

Item No: 6.	Classification: Open	Date: 23 February 2018	Meeting Name: Council Tax Setting Committee
Report title:		Setting The Council Tax 2018-19	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

- To note the annual budget for 2018-19 for Southwark services agreed by council assembly on 21 February 2018 of **£294,270,030**, including a 2.99% council tax increase and adult social care precept of 3%.
- To note the formal resolution for Southwark council tax agreed by council assembly on 21 February 2018 that the 2018-19 Southwark element of the council tax for band D properties in Southwark, including an increase of 2.99% and the adult social care precept of 3%, be set at **£1,035.31**.
- To note the Greater London Authority precept level for 2018-19 of **£294.23** for band D properties, agreed by the Greater London Authority (GLA) on 22 February 2018.
- To note that the total council tax for all band D properties will be set at **£1,329.54**.

	Band D		
	2017-18 £	2018-19 £	Change %
Southwark Council Tax	976.80	1,035.31	5.99%
GLA Precept	280.02	294.23	5.07%
Total Band D Council Tax	1,256.82	1,329.54	5.79%

- That the formal resolution for council taxes in 2018-19 (shown in appendix A) be approved.

BACKGROUND INFORMATION

- Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2018-19. This must be completed before 11 March 2018. The Greater London Authority (GLA) intends to agree its precept on 22 February 2018.
- Due to the timing of the GLA's consideration of its precept, council assembly on 21 February 2018 established a council tax setting committee for the purposes of setting the council tax and approving the formal resolutions for council taxes in 2018-19. A copy of the terms of reference of the committee agreed by council assembly is at Appendix D.
- The continuation of the local war widow/ers' scheme for housing benefits and council tax was agreed by council assembly on 21 February 2018.

9. The Greater London Authority set a precept of £294.23 at Band D on 22 February 2018.

KEY ISSUES FOR CONSIDERATION

The council tax for Southwark services

10. Based upon a net budget requirement in 2018-19 of £294,270,030, the council tax required for Southwark services only would be £104,446,214 at band D. This is a 5.99% increase to the 2018-19 council tax.
11. The council's total requirement, however has to include the amount required by the preceptor, and the council has no control over the level of this precept.

Preceptors requirements

12. The Greater London Authority announced its precept on 22 February 2018. The estimated amount required from Southwark is £29,683,099 - a demand on the band D council tax of £294.23.

Council tax for Southwark in 2018-19

13. The council tax for a band D property would therefore be:

Authority	Band D		
	2017-18 £	2018-19 £	Change %
Southwark Council Tax	976.80	1,035.31	5.99%
GLA Precept	280.02	294.23	5.07%
Total Band D Council Tax	1,256.82	1,329.54	5.79%

14. Full details of council tax levels for all property bands are shown in Appendix B and C.

Differential council taxes

15. Under the council tax legislation, surpluses on special funds can be used to reduce the level of council taxes. This was considered by council assembly on 21 February 2018 and no discount was agreed for the Former Parish of St. Mary Newington - Walworth Common Estate or the Former Parish of St. Saviours - Borough Market.

Community impact statement

16. The community impact implications of both the budget requirement and the increase in council tax levels were addressed in the Policy and Resources Strategy 2018-19 – Revenue Budget considered by council assembly on 21 February 2018.

Consultation

17. 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.

SUPPLEMENTAL ADVICE FROM OTHER OFFICERS

18. The report notes that the Greater London Authority set a precept level of £294.23 at Band D for 2018-19. The committee is also required, by formal resolution, to set the council tax for 2018-19.
19. On 21 February 2018, council assembly resolved to establish a committee to set the council tax for 2018-19 pursuant to section 67(3) of the Local Government and Finance Act 1992 (“the 1992 Act”), and agreed terms of reference and membership. Section 67(3) contains a power enabling an authority to appoint a committee of members to carry out the function of determining the amount of council tax.
20. The committee is being asked to agree the formal resolution setting the council tax for 2018-19. Section 30 of the 1992 Act requires that the council 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 32 to 36, 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.
21. Once the authority has set the amount of council tax relating to the different geographical areas of the borough, the amounts for each valuation band are then calculated according to the ratios set out in section 5 of the 1992 Act. That budget calculation (required by sections 32 to 37) is also to be agreed by the committee.
22. 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 section 32 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 2018-19 – Revenue Budget included elsewhere on this agenda. The authority is required to have regard to the chief financial officer’s report when making the calculations.
23. The committee should note the recommendation of council assembly on 21 February 2018, to agree the general fund budget for 2018-19 including a total 5.99% council tax increase for 2018-19.

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

24. Section 106 of the 1992 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.
25. 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.

26. 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.

27. The relevant meetings are those at which any of the following are the subject of consideration, namely:

(a) Any calculation required by chapter III, IV, V of Part 1 of the 1992 Act.

The only calculations likely to be made by this authority are those under Chapter III of Part 1 of the 1992 Act, (Chapter IV relates to precepting and Chapter V limitations on council tax (i.e. capping).

The Chapter III 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 Local Government Finance Act 1988 ("the 1988 Act") 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.

28. Section 106 of the 1992 Act 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.

REASONS FOR LATENESS

29. This report was not able to be published five clear working days before the date of the meeting as the GLA's precept was not published until 22 February 2018.

REASONS FOR URGENCY

30. It is necessary for the level of council tax to be set for the year 2018/19 before March 2018, and to allow the council to send out notifications to households in

the borough of the information. The meeting of the council tax setting committee is scheduled for 23 February 2018 by council assembly.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2018-19	160 Tooley Street London SE1P 5LX	Norman Lockie 020 7525 0928
http://moderngov.southwark.gov.uk/documents/s72841/Report%20Council%20Tax%20Base%20for%202018-19.pdf		
Policy and Resources Strategy 2018-19 – revenue budget	160 Tooley Street London SE1P 5LX	Jennifer Seeley 020 7525 0695
6 February 2018 cabinet report http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&MId=5755		
The Mayor's budget for 2018-19	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/about-us/governance-and-spending/spending-money-wisely/mayors-budget?source=vanityurl		
Council assembly agenda 21 February 2018	160 Tooley Street London SE1P 5LX	Virginia Wynn- Jones 020 7525 7055
http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=132&MId=5704&Ver=4		

APPENDICES

No.	Title
Appendix A	The formal resolution for council taxes in 2018-19
Appendix B	Southwark council tax change 2017-18 to 2018-19
Appendix C	Total Council Tax - changes from 2017-18 to 2018-19
Appendix D	Terms of reference for the council tax setting committee

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Jennifer Seeley, Director of Finance	
Version	Final	
Dated	21 February 2018	
Key Decision?	Not applicable	
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	No
Date final report sent to Constitutional Team	21 February 2018	

APPENDIX A

2018-19 FORMAL RESOLUTION

1 That it be noted that at its meeting on 12 December 2017 the Cabinet calculated the following amounts for the year (2018-19) in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992.

(a) **100,884.00** being the amount calculated by the Council in accordance with regulation 3 of the Local Authorities (Calculation of the Council Tax Base) Regulations 1992, as its Council Tax Base for the year.

(b) Part of the Council's Area

Former Parish of St. Mary Newington **11,936.00**
(special expense area)

Former Parish of St. Saviours **1,267.00**
(special expense area)

Being the amounts calculated by the council, in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax Base for the year for dwellings in that parts of the area to which one or more special items relate.

2 To calculate that the Council Tax requirement for the council's own purposes for 2018-19 is:

£104,446,214

3 That, the following amounts now be calculated by the council for the year 2018-19 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992.

(a) **£997,369,778**
being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Act;

(b) **-£892,923,564**
being the aggregate of the amounts, which the council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;

(c) **£104,446,214**
being the amount by which the aggregate of 2(a) above exceeds the aggregate at 2(b) above, calculated by the council in accordance with Section 31A(4) of the Act, as its council tax requirement for the year;

(d) **£0** credit - Parish of St Mary Newington
£0 credit - Parish of St. Saviours

being the amount of net income which the council estimates for these special expense areas (item (g) below)

- (e) **£104,446,214**
being the amount by which the budget requirement at 2(c) above is now replaced (after adding the items 2(d) above);
- (f) **£1,035.31**
being the amount at 2(e) divided by the amount at 1(a) above calculated by the council, in accordance with Section 33(1) of the Act as the basic amount of its council tax for the year;
- (g) **£0**
being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (h) **£1,035.31**
being the amount at 2(f) above less the result given by dividing the amount at 2(g) above by the amount at 1(a) above, calculated in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for the dwellings in those parts of its area to which no special item relates;

(i) Part of the Council's area

St. Mary Newington	£1,035.31
St. Saviours	£1,035.31
(Special Expense Areas)	

being the amounts given by adding to the amount at 2(h) above the amounts of the special items or items relating to dwellings in those parts of the council's area mentioned above divided by the amounts at 1(b) above, calculated by the council in accordance with section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate;

(j) Parts of the Council's Area

Council Tax Band	Parish of St. Mary Newington	Parish of St Saviours	All Other Parts of the Council's Area
	£	£	£
A	690.21	690.21	690.21
B	805.24	805.24	805.24
C	920.28	920.28	920.28
D	1,035.31	1,035.31	1,035.31
E	1,265.38	1,265.38	1,265.38
F	1,495.45	1,495.45	1,495.45
G	1,725.52	1,725.52	1,725.52
H	2,070.62	2,070.62	2,070.62

being the amounts given by multiplying the amounts at 2(h) and 2(i) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation B and D, calculated by the council in accordance with section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 4 That it be noted for the year (2018-19) the Greater London Authority stated the following amounts in precepts issued to the council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

BAND	GLA
	£
A	196.15
B	228.85
C	261.54
D	294.23
E	359.61
F	425.00
G	490.38
H	588.46

- 5 That having calculated the aggregate in each case of the amounts at 2(j) and 3 above, the council, in accordance with section 30(2) of the Local Government Finance Act 1992, hereby sets the following as the amounts of council tax for the year (2018-19) for each of the categories of dwellings shown below:

Band	Parish of St. Mary Newington	Parish of St Saviours	All Other Parts of the Council's Area
	£	£	£
A	886.36	886.36	886.36
B	1,034.09	1,034.09	1,034.09
C	1,181.82	1,181.82	1,181.82
D	1,329.54	1,329.54	1,329.54
E	1,624.99	1,624.99	1,624.99
F	1,920.45	1,920.45	1,920.45
G	2,215.90	2,215.90	2,215.90
H	2,659.08	2,659.08	2,659.08

APPENDIX B

2018-19 COUNCIL TAX CHANGES FROM 2017-18 (SOUTHWARK COUNCIL EXCLUDING PRECEPTORS)

BAND	VALUATION £	DWELLINGS		2017-18 CONSTITUENT ELEMENTS OF SOUTHWARK COUNCIL TAX			2018-19 CONSTITUENT ELEMENTS OF SOUTHWARK COUNCIL TAX			CHANGE	
		BAND No.	BAND %	ADULT SOCIAL CARE 2017-18 £	SOUTHWARK (excluding ASC) 2017-18 £	TOTAL SOUTHWARK 2017-18 £	ADULT SOCIAL CARE 2018-19 £	SOUTHWARK (excluding ASC) 2018-19 £	TOTAL SOUTHWARK 2018-19 £	CHANGE £	CHANGE %
A- ¹	Under 40,000	4	0.004								
A	Under 40,000	4,997	4.8	30.77	620.43	651.20	50.30	639.91	690.21	39.01	5.99%
B	40,001 to 52,000	19,989	19.3	35.90	723.83	759.73	58.69	746.55	805.24	45.51	5.99%
C	52,001 to 68,000	23,416	22.6	41.02	827.24	868.26	67.06	853.22	920.28	52.02	5.99%
D	68,001 to 88,000	20,474	19.7	46.15	930.65	976.80	75.45	959.86	1,035.31	58.51	5.99%
E	88,001 to 120,000	18,293	17.6	56.40	1,137.47	1,193.87	92.21	1,173.17	1,265.38	71.51	5.99%
F	120,001 to 160,000	8,585	8.3	66.66	1,344.27	1,410.93	108.98	1,386.47	1,495.45	84.52	5.99%
G	160,001 to 320,000	6,743	6.5	76.92	1,551.08	1,628.00	125.75	1,599.77	1,725.52	97.52	5.99%
H	Over 320,000	1,289	1.2	92.30	1,861.30	1,953.60	150.90	1,919.72	2,070.62	117.02	5.99%
TOTAL		103,790	100.00								

¹ The A- band is a notional band used to enable qualifying properties in Band A to receive a Disabled Band Reduction. The reduction equates to an additional 1/9th of the Council Tax at Band D

APPENDIX D

COUNCIL TAX SETTING COMMITTEE

Role and functions

This committee is established under section 67 of the Local Government Finance Act 1992 with the following role and functions:

1. To note the annual budget 2018-19 for Southwark services agreed by council assembly.
2. To note the formal resolution for Southwark council tax in 2018-19.
3. To note the Greater London Authority precept level for 2018-19.
4. As a consequence, to set an amount of council tax for the financial year 2018-19.
5. To agree the formal resolution for council taxes in 2018-19.

Matters reserved for decision

The matters reserved for decision to this committee are as set out in the roles and functions.

Notes:

1. The term of office for the committee shall be fixed at no later than 11 March 2018.
2. This committee is proposed to be established by council assembly on 21 February 2018 with a membership of seven councillors. The political composition of the committee is:
 - Labour 5 places;
 - Liberal Democrat 2 places

Each political group is entitled to nominate a number of reserve/substitute members in accordance with council assembly procedure rule 4.5(1)².

² In establishing this committee, council assembly on 21 February 2018 is invited to agree the membership of the committee to enable the committee to meet in accordance with the proposed timetable. Otherwise wherever an appointment of a member of a committee falls to be made in accordance with the wishes of a political group to whom the seat has been allocated, council assembly procedure rule 4.6(2) states that all appointments to the membership of committees must be submitted in writing to the monitoring officer. A minimum of five clear working days notice normally must elapse from the date of receipt of such notices before any appointments become effective.