

<b>Item No:</b> 2.2	<b>Classification:</b> Open	<b>Date:</b> 23 February 2009	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Setting The Council Tax 2009/10	
<b>Wards or Groups affected:</b>		All	
<b>From:</b>		Finance Director	

## RECOMMENDATIONS

1. That council assembly note the proposed Greater London Authority precept level of £309.82 at Band D. The Mayor of London is due to announce the 2009/10 precept to the London Assembly on 11 February 2009. If the proposed precept changes, an amended report will be issued to this meeting.
2. That the council tax for band D properties in Southwark be set at:

(i)	the former parish of St Mary Newington	£1,220.08
(ii)	the former parish of St. Saviours	£1,220.23
(iii)	the remainder of the Borough	£1,221.96
3. That the formal resolution for council taxes in 2009/10 (shown in appendix B) be approved.
4. That the existing local war widows schemes for housing benefits and council tax benefits be continued in 2009/10.

## 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 2009/10. This must be completed before the 11 March 2009.
6. The Greater London Authority proposes to set a precept of £309.82 at Band D on 11 February 2009, an increase of 0.0%.

## KEY ISSUES FOR CONSIDERATION

### The council tax for Southwark services

7. Based upon a net budget requirement in 2009/10 of £315.152 million, the council tax required for Southwark services only is £912.14 at Band D. This means an increase of 0.0% over 2008/09.
8. The council's total requirement, however has to include the amount required by the preceptor - the council has no control over the level of this precept.

## Preceptors requirements

9. The Greater London Authority is set to announce its proposed precept on the 11th February 2009. The estimated amount required from Southwark is £29.331 million - a demand on the band D council tax of £309.82. Of the total precept, £20 is the contribution to the 2012 Olympic and Paralympic games. This contribution will apply annually until 2012.

## Council tax for Southwark in 2009/10

10. The council tax for a band D property is therefore:

Authority	Band D Tax 2008/2009 £	Band D Tax 2009/2010 £	Change %
Southwark	912.14	912.14	0.0%
Greater London Authority	309.82	309.82	0.0%
<b>TOTAL BAND D TAX</b>	<b>1,221.96</b>	<b>1,221.96</b>	<b>0.0%</b>

Full details of council taxes levels for all property bands are shown in appendix A.

## Differential council taxes

11. Under the council tax legislation, surpluses on special funds can be used to reduce the level of council taxes. This occurs in two areas of the borough.

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

12. The available balance on this account at 31 March 2010 is estimated at a surplus of £24,500 and the cost of council tax relief of £1 is estimated at £13,066. The maximum relief that can be granted in 2009/10 is therefore £1.88 for a band D property, giving a council tax of £1,220.08 for a band D property in this area.

### The Former Parish of St. Saviours - Borough Market

13. The available balance on this account at 31 March 2010 is estimated at a surplus of £2,000 and the cost of council tax relief of £1 is estimated at £1,156. The maximum relief that can be granted in 2009/10 is therefore £1.73 for a band D property, giving a council tax of £1,220.23 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 £77,117. Benefit expenditure under the local scheme for 2009/10 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority. Therefore an amount of £19,279 has been allowed for in the 2009/10 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 2009/10 will be £115.55 for standard war widows' pensions and £152.40 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.

### **Efficiency declaration**

17. In December, 2008, following consultation, the government announced that in order to give council tax payers details of efficiencies achieved by local authorities, and to put that information into context, details of efficiency should be included on both the council tax bill and the council tax leaflet for 2009/10. Southwark is therefore required to publish its efficiency savings for 2008/09 which are expected to be £9.645m representing some 1.9% of Southwark's 2007/08 expenditure baseline and equating to a Band D saving of £103. It should be noted that the government has also changed the baseline, excluding capital receipts and several specific grants, thereby significantly increasing our expenditure baseline on which the efficiency percentage achieved is calculated.

### **Community impact statement**

18. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the policy and resources report - The 2009/10 revenue budget (the budget and policy framework) - elsewhere on this agenda.

### **Consultation**

19. The council consults with relevant stakeholders with regards 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**

### **Strategic Director of Legal and Democratic Services**

20. Council assembly is being asked to agree the formal resolution setting the council tax for 2009/10, and approve the local scheme for housing benefit and council tax benefit in 2009/10 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 32 to 36, together with the precept issued to the authority by the Greater London Authority. Preceptors must issue their precepts before March 1 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 (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 budget calculation (required by Sections 32 to 37) is also to be agreed by Council Assembly.
22. Section 25 of the Local Government Act 2003 requires the chief finance officer (Finance Director) 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 – 2009/10 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

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

23. 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.
24. 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.
25. 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.
26. 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.
27. 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.

Housing & Council Tax Benefits - Local Schemes

28. Council assembly is also being asked to agree the continuation of the disregard of war disablement pensions and war widows' pensions for benefit purposes.
29. 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),
  - (i) So as to provide for disregarding, in determining a person's income the whole or part of any war disability pension or war widows' pension payable to that person or to his partner or to a person 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.
30. The council is required to make this decision annually.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Council Tax Base for 2009/10 report	Southwark Town Hall, Peckham Road, London SE5 8UB	Cathy Doran 020 7525 (5)4396
Policy and Resources Strategy – The 2009/10 Revenue Budget (The Budget and Policy Framework)		John Braggins 020 7525 (5)7489

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	2009/10 Council Tax - Changes From 2008/09
Appendix B	2009/10 Formal Resolution

**AUDIT TRAIL**

<b>Lead Officer</b>	Duncan Whitfield, Finance Director	
<b>Report Author</b>	Simon Hughes, Assistant Director of Finance John Braggins. Strategy Accountant	
<b>Version</b>	Final	
<b>Dated</b>	10 February 2009	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of legal and Democratic Services	Yes	Yes
Finance Director	Yes	Yes
<b>Executive Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Support Services</b>	10 February 2009	