

Item No: 3.1	Classification: Open	Date: 22 February 2017	Meeting Name: Council Assembly
Report title:		Setting the Council Tax 2017-18	
Wards or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That council assembly notes the proposed Greater London Authority precept of £280.02 at Band D.
2. That the existing local war disability and war widow/ers' schemes for housing benefit be continued in 2017-18.
3. That the Southwark element of the council tax for band D properties in Southwark, including an increase of 1.99% and the adult social care precept of 3%, be set at £976.80.
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 £1,256.82.
7. That the formal resolution for council taxes in 2017-18 (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 2017-18. This must be completed before 11 March 2017.
9. The 2011 Localism Act requires a "council tax requirement" to be reported.
10. At the time of writing, the Greater London Authority intends to agree its precept on 20 February 2017. This report is based on the GLA draft budget proposals. Any changes to this will be reported to council assembly at this meeting.
11. This report reflects the recommendations of the Policy and Resources Strategy 2017-18 Revenue Budget considered elsewhere on the agenda for this meeting. This reflects increasing the Southwark element of council tax by a total of 4.99% being the 1.99% allowed for without a referendum and the acceptance by the council of the offer by government of a 3% precept for adult social care.

KEY ISSUES FOR CONSIDERATION

The council tax for Southwark services

12. The budget requirement for Southwark is £274,325,844 as shown in the Policy and Resources 2017-18 report.
13. Southwark's council tax requirement for 2017-18 is calculated as follows

	£
Budget requirement	274,325,844
Less retained business rates	(74,306,685)
Less business rates top-up	(33,899,736)
Less revenue support grant	(57,789,764)
Less growth in business rates	(12,587,799)
Less estimated 2016-17 collection fund surplus	(2,026,691)
Council tax requirement (inc. ASC Precept)	93,715,169

14. The council tax requirement of £93,715,169 when divided by the 2017-18 taxbase for Southwark of 95,941 agreed by cabinet on 13 December 2016, gives a band D council tax requirement for Southwark services only of £976.80 for 2017-18.

Adult social care precept

15. 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 3% above the council's existing level of council tax.
16. A 3% increase to band D council tax is £27.91 (£46.15 in total) and this has been included separately in the table below.
17. Section 151 (s151) officers must write to the Secretary of State in respect of 2017-18 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.
18. 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.

Preceptors requirements

19. The total council tax has to include the amount required by the GLA as a preceptor, and Southwark Council has no control over the level of this precept.
20. The Greater London Authority (GLA) intends to announce its precept on 20 February 2017. The draft GLA budget proposes an increase of £4.02 to give a demand on the band D council tax of £280.02, which is a 1.46% increase on the 2016-17 precept.

Council tax for Southwark in 2017-18

21. 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 and B.

	Band D		
	2016-17	2017-18	Change
Southwark Council Tax	930.38	976.80	4.99%
<i>of which;</i>			
<i>ASC Precept</i>	18.24	46.15	
<i>Local Increase</i>		18.51	
GLA Precept	276.00	280.02	1.46%
Total Band D Council Tax	1,206.38	1,256.82	4.18%

Differential council taxes

22. 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

23. A council tax reduction was applied in 2009-10 and 2015-16.
24. Due to continuing low interest rates, there will be insufficient balance available on this account at 31 March 2018 to reduce the level of council tax for this area. Therefore for 2017-18 council tax will be the standard £1,256.82 for a band D property in this area.

The Former Parish of St. Saviours - Borough Market

25. There has been no surplus declared by Borough Market, consequently there will be no balance available on this account at 31 March 2018 to reduce the level of council tax for this area. Therefore for 2017-18 council tax will be the standard £1,256.82 for a band D property in this area.

Housing benefit - local scheme

26. For the purpose of calculating housing benefits, local authorities are allowed discretion in disregarding war disability pension and war widow/ers' pensions above the fixed disregard required by law (currently £10.00).
27. 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. At the time of writing there are 15 people receiving the disregard at an estimated cost of £24,000. Benefit expenditure under the local scheme for 2017-18 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority. Therefore an estimated amount of £6,000 has been allowed for in the 2017-18 budgets.
28. 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 2017-18 will be £136.50 for standard war widow/ers' pensions and £180.00 for war disablement pensions.

29. 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

30. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the policy and resources strategy 2017-18 – revenue budget – elsewhere on this agenda.

Consultation

31. 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

32. Council assembly is being asked to agree the formal resolution setting the council tax for 2017-18 and approve the local war disability and war widow/ers' schemes for housing benefit in 2017-18 that must be approved annually. Local Government Finance Act 1992 s.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.
33. 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.
34. 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 2017/18 – 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

35. As part of his autumn statement the Chancellor of the Exchequer announced that local authorities responsible for social care ("ASC authorities") would be given the powers to raise a social care precept of up to 3% above the council's existing level of council tax.
36. 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.
37. 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.
38. Additionally, S151 officers must write to the Secretary of State in respect of 2017-18 confirming that the amount raised through the precept will be spent entirely on adult social care functions.
39. 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

40. 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.
41. 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.
42. 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.
43. 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.

44. 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 Benefits - Local Schemes

45. Council assembly is also being asked to agree the continuation of the disregard of war disablement pensions and war widow/ers' pensions for benefit purposes.
46. The council is required to make this decision annually.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2017-18	160 Tooley Street London SE1P 5LX	Norman Lockie 020 7525 0928
http://moderngov.southwark.gov.uk/documents/s65544/Report%20Council%20Tax%20Base%202017-18.pdf		
Policy and Resources Strategy 2017-18 – revenue budget	160 Tooley Street London SE1P 5LX	Fay Hammond 020 7525 0614
http://moderngov.southwark.gov.uk/documents/s66524/Report%20Policy%20and%20Resources%20Strategy%202017-18%20-%202019-20.pdf		
The Mayor's budget for 2017-18	Greater London Authority City Hall The Queen's Walk More London London SE1 2AA	enquiries 020 7983 4100 minicom 020 7983 4458
https://www.london.gov.uk/sites/default/files/mayors_consultation_budget_2017-2018.pdf		

APPENDICES

No.	Title
Appendix A	2017-18 Formal Resolution
Appendix B	2017-18 Council Tax - Changes From 2016-17

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance		
Report Author	Jennifer Seeley, Director of Finance		
Version	Final		
Dated	9 February 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			9 February 2017