

Item No: 2.2	Classification: Open	Date: 23 February 2022	Meeting Name: Council Assembly
Report title:		Setting the Council Tax 2022-23	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the 2022-23 Southwark element of the council tax for band D properties in Southwark, including an increase of 2.99% be set at £1,198.95 (appendix B).
2. That the 2022-23 formal resolution for Southwark council taxes in 2022-23 be approved (appendix A).
3. That no discount be applied to properties in the former parish of St Mary Newington for 2022-23.
4. That no discount be applied to properties in the former parish of St Saviour's for 2022-23.
5. That council assembly notes the Greater London Authority (GLA) proposal to set a precept level of £395.59 at band D, which the GLA will consider on 24 February 2022 (appendix C).
6. That the existing local war disability and war widow/widowers' schemes for housing benefit be continued in 2022-23.
7. That council assembly establishes a council tax setting committee, to set the council tax for the year 2022-23, in accordance with section 67(3) of the Local Government Finance Act 1992, and agrees the role and functions, matters reserved and political composition (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. That the special council tax setting committee will meet on Friday 25 February 2022. 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 2022-23. This must be completed before 11 March 2022.
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 24 February 2022, 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 2022-23 (Southwark council tax plus the GLA precept) following council assembly on the 25 February 2022 (appendix D).
14. The GLA’s proposed band D precept for council taxpayers in the 32 London boroughs is £395.59 – a £31.93 or 8.8% increase compared to this year.
15. The Department for Levelling Up, Housing and Communities (DLUHC) has formally amended the council tax referendum limits for the GLA in the final local government finance settlement to reflect the £20 Transport for London increase. The Mayor of London has requested flexibility to levy an additional £20 on Band D to the GLA precept to provide extra funding for Transport for London. The final precept will be formally approved by London Assembly on 24 February 2022.
16. This report reflects the recommendations of the Policy and Resources Strategy 2022-23 revenue budget considered by council assembly on 23 February 2022. The Southwark element of council tax is increased by 2.99% (1% adult social care precept plus 1.99% local increase) for 2022-23, being the maximum local council tax increase permitted without breaching the government referendum cap of 2%.
17. A 1% increase for the adult social care precept was allowed for in the Local Government Finance Settlement 2022-23 and will be directed to finance adult social care services. This equates to £11.64 for a band D equivalent for 2022-23.

The council has maximised its usage of the adult social care precept with a cumulative 14% from 2016-17 to 2022-23 totalling £141.67. Included in the band D council tax in 2022-23 are historical adult social care precept amounts as follows (appendix B):

Year	Adult social care precept %	Band D £
2022-23	1%	11.64
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	14%	141.67

KEY ISSUES FOR CONSIDERATION

Council tax for London borough of Southwark

18. The budget requirement for Southwark council is **£293,235,501** as set out in the Policy and Resources revenue strategy. This reflects the final local government finance settlement for 2022-23.
19. Southwark's council tax requirement for 2022-23 is calculated as follows:

	2022-23 £	2021-22 £
Budget requirement	293,235,501	293,127,095
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	(37,776,460)	(36,649,479)
Less estimated business rates growth, net of business rates collection fund deficit	(10,731,321)	(21,303,722)
Plus estimated council tax collection fund surplus	(250,843)	3,719,200
Council tax requirement	128,607,770	123,023,987

20. The council tax requirement of **£128,607,770** when divided by the 2022-23 council dwellings tax base for Southwark of **107,267** (97.2% 110,357 dwellings) agreed by cabinet on 7 December 2021, gives a band D council tax requirement for Southwark council services only, of **£1,198.95** for 2022-23 which is a **£34.81** increase of 2.99% on 2021-22 (appendix B).
21. 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 appendices B and C.

	Band D			
	2022-23 £	2021-22 £	change %	Increase £
Southwark council tax*	1,198.95	1,164.14	2.99%	34.81
GLA precept	395.59	363.66	8.78%	31.93
Total band D council tax	1,594.54	1,527.80	4.37%	66.74
*council tax including:				
Adult social care precept	141.67	130.03	1.00%	11.64
Southwark local element	1,057.28	1,034.11	1.99%	23.17
Total	1,198.95	1,164.14	2.99%	34.81

Greater London Authority (GLA) precept

22. 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.
23. The Greater London Authority (GLA) intends to confirm its precept on 24 February 2022. The draft GLA budget proposes an increase of **£31.93** to give a demand on the band D council tax of **£395.59** for 2022-23, which is an **8.8%** increase on the 2021-22 GLA precept.

Differential council taxes

24. 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

25. 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 2022 to reduce the level of council tax for St. Mary Newington.

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

26. 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 2022 to reduce the level of council tax for this area.

Housing benefit - local scheme

27. 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.

28. 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 which is forecast to reduce to 5 cases in 2022-23. Benefit expenditure under the local scheme for 2022-23 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority.
29. 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.
30. 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)

31. As noted in the 2022-23 council tax base report in December 2021, no changes have been made to the Council Tax Reduction Scheme (CTRS) for 2022-23. Any minor changes are subject to a delegated decision for approval by the Strategic Director of Finance and Governance.

Community impact statement

32. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the Policy and Resources Strategy 2022-23 – revenue budget.

Consultation

33. 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

34. Council assembly is being asked to agree the formal resolution setting the Southwark element of the council tax for 2022-23 and to approve the local war disability and war widow/widowers' schemes for housing benefit in 2022-23.

35. 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.
36. 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.
37. 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.
38. 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.That information is set out in the Policy and Resources Strategy 2022-23. The authority is required to have regard to the chief financial officer's report when making the calculations.

Adult social care precept

39. The adult social care precept is 1% for 2022-23 as permitted in the Local Government Finance Settlement 2022-23. Paragraph 17 shows the historical adult social care precept total, which is in the base council tax band D equivalent for 2022-23.

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

40. 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.
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, 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.
43. 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.

44. 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

45. 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

46. The council is required to set a lawful budget by 11 March 2022.

REASONS FOR LATENESS

47. On 7 February 2022, the government published the final Local Government Finance Settlement. The final settlement debate and vote was held in the House of Commons on 9 February 2022. Due to this, it was not possible for the report to be completed before the agenda was circulated.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2022-23 Cabinet 7 December 2021	160 Tooley Street London SE1 2QH	Jade Cheung 020 7525 3809
https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7017		
Policy and Resources Strategy 2022-23 Cabinet 1 February 2022	160 Tooley Street London SE1 2QH	Duncan Whitfield, Strategic Director of Finance and Governance
https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7021		
The Mayor's budget for 2022-23	Greater London Authority City Hall London SE1	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	2022-23 formal resolution for Southwark council tax
Appendix B	2022-23 council tax changes (Southwark council excluding preceptors)
Appendix C	2022-23 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, Accountant, Corporate Finance	
Version	Final	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		17 February 2022