

Item No: 5.2	Classification: Open	Date: 22 February 2006	Meeting Name: Council Assembly
Report title:		Setting The Council Tax 2006/07	
Wards or Groups affected:		All	
From:		Duncan Whitfield, Finance Director	

RECOMMENDATIONS

- 1 That Council Assembly note the new GLA precept level of **£288.61**.
- 2 That the Council Tax for Band D properties in Southwark be set at:

(i)	the former parish of St Mary Newington	£1,128.79
(ii)	the former parish of St. Saviours	£1,130.54
(ii)	the remainder of the Borough	£1,132.75
- 3 That the formal resolution for Council Taxes in 2006/07 (shown in Appendix C) be approved.
- 4 That the existing local War Widows schemes for Housing Benefits and Council Tax benefits be continued in 2006/07.

BACKGROUND INFORMATION

- 5 Under the *Local Government Finance Act 1992*, the Council is required to determine the level of Council Taxes in the Borough for 2006/07. This must be completed before the 11th March 2006.
6. The Greater London Authority set a precept of **£288.61** on 15th February 2006, an increase of **13.3%**, of which **7.8%** is the contribution to the 2012 Olympic and Paralympic games.

KEY ISSUES FOR CONSIDERATION

The Council Tax For Southwark Services

- 7 Based upon a net budget requirement in 2006/07 of **£284,076,956**, the Council Tax required for Southwark services only is **£844.14**. This means that no increase will be required in Council for Southwark services in 2006/07.
- 8 However, the Council's total requirement has to be increased by the demands of the preceptor - the Council has no control over the level of the precept.

Preceptors Requirements

- 9 The Greater London Authority announced its precept on **15th February 2006**. The estimated amount required from Southwark is **£26.433 million** - a demand on the Band D Council Tax of **£288.61**. Of the 13.3% increase, 7.8% is the contribution to the 2012 Olympic and Paralympic games. This additional contribution will now apply annually at least until 2012.

Council Tax In Southwark In 2006/07

10 The Council Tax for a Band D property is therefore:

Authority	Band D Tax 2005/2006 £	Band D Tax 2006/2007 £	Change %
Southwark	844.14	844.14	0.0%
Greater London Authority	254.62	288.61	13.3%
TOTAL BAND D TAX	1,098.76	1,132.75	3.1%

Full details of Council Taxes levels for all property bands are shown in Appendix B.

Differential Council Taxes

11 Under the Council tax legislation, any surplus on special funds must be used to reduce the level of Council Taxes in two areas of the borough.

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

The available balance on this account at 31st March 2007 is estimated at a surplus of £52,000 and the cost of Council Tax relief of £1 is estimated at £13,116. The maximum relief that can be granted in 2006/07 is therefore £3.96 for a Band D property, giving a Council Tax of **£1,128.79** for a Band D property in this area.

13 ***The Former Parish of St. Saviours - Borough Market***

The available balance on this account at 31st March 2007 is estimated at a surplus of £2,600 and the cost of Council Tax relief of £1 is estimated at £1,176. The maximum relief that can be granted in 2006/07 is therefore £2.21 for a Band D property, giving a Council Tax of **£1,130.54** for a Band D property in this area.

Housing And Council Tax Benefits - Local Schemes

14 For the purpose of calculating both housing and council tax 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)

15 The Council's local schemes, like most schemes in London, currently disregards 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 40 people receiving the disregard at an estimated cost of £78,750. Benefit expenditure under the local scheme for 2006/07 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority. Therefore an amount of £20,000 has been allowed for in the 2006/07 budgets.

16 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 2006/07 will be £102.20 for Standard War Widows' Pensions and £134.80 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.

LEGAL IMPLICATIONS

- 17 Council is being asked to agree the formal resolution setting the Council Tax for 2006/07, and approve the local scheme for Housing Benefit and Council Tax Benefit in 2006/07 that must be approved annually.
- 18 Council is required by Section 30 of the *Local Government Finance Act 1992* (the LGFA 1992) to set an amount of Council Tax for each financial year and each category of dwellings in its area.
- 19 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 March 1st preceding the financial year to which they relate.
- 20 Once the authority has set the amount of Council Tax under Section 30 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 Act.
- 21 The amounts must be set before March 11th but are not invalid merely because they are set after that date.
- 22 Section 67 of the Act requires the budget calculations under Sections 32 to 37 to be made by the Council, but allows the setting of the Council Tax to be exercised by a Committee of the Authority appointed for that purpose.
- 23 Section 25 of the Local Government Act 2003 requires the chief finance officer 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. The authority is required to have regard to the chief finance officer's report when making the calculations.

Restrictions On Voting Under Section 106 Of *The Local Government Finance Act 1992*.

- 24 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.
- 25 The payments to which the Section applies are any type of either sole or joint & 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 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 & 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 & 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 & Council Tax respectively.

28 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.

29 Council is asked to give due consideration to the provisions of Council Tax (Civil Partners) (England) Regulations 2005 with regards to the Civil Partnership law to recognise to give many of the same rights and responsibilities as those that accompany marriage because the effect of Council tax will apply on or after 01 April 2006.

Housing & Council Tax Benefits - Local Schemes

30 Council is also being asked to agree the continuation of the disregard of War Disablement Pensions and War Widows' Pensions for benefit purposes.

31 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 or Council Tax benefit scheme administered by the Authority (although the original scheme is determined by the Secretary of State), so as to provide by disregarding in determining that person's income the whole or any part of any War Disability Pension or War Widows' Pension. Any such modifications may be adopted by resolution of the Authority, and the Authority may also by resolution revoke or vary such resolution.

32 The Council is required to make this decision annually.

COMMUNITY IMPACT STATEMENT

33 The community impact implications of both the budget requirement and the increase in Council Tax levels are dealt with in the Policy and Resourcing report - The Council's 2006/07 Revenue Budget - elsewhere on this agenda.

STAFF SIDE CONSULTATION

34 There has been no specific staff side consultation in respect of this item, a copy will be forwarded to Staff Side through the normal channels.

APPENDIX A

Audit Trail

Lead Officer	<i>Duncan Whitfield Director of Finance.</i>	
Report Author	<i>John Braggins Strategy Accountant</i>	
Version	<i>Final</i>	
Dated	<i>16th February 2006.</i>	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes	Yes
Chief Finance Officer	Yes	Yes
<i>List other Officers here</i>		
Executive Member	Yes	No
Date final report sent to Constitutional Support Services	16 th February 2006	