

Item No. 2.1	Classification: Open	Date: 29 February 2012	Meeting Name: Council Assembly
Report title:		Policy and Resources Strategy 2012/13-2014/15 – revenue budget	
Wards or groups affected:		All	
From:		Finance Director	

RECOMMENDATION

That Council Assembly:

1. Agree the recommendations of the Cabinet held on 7 February 2012 for a general fund budget for 2012/13 of £308.2m and a nil council tax increase for 2012/13, attached as Appendix 1.

BACKGROUND INFORMATION

Revenue budget

2. On 7 February 2012 the Cabinet considered a report on the Council's revenue budget proposals for 2012/13 to 2014/15. A copy of the report is attached as Appendix 1.
3. The report at Appendix 1 proposes a nil council tax increase for Southwark's element of the council tax and a general fund revenue budget of £308.2m in 2012/13.

KEY ISSUES FOR CONSIDERATION

Recommendation for council assembly

Revenue budget 2012-2013

4. At its meeting on 7 February 2012, the cabinet agreed its final recommendation to council assembly on the revenue budget 2012/13. Table 1 below shows a high level summary of the recommended budget from cabinet as set out in the budget report considered by the cabinet. The table specifically sets out the council tax requirement which local authorities are required to calculate, under section 42A (4) of the Local Government Finance Act 1992, as amended by the 2011 Localism Act.

Table 1

	2012/13 Budget £m
Revised previous year's budget	326.4
Inflation	3.6
Commitments and growth (Details in Appendix 1 - Table 6)	10.8
Less Savings (Details in Appendix 1 - Table 6)	(28.3)
Budget adjustments (Details in Appendix 1 – Table 6)	0.1
Contribution (from) and to balances	(4.4)
Total budget requirement	308.2
Income from formula grant and NNDR	(217.1)
Projected collection fund deficit 2010/11	0.1
Council tax requirement	91.2
Tax base agreed by council assembly on 25 January 2012	100,031.34
Southwark 2012/13 Band D council tax	£912.14

Council tax

5. All local authorities are required to set their council tax by 11 March 2012. Given this timescale, it is difficult at this stage to provide comparative information for 2012/13. This Council will set its own tax on 29 February 2012 (the date to which this report refers). As in previous years, any delay to this date will mean the Council would have to move its instalment date beyond 1 April 2012. This would result in a loss of income to the Council from cash flow and could also put at risk the ability of the Council to meet its collection targets.

6. Cabinet have recommended a nil increase in council tax for 2012/13. A nil increase in council tax in 2012/13 will mean Southwark's council tax will have increased by a total of 8% since 2005/06. The general trend in comparative data on council tax between 2005/06 and 2011/12 is given in Appendix 2. Southwark's council tax for 2011/12 is 15.1% below the national average (including GLA), 8.7% below the London average (excluding GLA), and 6.6% below the London average (including GLA).

Greater London Assembly (GLA) precept

7. The Mayor of London's consolidated budget for 2010/11 was presented and approved by the London Assembly on 9 February 2012. The Assembly agreed a reduction of 1% on the GLA precept.

	2011/12	2012/13	Increase
GLA precept	£309.82	£306.72	(1.00%)
Southwark council tax.	£912.14	£912.14	(0.00)%
Total band D council tax	£1,221.96	£1,218.86	(0.25%)

Community impact statement

8. The community impact statement is set out in the report at Appendix 1.

Consultation

9. Following on from the extensive consultations during 2011/12 budget setting, reports on the budget proposals were considered by cabinet on 24 January and 7 February, at which the cabinet received deputations from the voluntary sector. The details of the deputations to the 24 January are set out in the report at Appendix 1. On 7 February the cabinet received a deputation from the Southwark Refugees Communities Forum (SRCF).
10. The spokesperson addressed the meeting to ask that their request for funding from the community support programme be given careful consideration. He explained that the Forum is an umbrella organisation with a membership of 34 refugee community organisations and service providers and highlighted the likely impact upon Southwark Refugee Communities Forum and its members in 2012/13, should the funding that has been requested not be secured. In 2011/12 SRCF received £25k from the voluntary sector transition fund and have applied for further funding in 2012/13. The budget proposals contain provision for a further £500k for the voluntary sector transition fund, in addition to any underspent resources from 2011/12.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities Law & Governance

11. The report requires Council Assembly to agree the recommendations of the 7 February 2012 Cabinet for a general fund budget for 2012/13 of £308.2m and zero council tax increase for 2012/13. In accordance with Part 3A of the Constitution Council Assembly are required to agree the budget.

Legislative framework

12. Section 31A of the Local Government and Finance Act 1992 (the Act) provides that the Council has an obligation to calculate and agree an annual budget. The Act also requires the authority to set an amount of council tax for each financial year preceding that for which it is set. Pursuant to section 30 (7) of the Act no amount may be set before the earlier of the following: (a) 1st March in the financial year preceding that for which the amount is set; (b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set. Section 30 (9) of the Act states that a purported setting of an amount, if done in contravention of subsection 30 (7) shall be treated as not having occurred.
13. Under section 39 of the Act, the Greater London Authority ('GLA') is defined as a 'major precepting authority'. The GLA set its precept on 9 February 2012.

Restrictions on voting under Section 106 of the Local Government Finance Act 1992

14. Section 106 of the Local Government Finance Act applies at any time to a member of an authority, if at that time the member is due to pay council tax payments which have remained unpaid for at least two months.
15. The payments to which the section applies are any type of either sole or joint and several liability for council tax, and any failure to pay any agreed sum of council tax. Therefore members are advised that this section is likely to apply to them if they are currently two months in arrears of any amounts of council tax, even if they have made any special contractual arrangement with the council to pay off the arrears.
16. If this section applies to any member, he/she at the relevant meeting and as soon as practicable after its commencement, must disclose the fact that the section applies and not vote on any question with respect to this matter.
17. The relevant meetings are those at which any of the following are the subject of consideration, namely:

- (a) "any calculation required by chapter 111, 1V, V of part 1 of the 1992 Act".

The only calculations likely to be made by this authority are those under chapter 111 of part 1 of the act, (chapter 1V relates to precepting and chapter V limitations on council tax (i.e. capping)

The chapter 111 calculations include the calculation of the budget requirement, basic amount of tax, the additional requirements because of the special trust funds, the calculation of the tax for the different valuation bands and the basic amount of council tax to be set under Section 30.

- (b) "Any recommendation, resolution or other decision which might affect the making of any such calculation"

This is an extremely wide wording and would extend well beyond merely setting the budget. It applies to virtually any matter where the financial implications directly or indirectly might affect the calculations concerning the council tax. It would therefore apply to decisions concerning the level or extent of services as well as the expenditure, receipt or forgoing of any money.

- (c) "the exercise of any function under Schedules 2-4 of the 1988 and 1992 Act"

The functions under either the 1988 or 1992 Acts concern the administration and the enforcement of community charge and council tax respectively.

18. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for a member to vote when prohibited from doing so or to fail to make the necessary disclosure. There is a statutory defence, with the onus of proof on the member, to prove that he did not know that the section applied to him or her at the time of the meeting or that the matter in question was the subject of

consideration at the meeting. Prosecutions shall not be instituted except by or on behalf of the Director of Public Prosecutions.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
See Appendices		

APPENDICES

No.	Title
Appendix 1	Cabinet Report (7 February 2012) Policy and Resources 2012/13 to 2014/15 – Revenue Budget
Appendix 2	Council tax comparisons 2005/06 – 2011/12

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Finance Director	
Report Author	Duncan Whitfield, Finance Director	
Version	Final	
Date	17 February 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
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