

Item No: 2.2	Classification: Open	Date: 24 February 2021	Meeting Name: Council Assembly
Report title:		Setting the Council Tax 2021-22	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the 2021-22 Southwark element of the council tax for band D properties in Southwark, including an increase of 4.99% be set at **£1,164.14**.
2. That the 2021-22 formal resolution for Southwark council taxes in 2021-22 be approved (appendix A).
3. That no discount be applied to properties in the former parish of St Mary Newington for 2021-22.
4. That no discount be applied to properties in the former parish of St Saviour's for 2021-22.
5. That council assembly notes the Greater London Authority (GLA) proposal to set a precept level of **£363.66** at band D, which the GLA will consider on 25 February 2021.
6. That the existing local war disability and war widow/widowers' schemes for housing benefit be continued in 2021-22.
7. That council assembly establishes a council tax setting committee, to set the council tax for the year 2021-22, in accordance with section 67(3) of the Local Government Finance Act 1992, and agrees the role and functions, matters reserved and political composition as set out in appendix D.
8. That council assembly appoints councillors to serve on the council tax setting committee.
9. That council assembly appoints a chair and vice-chair of the council tax setting committee.
10. The special council tax setting committee will meet on Friday 26 February 2021. This will allow council tax notices to be issued in line with the normal statutory timetable.

BACKGROUND INFORMATION

11. Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2021-22. This must be completed before 11 March 2021.
12. The 2011 Localism Act requires a “council tax requirement” to be reported.
13. The Greater London Authority intends to agree its precept based on the GLA budget proposals on 25 February 2021, after this council tax setting report is made public. Since the GLA will formally agree its precept after council assembly approves this report, there will be a requirement for a special council tax committee to confirm Southwark council’s total council tax figures for 2021-22 (Southwark council tax plus the GLA precept) immediately following council assembly on the 26 February 2021.
14. The GLA’s proposed band D precept for council taxpayers in the 32 London boroughs is £363.66 – a £31.59 or 9.5% increase compared to this year. This reflects an increase in the policing element of £15 (in line with the national police referendum limits) and an extra £15 for Transport for London to maintain free bus and tram travel for under 18s and the over 60s oystercard (i.e. for Londoners aged from 60 years to statutory state pension age).
15. MHCLG have formally amended the council tax referendum limits for the GLA in the final local government finance settlement to reflect the £15 TfL increase required to maintain the concessions. The final precept will be approved formally, at the London Assembly’s final draft budget meeting scheduled for Thursday 25 February 2021.
16. This report reflects the recommendations of the Policy and Resources Strategy 2021-22 revenue budget considered by council assembly on 24 February 2021. The Southwark element of council tax is increased by 4.99% (3% adult social care precept plus 1.99% local increase) for 2021-22, being the maximum local council tax increase permitted without breaching the government’s referendum cap of 2% local increase.
17. A 3% increase for the adult social care precept was allowed for in the Local Government Finance Settlement 2021-22 and will be directed to finance adult social care services. This equates to £33.26 for a band D equivalent for 2021-22.
18. The council has maximised its usage of the adult social care precept with a cumulative 13% from 2016-17 to 2021-22 totalling £130.03. Included in the band D council tax in 2021-22 are historical adult social care precept amounts as follows (appendix B):

Year	Adult social care precept %	Band D £
2021-22	3%	33.26
2020-21	2%	21.32
2019-20	0%	0
2018-19	3%	29.30
2017-18	3%	27.91
2016-17	2%	18.24
Total band D	13%	130.03

KEY ISSUES FOR CONSIDERATION

Council tax for London borough of Southwark

19. The budget requirement for Southwark council is **£293,127,095** as set out in the Policy and Resources revenue strategy. This reflects the final local government finance settlement for 2021-22.
20. Southwark's council tax requirement for 2021-22 is calculated as follows:

	2021-22 £	2020-21 £
Budget requirement	293,127,095	294,292,477
Less retained business rates	(80,015,402)	(80,015,402)
Less business rates top-up	(35,853,705)	(35,853,705)
Less revenue support grant	(36,649,479)	(36,447,923)
Less estimated business rates growth, net of business rates collection fund deficit	(21,303,722)	(22,702,000)
Plus estimated council tax collection fund deficit	3,719,200	(1,424,685)
Council tax requirement	123,023,987	117,848,762

21. The council tax requirement of **£123,023,987** when divided by the 2021-22 council dwellings tax base for Southwark of **105,678** (97.2% 108,722 dwellings) agreed by cabinet on 8 December 2020, gives a band D council tax requirement for Southwark council services only, of **£1,164.41** for 2021-22 which is a **£55.33** increase on 2020-21 (appendix B).
22. The council tax for a band D property is shown in the following table. Full details of council tax levels for all property bands are shown in the appendices.

	Band D			
	2021-22 £	2020-21 £	change %	Increase £
Southwark council tax*	1,164.14	1,108.81	4.99%	55.33
GLA precept	363.66	332.07	9.51%	31.59
Total band D council tax	1,527.80	1,440.88	6.03%	86.92
*council tax including:				
Adult social care precept	130.03	96.77	3.00%	33.26
Southwark local element	1,034.11	1,012.04	1.99%	22.07
Total	1,164.14	1,108.81	4.99%	55.33

Greater London Authority (GLA) precept

23. Total council tax must include the amount required by the GLA as a preceptor, with Southwark council having no control over the level of the GLA precept.
24. The Greater London Authority (GLA) intends to confirm its precept on 25 February 2021. The draft GLA budget proposes an increase of **£31.59** to give a demand on the band D council tax of **£363.66** for 2021-22, which is a **9.51%** increase on the 2020-21 GLA precept.

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 two areas of the borough.

The former parish of St. Mary Newington - Walworth Common Estate

26. A council tax reduction was applied in 2009-10 and 2015-16. An assessment of the trust fund's position is reviewed at least annually. Due to continuing low interest rates, there will be insufficient balances available on this account at 31 March 2021 to reduce the level of council tax for St. Mary Newington.

The former parish of St. Saviour's - Borough Market

27. There has been no surplus declared by Borough market to the council, consequently there will be no balance available on this account at 31 March 2021 to reduce the level of council tax for this area.

Housing benefit - local scheme

28. For the purpose of calculating housing benefits, local authorities are allowed discretion in disregarding war disability pension and war widow/widowers' pensions above the fixed disregard required by law, currently £10.00.

29. The council's local schemes 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 8 people receiving the disregard at an estimated cost of £16,449.91. Benefit expenditure under the local scheme for 2021-22 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority.
30. 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 amount of a pension.
31. 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.

Council Tax Reduction Scheme (CTRS)

32. As noted in the 2021-22 council tax base report in December 2020, no changes have been made to the Council Tax Reduction Scheme (CTRS) for 2021-22. Any minor changes are subject to a delegated decision for approval by the Strategic Director of Finance and Governance.

Community impact statement

33. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the Policy and Resources Strategy 2021-22 – revenue budget.

Consultation

34. 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

Director of Law and Governance

35. Council assembly is being asked to agree the formal resolution setting the Southwark element of the council tax for 2021-22 and to approve the local war disability and war widow/widowers' schemes for housing benefit in 2021-21, and to establish a council tax setting committee and delegate to that committee the decision to agree the total amount of the council tax once the GLA precept has been confirmed on 25 February 2021.

36. Section 30 of the Local Government Finance Act 1992 (“the 1992 Act”) requires that council assembly sets an amount of council tax for each financial year and for each category of dwellings in its area.
37. 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 1992 Act together with the precept issued to the authority by the GLA. Preceptors must issue their precepts before 1 March preceding the financial year to which they relate.
38. Once the authority has set the amount of council tax relating to the different geographical areas of the borough (under Section 30 of the 1992 Act), the amounts for each valuation band are then calculated according to the ratios set out in section 5 of the 1992 Act. That council tax requirement (required by sections 31A, 31B and 34 to 36 of the 1992 Act) is also to be agreed by council assembly.
39. 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 Local Government Finance Act 1992 on:
 - (a) the robustness of the estimates made for the purposes of the calculations, and
 - (b) the adequacy of the proposed financial reserves.
40. That information is set out in the Policy and Resources Strategy 2021-22. The authority is required to have regard to the chief financial officer’s report when making the calculations.

Adult social care precept

41. The adult social care precept is 3% for 2021-22 as permitted in the Local Government Finance Settlement 2021-22. Paragraph 17 shows the historical adult social care precept total, which is in the base council tax band D equivalent for 2021-22.

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

42. 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.
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, they 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 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.

46. 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/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

47. Council assembly is also being asked to agree the continuation of the disregard of war disablement pensions and war widow/widowers'

pensions for benefit purposes. The council is required to make this decision annually.

REASONS FOR URGENCY

48. The council is required to set a lawful budget by 11 March 2021.

REASONS FOR LATENESS

49. On 4 February 2021, the government published the final Local Government Finance Settlement. The final settlement debate and vote was held in the House of Commons on 10 February 2021. Due to this, it was not possible for the report to be completed before the agenda was circulated. The meeting of the council tax setting committee (being established by council assembly) is scheduled for 26 February 2021.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2021-22 Cabinet 8 December 2020	160 Tooley Street London SE1 2QH	Jade Cheung 020 7525 3809
http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6664		
Policy and Resources Strategy 2021-22 Cabinet 2 February 2021	160 Tooley Street London SE1 2QH	Duncan Whitfield, Strategic Director of Finance and Governance
http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=6666		
The Mayor's budget for 2021-22	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		

APPENDICES

No.	Title
Appendix A	2021-22 formal resolution for Southwark council tax
Appendix B	2021-22 council tax changes (Southwark council excluding preceptors)
Appendix C	2021-22 council tax changes (Southwark council including preceptors)
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	Jade Cheung, Corporate Finance	
Version	Final	
Dated	15 February 2021	
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		15 February 2021