paying both rent and council tax. Those that do claim CTRS are finding it increasingly difficult to clear their arrears in-year and are falling into a cycle of debt which may take several years to clear.

27. In addition to the above, other welfare reforms such as changes to tax credits and the social size criteria (bedroom tax) are affecting the ability of those on the lowest income to meet their obligations to the council.
28. The collection fund monitor continues to be worked on, and the forecast position will be reported in the Policy and Resources Strategy 2018-19 balanced budget report to cabinet in January 2018. Any estimated surplus or deficit must be accounted for in the council tax calculations for 2018-19.

### **Calculation of the council tax base**

29. Calculation of the council tax ("the tax") is governed by the Local Government Finance Act 1992 ('the Act') and various regulations thereunder. In particular, Section 31B of the Act requires the basic (band D) tax to be calculated by applying the formula: The council tax requirement divided by the council's "tax base."
30. Although the council's net budget requirement for 2018-19 has not yet been determined, the "tax base" can be set and is subject to the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, made under section 33 of the Act and subsequent amendments. Regulation 8 of the 2012 Regulations requires the calculation for 2018-19 to be made between 1 December 2017 and 31 January 2018.
31. The proportions applicable to the various council tax bands (the "basic" band being D) are as follows:

<b>Band</b>	<b>Proportion (ninths)</b>
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

32. There is an additional band A (5/9 of band D). This only arises where a person in a band A property receives a band reduction through disability related relief (appendix A).
33. The council's basic tax is calculated in respect of band D. The bands are based on the above proportions, so Band A properties pay 6/9 of the basic tax, band B pay 7/9 of the basic tax and so on, up to band H where the tax is 18/9, or twice the tax at band D.
34. The calculation of the tax base is summarised below - refer to appendix A(i):

<b>Total of the relevant amounts</b>	<b>103,790</b>
<b>Estimated collection rate</b>	<b>97.20%</b>
<b>2018-19 council tax base</b>	<b>100,884</b>

35. Additional earmarked income may be available from trust funds, which can subsidise the council tax in the former parishes of St. Mary Newington and St. Saviour's. Separate calculations have to be made for these specific areas (appendix A). The subsidy to St Mary Newington is taken from interest earned on the Walworth Common Trust capital sum, divided by the taxbase to give a band D equivalent subsidy. The subsidy to St Saviour's comes from contributions from the Borough Market Trustees, again divided by the taxbase.

### **Non-Domestic Rates (NDR)**

36. The NNDR<sup>12</sup> government statistical return will be authorised by the council's section 151 officer (Strategic Director of Finance and Governance).

### **Revenue budget implications 2018-19**

37. Subject to cabinet approval, the tax bases recommended in this report and the projected surplus / deficit on the collection fund as at 31 March 2018 will be used in the calculation of the level of council tax that will be recommended to council assembly in February 2018.

### **Consultation**

38. Calculation of the council tax base forms an integral part of the revenue budget setting process for 2018-19. The budget is underpinned by the council's medium term resource strategy as agreed by cabinet.

### **Community impact statement**

39. This report contains technical calculations relating to the council's tax base for 2018-19.
40. There is no direct community impact at this stage. The impact on the community of any potential change in service design, outcomes or access arising from recommendations relating to the 2018-19 revenue budget will need to be addressed and identified as part of the final budget submission to council assembly in February 2018.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

41. The Director of Law and Democracy advises that decisions relating to the setting of council tax base are reserved to cabinet under part 3B of the council's constitution. Therefore the cabinet is enabled to agree all of the recommendations in this report.
42. Members are reminded that Section 106 of the Local Government Finance Act 1992 ("the Act") places restrictions on the ability of members in arrears of council tax to vote in meetings on certain financial matters.
43. Where a member has at least two months' arrears of council tax he or she must not vote on any matter which:

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<sup>2</sup> National Non-Domestic Rates

- relates directly to the setting of the next year's council tax; or
- recommends income or expenditure forming part of the next year's levy; or
- relates to income or expenditure in the current year which is in excess of the current budget.

44. When a matter as described in paragraph 43 is to be considered at a meeting the member affected must declare that section 106 of the Act applies to him or her. The member may remain in the meeting and may speak, but he or she may not vote on the matter.
45. The legal basis for agreeing the recommendations relating to the setting of the council tax base is found under section 31B of the Act which imposes a duty on a billing authority to calculate its council tax by applying a formula laid down in that section. This relies on calculating a figure for the council tax base for the year. The Local Authority (Calculation of Council Tax Base) (England) Regulations 2012 require a billing authority to use a given formula to calculate the council tax base.
46. On 23 January 2013 council assembly [then the appropriate decision maker] adopted the CTRS written policy which had been developed by officers. At the same meeting also approved that decision-making on any minor and consequential amendments to the CTRS written policy be delegated to the Strategic Director of Finance and Corporate Services [now the Strategic Director of Finance and Governance] in consultation with the Monitoring Officer.
47. Cabinet is reminded that the council is subject to the public sector equality duty in section 149 Equality Act 2010, and attention is drawn to the community impact section of the report in this regard. The duty requires the council, in the exercise of all its functions, to have due regard to the need to
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The duty is a continuing one.



## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council tax base for 2017-18	160 Tooley Street, London SE1 2QH	Revenues and Benefits Team Norman Lockie
<b>Link: copy and paste into web browser</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5376&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5376&amp;Ver=4</a> (item 20 The Council Tax Base for 2017-18)		

## APPENDICES

Appendix	Title
Appendix A (i)	Council Tax Base for 2018-19 for London Borough of Southwark (All Wards)
Appendix A (ii)	Council Tax Base for 2018-19 for the parish of St Mary Newington
Appendix A (iii)	Council Tax Base for 2018-19 for the parish of St Saviour's
Appendix A (iv)	Council Tax Base for 2018-19 for the London Borough of Southwark, excluding the parishes of St Mary Newington and St Saviour's
Appendix B	Council Tax – Collection Achieved and Projected

## AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Authors	Jade Cheung, Finance and Governance Norman Lockie, Finance and Governance	
Version	Final	
Dated	4 December 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		4 December 2017

APPENDIX A (i)

COUNCIL TAX BASE FOR 2018/19 FOR LONDON BOROUGH OF SOUTHWARK ALL WARDS - FOR COUNCIL TAX SETTING

	LONDON BOROUGH OF SOUTHWARK (ALL WARDS)	COUNCIL TAX BAND									TOTAL
		- A	A	B	C	D	E	F	G	H	
1	Number of Chargeable Dwellings	12	11,313	36,417	33,526	23,861	16,874	6,471	4,254	665	133,393
2	Adjustment for the number of dwellings subject to a discount	(1)	(1,730)	(4,269)	(2,760)	(1,714)	(967)	(332)	(173)	(25)	(11,971)
3	Adjustment for the number of dwellings subject to a premium	-	151	229	72	29	12	8	23	6	529
4	Adjustment for the localised council tax support scheme	(4)	(2,239)	(6,736)	(4,576)	(2,363)	(1,283)	(204)	(58)	(2)	(17,465)
5	Adjustment for forecast changes in the tax base	-	-	59	82	661	331	-	-	-	1,133
6	Total in band (1+2+3+4+5)	7	7,495	25,700	26,343	20,474	14,967	5,943	4,046	644	105,619
	Multiply by band factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7	Number of Band D Equivalents	4	4,997	19,989	23,416	20,474	18,293	8,585	6,743	1,289	103,790
8	Estimated Collection Level										97.2%
9	Estimated 2018/19 TAX BASE (7) x (8)										100,884

APPENDIX A (ii)

COUNCIL TAX BASE FOR 2018/19 FOR ST MARY NEWINGTON - FOR COUNCIL TAX SETTING

	ST. MARY NEWINGTON PARISH	COUNCIL TAX BAND									TOTAL
		- A	A	B	C	D	E	F	G	H	
1	Number of Chargeable Dwellings	1	2,676	6,948	4,981	1,978	1,488	361	69	22	18,524
2	Adjustment for the number of dwellings subject to a discount	-	(388)	(749)	(372)	(148)	(77)	(15)	(3)	(1)	(1,751)
3	Adjustment for the number of dwellings subject to a premium	-	76	110	10	3	1	-	1	1	200
4	Adjustment for the localised council tax support scheme	(1)	(528)	(1,311)	(783)	(273)	(210)	(18)	(7)	-	(3,131)
5	Adjustment for forecast changes in the tax base	-	-	11	12	57	30	-	-	-	110
6	Total in band (1+2+3+4+5)	-	1,836	5,009	3,848	1,617	1,232	328	60	22	13,952
	Multiply by band factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7	Number of Band D Equivalents	-	1,224	3,896	3,420	1,617	1,506	474	99	44	12,280
8	Estimated Collection Level										97.2%
9	Estimated 2018/19 TAX BASE (7) x (8)										11,936

## COUNCIL TAX BASE FOR 2018/19 FOR ST SAVIOUR'S - FOR COUNCIL TAX SETTING

	ST. SAVIOUR'S PARISH	COUNCIL TAX BAND									TOTAL
		- A	A	B	C	D	E	F	G	H	
1	Number of Chargeable Dwellings	-	89	270	314	194	230	147	140	51	1,435
2	Adjustment for the number of dwellings subject to a discount	-	(29)	(31)	(35)	(14)	(20)	(9)	(8)	(2)	(147)
3	Adjustment for the number of dwellings subject to a premium	-	-	-	-	-	-	-	1	1	2
4	Adjustment for the localised council tax support scheme	-	(11)	(45)	(59)	(21)	(19)	(2)	-	-	(157)
5	Adjustment for forecast changes in the tax base	-	-	1	1	5	5	-	-	-	12
6	Total in band (1+2+3+4+5)	-	49	195	221	164	197	136	133	51	1,145
	Multiply by band factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7	Number of Band D Equivalents	-	33	152	196	164	240	196	221	101	1,303
8	Estimated Collection Level										97.2%
9	Estimated 2018/19 TAX BASE (7) x (8)										1,267

APPENDIX A (iv)

**COUNCIL TAX BASE FOR 2018/19 FOR LONDON BOROUGH OF SOUTHWARK EXCLUDING THE PARISHES OF  
ST. MARY NEWINGTON AND ST. SAVIOUR'S - FOR COUNCIL TAX SETTING**

	LONDON BOROUGH OF SOUTHWARK (excl. St. Mary Newington & St. Saviour's)	COUNCIL TAX BAND									TOTAL
		- A	A	B	C	D	E	F	G	H	
1	Number of Chargeable Dwellings	11	8,548	29,199	28,231	21,689	15,156	5,963	4,045	592	113,434
2	Adjustment for the number of dwellings subject to a discount	(1)	(1,313)	(3,489)	(2,354)	(1,552)	(871)	(308)	(162)	(23)	(10,073)
3	Adjustment for the number of dwellings subject to a premium	-	75	119	62	26	11	8	22	5	327
4	Adjustment for the localised council tax support scheme	(3)	(1,700)	(5,380)	(3,734)	(2,069)	(1,054)	(184)	(51)	(2)	(14,177)
5	Adjustment for forecast changes in the tax base	-	-	47	69	599	296	-	-	-	1,011
6	Total in band (1+2+3+4+5)	7	5,610	20,496	22,274	18,693	13,538	5,479	3,854	572	90,522
	Multiply by band factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7	Number of Band D Equivalents	4	3,740	15,941	19,799	18,693	16,546	7,914	6,423	1,144	90,204
8	Estimated Collection Level										97.2%
9	Estimated 2018/19 TAX BASE (7) x (8)										87,678

## COUNCIL TAX - COLLECTION ACHIEVED &amp; PROJECTED

Council Tax - Collection Achieved And Projected	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Total Debit	150,618	152,030	153,986	156,157	166,206
Exemptions	(6,817)	(7,000)	(6,635)	(6,650)	(6,316)
Disabled relief	(50)	(53)	(54)	(56)	(55)
Discounts	(15,078)	(14,423)	(13,843)	(12,646)	(12,898)
Foster Care Discount	0	(30)	(30)	(35)	(36)
Benefits & Council Tax Reduction	(23,259)	(22,007)	(22,007)	(19,890)	(19,975)
<b>Collectable debit</b>	<b>105,415</b>	<b>108,518</b>	<b>111,417</b>	<b>116,880</b>	<b>126,926</b>
Council Tax collected to date	(102,662)	(105,373)	(105,373)	(112,116)	(90,998)
Less credit balances	437	452	452	922	2,204
Council Tax collection to date	(102,225)	(104,921)	(104,921)	(111,194)	(88,794)
Future collection adjustment	0	0	0	(2,221)	(34,524)
<b>Total projected income</b>	<b>(102,225)</b>	<b>(104,921)</b>	<b>(104,921)</b>	<b>(113,414)</b>	<b>(123,318)</b>
Actual Collection to date	-97.0%	-96.7%	-94.2%	-95.1%	-70.0%
(all figures updated 30 November 2017)					
<b>Projected final collection level</b>	<b>-97.0%</b>	<b>-96.7%</b>	<b>-94.2%</b>	<b>-97.0%</b>	<b>-97.2%</b>

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