

Item No: 3.1	Classification: Open	Date: 24 February 2016	Meeting Name: Council Assembly
Report title:		Setting The Council Tax 2016/17	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That council assembly note the proposed Greater London Authority precept of £276.00 at Band D.
2. That the existing local war disability and war widow's schemes for housing benefit be continued in 2016/17.
3. That the Southwark element of the council tax for band D properties in Southwark, including the adult social care precept of 2%, be set at £930.38.
4. That no discount be applied to properties in the former parish of St Mary Newington.
5. That no discount be applied to properties in the former parish of St Saviours.
6. That the council tax for all band D properties in Southwark be set at £1,206.38.
7. That the formal resolution for council taxes in 2016/17 (shown in Appendix A) be approved.

BACKGROUND INFORMATION

8. Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2016/17. This must be completed before 11 March 2016.
9. The 2011 Localism Act requires a "council tax requirement" to be reported.
10. At the time of writing, the Greater London Authority (GLA) intends to agree its precept on 22 February 2016. This report is based on the GLA draft budget proposals. Any changes to this will reported to council assembly at this meeting.
11. This report reflects the recommendations of the Policy and Resources Strategy 2016/17 – 2018/19 – Revenue Budget considered elsewhere on the agenda for this meeting. This reflects freezing of the Southwark element of council tax at 2015/16 levels and includes the acceptance by the council of the offer by government of a 2% precept for adult social care. For technical purposes the precept is included as part of the total council tax requirement.

KEY ISSUES FOR CONSIDERATION

The council tax for Southwark services

12. The budget requirement for Southwark is £271,377,598 as shown in the Policy and Resources 2016/17-2018/19 report.
13. Southwark's council tax requirement for 2016/17 is calculated as follows:

	£
Budget requirement	271,377,598
Less retained business rates	(60,702,118)
Less business rates top-up	(45,339,358)
Less revenue support grant	(73,479,778)
Less growth in business rates	(4,572,608)
Less estimated 2015/16 collection fund surplus	(2,404,238)
Council tax requirement (inc. ASC Precept)	84,879,498

14. The council tax requirement of £84,879,498 when divided by the 2016/17 taxbase for Southwark of 91,231.00, agreed by council assembly on 26 January 2016, gives a band D council tax requirement for Southwark services only of £930.38 for 2016/17.
15. This includes a 2% increase on the 2015/16 council tax, all of which is attributed to the adult social care precept.
16. The council's total requirement, however has to include the amount required by the GLA as a preceptor, and Southwark Council has no control over the level of this precept.

Preceptors requirements

17. The Greater London Authority (GLA) intends to announce its precept on 22 February 2016. The estimated amount required from Southwark is £25.180 million. This is a demand on the band D council tax of £276.00, which is a 6.4% reduction on the 2015/16 precept.
18. The Mayor has committed to raise up to £625 million from London council taxpayers as a contribution to the public sector funding package for the 2012 Olympic Games and Paralympic Games over the period 2006/07 to 2016/17.
19. The present forecast is that this £625 million will have been raised by a Band D amount of £20 for 10 years and approximately £8 in in 2016/17 (year 11). Under the Mayor's budget plans this element of the precept will therefore reduce to £8 in 2016/17 and not be required in 2017/18 as the £625 million contribution will have been secured.

Adult social care precept

20. As part of his autumn statement the Chancellor of the Exchequer announced that local authorities responsible for social care would be given the powers to raise a social care precept of up to 2% above the council's existing level of council tax.

21. A 2% increase to band D council tax is £18.24 and this has been included separately in the table below.
22. Additionally, S151 officers must write to the Secretary of State in respect of 2016/17 confirming that the amount raised through the precept will be spent entirely on adult social care functions and detail of the precept must also be reported separately on the face of the council tax bill.
23. The Secretary of State will keep under review how the precept is being applied to adult social care budgets and how it meets the public expectation. At this stage no indication has been given as to how this will be done.

Council tax for Southwark in 2016/17

24. The council tax for a band D property is shown in the table below. Full details of council taxes levels for all property bands are shown in Appendix A.

Authority	Band D tax 2015/16 £	Band D tax 2016/17 £	change %
Southwark Council Tax	912.14	912.14	(0.00)
Southwark Adult Social Care precept increase		18.24	2.00% of Band D
Southwark Council Tax with precept		930.38	2.00
GLA Precept	295.00	276.00	(6.44)
Total Band D council tax	1,207.14	1,206.38	(0.06)

Differential council taxes

25. Under the council tax legislation, surpluses on special funds can be used to reduce the level of council taxes. There are special funds in in two areas of the borough.

The Former Parish of St. Mary Newington - Walworth Common Estate

26. The continuing low interest rates meant that the council tax reduction given to the former parish of St Mary Newington in 2015/16 was the first since 2009/10.
27. Due to the continuing low interest rates, there will be insufficient balance available on this account at 31 March 2017 to reduce the level of council tax for this area. Therefore for 2016/17 council tax will be the standard £1,206.38 for a band D property in this area.

The Former Parish of St. Saviours - Borough Market

28. There has been no surplus declared by Borough Market, consequently there will be no balance available on this account at 31 March 2017 to reduce the level of council tax for this area. Therefore for 2016/17 council tax will be the standard £1,206.38 for a band D property in this area.

Housing benefit - Local scheme

29. For the purpose of calculating housing benefits, local authorities are allowed discretion in disregarding war disability pension and war widows' pensions above the fixed disregard required by law (currently £10.00).
30. The council's local schemes, like most schemes in London, currently disregard the whole of these pensions for the calculation of benefits. Benefit expenditure under the local schemes does not qualify for subsidy. There are currently some 16 people receiving the disregard at an estimated cost of £25,386. Benefit expenditure under the local scheme for 2016/17 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority. Therefore an amount of £6,347 has been allowed for in the 2016/17 budgets.
31. It is considered that the withdrawal of the local scheme focused on this small number of people would cause undue hardship. It is however for council assembly to decide the level of pension that should be disregarded. This could range from the statutory relief of £10.00 to the total level of pensions. The level of pensions for 2016/17 will be £135.15 for standard war widows' pensions and £178.20 for war disablement pensions. Each year the council has to decide formally whether to continue with the existing scheme or to make changes to it. Council assembly is recommended to agree the continuation of the local scheme. The full disregard has been included in the budget proposals.

Community impact statement

32. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the Policy and Resources Strategy 2016/17 to 2018/19 – Revenue Budget (the Budget and Policy Framework) – elsewhere on this agenda.

Consultation

33. The council consults with relevant stakeholders with regards to the wider Policy and Resources Strategy process. The council has complied with the requirements of Section 65 of the Local Government Finance Act 1992 by consulting with business rate payers on spending plans for the forthcoming year.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

34. Council assembly is being asked to agree the formal resolution setting the council tax for 2016/17 and approve the local scheme for housing benefit and council tax benefit in 2016/17 that must be approved annually. Local Government Finance Act 1992 section 30 (the LGFA 1992) requires that the council assembly sets an amount of council tax for each financial year and for each category of dwellings in its area. The amount is calculated by taking the aggregate of the calculations made by the authority under sections 31A, 31B and 34 to 36 of the LGFA 1992 together with the precept issued to the authority by the Greater London Authority. Preceptors must issue their precepts before 1 March preceding the financial year to which they relate.
35. Once the authority has set the amount of council tax relating to the different geographical areas of the borough (under Section 30 LGFA 1992), the amounts

for each valuation band are then calculated according to the ratios set out in section 5 of the LGFA 1992. That council tax requirement (required by sections 31A, 31B and 34 to 36 of the LGFA 1992) is also to be agreed by council assembly.

36. Section 25 of the Local Government Act 2003 requires the chief finance officer (strategic director of finance and governance) to report to the authority when it is making the calculations required by sections 31A, 31B and 34 to 36 of the LGFA 1992 on (a) the robustness of the estimates made for the purposes of the calculations, and (b) the adequacy of the proposed financial reserves. That information is set out in the Policy and Resources Strategy 2016/17 to 2018/19 – Revenue Budget included elsewhere on this agenda. The authority is required to have regard to the chief finance officer's report when making the calculations.

Adult social care precept

37. The Spending Review announced that for the rest of the current Parliament, local authorities responsible for adult social care ("ASC authorities") "will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care". This flexibility is being offered in recognition of demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets.
38. Should local authorities decide to take up the offer to charge the adult social care precept, they are required to provide certain information to the government and undertake a number of actions.
39. Tax payers must be informed on the face of the council tax bill and in the information supplied with it the part of the increase that is being used to fund adult social care.
40. Additionally, S151 officers must write to the Secretary of State in respect of 2016/17 confirming that the amount raised through the precept will be spent entirely on adult social care functions.
41. The Secretary of State will keep under review how the precept is being applied to adult social care budgets and how it meets the public expectation, however at this stage no indication has been given as to how this will be done.

Restrictions on Voting Under Section 106 of the Local Government Finance Act 1992

42. 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.
43. 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.

44. 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.

45. 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.

46. 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/she 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.

Housing & Council Tax Benefits - Local Schemes

47. Council assembly is also being asked to agree the continuation of the disregard of war disablement pensions and war widows' pensions for benefit purposes.

48. By virtue of section 139 of the Social Security Administration Act 1992 (as amended by the council tax legislation (the Local Government Finance Act 1992) the authority may modify any part of the housing tax benefit scheme administered by the authority (although the original scheme is determined by the Secretary of State),

- (i) So as to provide for disregarding, in determining a person's income the whole or part of any war disablement pension or war widow's pension payable to that person or to his partner or to a person to whom he is polygamously married.
- (ii) Any such modifications may be adopted by resolution of the authority, and the authority may also by resolution revoke or vary such resolution to such an extent as it may be prescribed.

49. The council is required to make this decision annually.

REASONS FOR URGENCY

50. Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2016/17. This must be completed before 11 March 2016.

51. There is not another council assembly before this date.

REASONS FOR LATENESS

52. The lateness of the government issuing amendments to the council tax demand notice regulations with regard to the 2% flexibility on the current council tax referendum threshold to fund adult social care.

53. At the time of completion of this report, regulations had not been received.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2016/17 report http://moderngov.southwark.gov.uk/jelListDocuments.aspx?CId=132&MIId=5066&Ver=4	160 Tooley Street London SE1 2QH	Norman Lockie 020 7525 0928
Policy and Resources Strategy 2015/16-2017/18 – revenue budget http://moderngov.southwark.gov.uk/documents/b50006626/Supplemental%20Agenda%20No.%202%20Tuesday%2009-Feb-2016%2016.00%20Cabinet.pdf?T=9	160 Tooley Street London SE1 2QH	John Braggins 020 7525 7489
Additional recommendations from budget scrutiny. http://moderngov.southwark.gov.uk/documents/b50006629/Supplemental%20Agenda%20No.%203%20Tuesday%2009-Feb-2016%2016.00%20Cabinet.pdf?T=9	160 Tooley Street London SE1 2QH	Shelly Burke 020 7525 7344
The Mayor's budget for 2016/17	Greater London Authority	enquiries 020 7983

Background Papers	Held At	Contact
http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=0&MId=5667&Ver=4	City Hall The Queen's Walk More London London SE1 2AA	4100 minicom 020 7983 4458

APPENDICES

No.	Title
Appendix A	2016/17 Formal Resolution
Appendix B	2016/17 Council Tax - Changes From 2015/16

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance		
Report Author	Jennifer Seeley, Director of Finance		
Version	Final		
Dated	18 February 2016		
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		18 February 2016	