

Item No: 2.2	Classification: Open	Date: 22 February 2023	Meeting Name: Council Assembly
Report title:		Setting the Council Tax 2023-24	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the 2023-24 Southwark element of the council tax for band D properties in Southwark, including an increase of 2.99% be set at **£1,258.78** (appendix B).
2. That the 2023-24 formal resolution for Southwark council taxes in 2023-24 be approved (appendix A).
3. That no discount be applied to properties in the former parish of St Mary Newington for 2023-24.
4. That no discount be applied to properties in the former parish of St Saviour's for 2023-24.
5. That council assembly notes the Greater London Authority (GLA) proposal to set a precept level of **£434.14** at band D, which the GLA will consider on 23 February 2023 (appendix C).
6. That the existing local war disability and war widow/widowers' schemes for housing benefit be continued in 2023-24.
7. That council assembly establishes a council tax setting committee, to set the council tax for the year 2023-24, 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. The special council tax setting committee will meet on Friday 24 February 2023. 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 2023-24. This must be completed before 11 March 2023.
12. The 2011 Localism Act requires a “council tax requirement” to be reported.
13. The Greater London Authority intends to formally approve its precept based on the GLA budget proposals on 23 February 2023, after the 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 2023-24 (Southwark council tax plus the GLA precept) following council assembly on the 24 February 2023 (appendix D).
14. The GLA’s proposed band D precept for council taxpayers in the 32 London boroughs is £434.14 – a £38.55 or 9.74% 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.
16. This report reflects the recommendations of the Policy and Resources Strategy 2023-24 revenue budget considered by council assembly on 22 February 2023. The Southwark element of council tax is increased by 4.99% (2% adult social care precept plus 2.99% local increase) for 2023-24, being the maximum local council tax increase permitted without breaching the government referendum cap of 5%.
17. A 2% increase for the adult social care precept was allowed for in the Local Government Finance Settlement 2023-24 and will be directed to finance adult social care services. This equates to £23.98 for a band D equivalent for 2023-24.
18. The council has maximised its usage of the adult social care precept with a cumulative 16% from 2016-17 to 2023-24 totalling £165.65. Included in the band D council tax for 2023-24 are historical adult social care precept amounts as follows (appendix B):

Year	Adult social care precept %	Band D £
2023-24	2%	23.98
2022-23	1%	11.64
2021-22	3%	33.26
2020-21	2%	21.32

Year	Adult social care precept %	Band D £
2019-20	0%	0
2018-19	3%	29.30
2017-18	3%	27.91
2016-17	2%	18.24
Total	16%	165.65

KEY ISSUES FOR CONSIDERATION

Council tax for London Borough of Southwark

19. The proposed net revenue budget for Southwark Council is **£347,161,815** as set out in the Policy and Resources revenue strategy reported to council assembly. This reflects the final local government finance settlement for 2023-24.

20. Southwark's council tax requirement for 2023-24 is calculated as follows:

	2023-24 £	2022-23 £
Net budget	347,161,815	293,235,501
Less business rate baseline	(87,334,218)	(80,015,402)
Less business rates top-up	(32,870,948)	(35,853,705)
Less revenue support grant	(42,175,202)	(37,776,460)
Less estimated business retained above baseline	(47,070,536)	(10,731,321)
Less estimated council tax collection fund surplus	(284,863)	(250,843)
Council tax requirement	137,426,048	128,607,770

21. The council tax requirement of **£137,426,048** when divided by the 2023-24 council dwellings tax base for Southwark of **109,174** (97.2% 112,319 dwellings) agreed by cabinet on 6 December 2022, gives a band D council tax requirement for Southwark council services only, of **£1,258.78** for 2023-24 which is a **£59.83** increase of 4.99% compared with 2022-23 (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 appendices B and C.

	Band D			
	2023-24 £	2022-23 £	change %	Increase £
Southwark council tax*	1,258.78	1,198.95	4.99%	59.83
GLA precept	434.14	395.59	9.74%	38.55

	Band D			
	2023-24 £	2022-23 £	change %	Increase £
Total band D council tax	1,692.92	1,594.54	6.17%	98.38
*council tax including:				
Adult social care precept	165.65	141.67	2.00%	23.98
Southwark local element	1,093.13	1,057.28	2.99%	35.85
Total	1,258.78	1,198.95	4.99%	59.83

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 23 February 2023. The draft GLA budget proposes an increase of **£38.55** to give a demand on the band D council tax of **£434.14** for 2023-24, being a **9.74%** increase on the 2022-23 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. There are currently insufficient balances available on this account at 31 March 2023 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 2023 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 5 people

receiving the disregard 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.

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 2023-24 council tax base reported to Cabinet in December 2022, no changes have been made to the Council Tax Reduction Scheme (CTRS) for 2023-24. Any minor changes would be subject to a delegated decision for approval by the Strategic Director of Finance and Governance.

Community, equalities (including socio-economic) and health impacts

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 2023-24 – revenue budget report (22 February 2023 Council assembly).

Climate change implications

34. The climate change implications are set out in item 2.1.

SUPPLEMENTARY ADVICE

Assistant Chief Executive, Governance and Assurance

35. Council assembly is being asked to agree the formal resolution setting the Southwark element of the council tax for 2023-24 and to approve the local war disability and war widow/widowers' schemes for housing benefit in 2023-24.
36. The council's council tax requirement (required by sections 31A, 31B and 34 to 36 of the 1992 Act) has to be agreed by council assembly.
37. 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. Any amount must be set by 11 March in the financial year preceding that for which it is set.

38. 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.
39. Given that the GLA precept will be set after the council assembly meeting, a council tax setting committee is being established to make the final decision under section 30 of the 1992 Act (in accordance with section 67(3) of the Act).
40. 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.
41. 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 2023-24. The authority is required to have regard to the chief financial officer's report when making decisions about the calculations.

42. Council assembly should take account of the public sector equality duty in section 149 Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, advance equality of opportunity, and to foster good relations between people with protected characteristics and others when exercising its functions. The Policy and Resources Strategy 2023-24 includes an analysis of equality issues to be taken into account in determining the council budget which is also relevant to the setting of the council tax requirement.

Adult social care precept

43. The adult social care precept is 2% for 2023-24 as permitted in the Local Government Finance Settlement 2023-24. Paragraph 17 shows the historical adult social care precept total, which is in the council tax base band D equivalent for 2023-24.

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

44. 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.
45. 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.
46. If this section applies to any member present at a relevant meeting, they must as soon as practicable after its commencement disclose the fact that the section applies and not vote on any question with respect to this matter.
47. 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, IVZA or IVA of Part 1 of the 1992 Act. The relevant calculations in this context are those under chapter III of part 1 of the 1992 Act, (chapter IV relates to precepting, IVZA to referendums and chapter IVA to limitations on council tax (i.e. capping). The chapter III calculations include the calculation of the council tax requirement, the additional requirements because of the two 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 31B.
 - (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.
48. 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

49. 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. Historically, the council is required to make this decision annually.

REASONS FOR URGENCY

50. The council is required to set a lawful budget by 11 March 2023.

REASONS FOR LATENESS

51. On 6 February 2023, the government published the final Local Government Finance Settlement. The final settlement debate and vote was held in the House of Commons on 8 February 2023. 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 2023-24 Cabinet 6 December 2022	160 Tooley Street London SE1 2QH	Jade Cheung 020 7525 3809
https://moderngov.southwark.gov.uk/documents/b50015070/Supplemental%20Agenda%20No.%201%20Tuesday%2006-Dec-2022%2011.00%20Cabinet.pdf?T=9		
Policy and Resources Strategy 2023-24 Cabinet 6 February 2023	160 Tooley Street London SE1 2QH	Duncan Whitfield, Strategic Director of Finance and Governance
https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7343		
The Mayor's budget for 2023-24	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	2023-24 formal resolution for Southwark council tax
Appendix B	2023-24 council tax changes (Southwark council excluding preceptors)
Appendix C	2023-24 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	
Dated	16 February 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer / member title	Comments sought	Comments included
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member for Communities, Equalities and Finance	Yes	Yes
Date final report sent to Constitutional Team		16 February 2023