

<b>Item No:</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 25 February 2022	<b>Meeting Name:</b> Council Tax Setting Committee
<b>Report title:</b>		Setting the Council Tax 2022-23	
<b>Wards or Groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Governance	

## RECOMMENDATIONS

1. To note the annual budget for 2022-23 for Southwark services agreed by council assembly on 23 February 2022 of **£293,235,501**, including a 1.99% council tax increase and adult social care precept of 1% (2.99% increase).
2. To note the formal resolution for Southwark council tax agreed by council assembly on 23 February 2022 (appendix A); that the 2022-23 Southwark element of the council tax for band D properties in Southwark, including an increase of 1.99% and the adult social care precept of 1%, be set at **£1,198.95** (appendix A and B).
3. To note the Greater London Authority (GLA) precept level for 2022-23 of **£395.59** for band D properties, agreed by the GLA on 24 February 2022.
4. To note that the total council tax for all band D properties will be set at **£1,594.54** (appendix A and C).

	Band D			
	2022-23 £	2021-22 £	change %	Increase £
Southwark council tax*	<b>1,198.95</b>	1,164.14	2.99%	<b>34.81</b>
GLA precept	<b>395.59</b>	363.66	8.78%	31.93
<b>Total band D council tax</b>	<b>1,594.54</b>	1,527.80	4.37%	66.74

5. That the formal resolution for council taxes in 2022-23 be approved (appendix A).

## BACKGROUND INFORMATION

6. 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. The Greater London Authority (GLA) intends to agree its precept on 24 February 2022.

7. Due to the timing of the GLA's consideration of its precept, council assembly on 23 February 2022 established a council tax setting committee for the purposes of setting the council tax and approving the formal resolution for council taxes in 2022-23. The terms of reference for this committee agreed by council assembly is at appendix D.
8. The continuation of the local war widow/widowers' scheme for housing benefits and council tax was agreed by council assembly on 23 February 2022.
9. The Greater London Authority (GLA) set a precept of **£395.59** at band D on 24 February 2022.

## KEY ISSUES FOR CONSIDERATION

### Council tax for London borough of Southwark

10. Based upon a net budget requirement in 2022-23 of **£293,235,501**, the council tax required for Southwark services only would be **£128,607,770** at band D.
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 24 February 2022. The estimated amount required from Southwark is **£42,433,753** - a demand on the band D council tax of **£395.59**.

### Council tax for Southwark in 2022-23

13. The council tax for a band D property is as follows:

	Band D			
	2022-23 £	2021-22 £	%	Increase £
Southwark council tax*	<b>1,198.95</b>	1,164.14	<b>2.99%</b>	<b>34.81</b>
GLA precept	395.59	363.66	8.78%	31.93
<b>Total band D council tax</b>	<b>1,594.54</b>	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	<b>1,198.95</b>	1,164.14	<b>2.99%</b>	<b>34.81</b>

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

### **Differential council taxes**

15. There are special funds in two areas of the borough. 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 23 February 2022 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 2022-23 – revenue budget considered by council assembly on 23 February 2022.

### **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.

## **SUPPLEMENTARY ADVICE**

### **Director of Law and Governance**

18. The report notes that the Greater London Authority set a precept level of £395.59 at band D for 2022-23. The committee is also required, by formal resolution to set the council tax for 2022-23.
19. On 23 February 2022, council assembly established a committee to set the council tax for 2022-23 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 2022-23. 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 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 – Revenue Budget agreed by council assembly on 23 February 2022. 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 23 February 2022, to agree the revenue budget for 2022-23 including a Southwark council element 2.99% council tax increase for 2022-23.

### **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. 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.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council tax base 2022-23 Cabinet 7 December 2021	160 Tooley Street London SE1 2QH	Jade Cheung 020 7525 3809
<a href="https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=7017">https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=7017</a>		
Policy and Resources Strategy 2022-23	160 Tooley Street London SE1 2QH	Duncan Whitfield, Strategic Director of Finance and Governance
Cabinet 1 February 2022 <a href="https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=7021">https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=7021</a> Council assembly 23 February 2022 <a href="#">Agenda for Council Assembly on Wednesday 23 February 2022, 7.00 pm - Southwark Council</a>		
The Mayor's budget for 2022-23	Greater London Authority City Hall London SE1	enquiries 020 7983 4100 minicom 020 7983 4458
<a href="https://www.london.gov.uk/about-us/governance-and-spending/spending-money-wisely/mayors-budget?source=vanityurl">https://www.london.gov.uk/about-us/governance-and-spending/spending-money-wisely/mayors-budget?source=vanityurl</a>		
Council tax setting 2022-23 Council assembly 23 February 2022	160 Tooley Street London SE1 2QH	Jade Cheung 020 7525 3809
Council tax setting committee 25 February 2022		
<a href="#">Agenda for Council Assembly on Wednesday 23 February 2022, 7.00 pm - Southwark Council</a>		
<a href="#">Agenda for Council Tax Setting Committee 2022 on Friday 25 February 2022, 10.00 am - Southwark Council</a>		

## APPENDICES

No.	Title
Appendix A	2022-23 formal resolution for Southwark council
Appendix B	2022-23 Southwark council tax changes (excluding preceptors)
Appendix C	2022-23 Southwark council tax changes (including preceptors)
Appendix D	Terms of reference for the council tax setting committee

## AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield Strategic Director of Finance and Governance	
<b>Report Author</b>	Jade Cheung, Accountant, Corporate Finance	
<b>Version</b>	Final	
<b>Dated</b>	24 February 2022	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		24 February 2022