

Item No: 2.2	Classification: Open	Date: 21 February 2024	Meeting Name: Council Assembly
Report title:		Setting the Council Tax 2024-25	
Wards or Groups affected:		All	
From:		Strategic Director of Finance	

RECOMMENDATIONS

1. That the 2024-25 Southwark element of the council tax for band D properties in Southwark, including an increase of 2.99%, be set at **£1,321.58** (Appendix B).
2. That the 2024-25 formal resolution for Southwark council taxes in 2024-25 be approved (Appendix A).
3. That no discount be applied to properties in the former parish of St Mary Newington for 2024-25.
4. That Council Assembly notes the Greater London Authority (GLA) proposal to set a precept level of **£471.40** for band D, which the GLA will consider on 22 February 2024 (Appendix C).
5. That the existing local war disability and war widow/widowers' schemes for housing benefit be continued in 2024-25.
6. That Council Assembly establishes a council tax setting committee to set the council tax for the year 2024-25, 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).
7. That Council Assembly appoints councillors to serve on the council tax setting committee.
8. That Council Assembly appoints a chair and vice-chair of the council tax setting committee.
9. That the special council tax setting committee will meet on Friday 23 February 2024. This will allow council tax notices to be issued in line with the normal statutory timetable.

BACKGROUND INFORMATION

10. Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2024-25. This must be completed before 11 March 2024.
11. The 2011 Localism Act requires a “council tax requirement” to be reported.
12. The GLA intends to formally approve its precept based on the GLA budget proposals on 22 February 2024 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 2024-25 (Southwark council tax plus the GLA precept), following council assembly, on 23 February 2024 (Appendix D).
13. The GLA’s proposed band D precept for council taxpayers in the 32 London boroughs is £471.40, a £37.26 or 8.58% increase compared to 2023-24.
14. This report reflects the recommendations of the Policy and Resources Strategy 2024-25 revenue budget considered by council assembly on 21 February 2024. The Southwark element of council tax has been increased by 4.99% (2% adult social care precept plus 2.99% local increase) for 2024-25, being the maximum local council tax increase permitted without breaching the government referendum cap of 5%.
15. A 2% increase for the adult social care precept was allowed for in the Local Government Finance Settlement 2024-25 and will be directed to finance adult social care services. This equates to £25.17 for band D for 2024-25.

The council has maximised its usage of the adult social care precept with a cumulative 18% increase from 2016-17 to 2024-25 totalling £190.82. Included in the band D council tax for 2024-25 are historical adult social care precept amounts as follows (Appendix B):

Year	Adult social care precept	Band D £
2024-25	2%	25.17
2023-24	2%	23.98
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	18%	190.82

KEY ISSUES FOR CONSIDERATION

Council tax for the London Borough of Southwark

16. The proposed net revenue budget for Southwark council is **£359,394,081** as set out in the Policy and Resources revenue strategy reported to Council Assembly. This reflects the final local government finance settlement for 2024-25.
17. Southwark's council tax requirement for 2024-25 is calculated as follows:

	2023-24 £	2022-23 £
Net budget	359,394,081	347,161,815
Less business rate baseline	(92,435,778)	(87,334,218)
Less business rates top-up	(34,298,510)	(32,870,948)
Less revenue support grant	(44,968,713)	(42,175,202)
Less estimated business retained above baseline	(42,404,551)	(47,070,536)
Less estimated council tax collection fund deficit	2,949,813	(284,863)
Council tax requirement	148,236,342	137,426,048

18. The council tax requirement of **£148,236,343** when divided by the 2024-25 council dwellings tax base for Southwark of **112,166** (97.2% 115,397 dwellings) agreed by cabinet on 5 December 2023, gives a band D council tax requirement for Southwark council services only of **£1,321.58** for 2024-25 which is a **£62.80** or 4.99% increase compared with 2023-24 (Appendix B).
19. 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			
	2024-25 £	2023-24 £	change	Increase £
Southwark council tax*	1,321.58	1,258.78	4.99%	62.80
GLA precept	471.40	434.14	8.58%	37.26
Total band D council tax	1,792.98	1,692.92	5.91%	100.06
*council tax including:				
Adult social care precept	190.82	165.65	2.00%	25.17
Southwark local element	1,130.76	1,093.13	2.99%	37.63
Total	1,321.58	1,258.78	4.99%	62.80

Greater London Authority (GLA) precept

20. 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.
21. The GLA intends to confirm its precept on 22 February 2024. The draft GLA budget proposes an increase of **£37.26** to give a demand on the band D council tax of **£471.40** for 2024-25, being an **8.58%** increase on the 2023-24 GLA precept.

Differential council taxes

22. Under the council tax legislation, surpluses on special funds can be used to reduce the level of council taxes. There is one special fund in the borough.

The former parish of St. Mary Newington – Walworth Common Estate

23. 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 as at 31 March 2024 to reduce the level of council tax for St. Mary Newington.

Housing benefit – local scheme

24. 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.
25. 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 2023-24. Benefit expenditure under the local scheme for 2024-25 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority.
26. 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.
27. Each year the council has to decide formally whether to continue with the existing scheme or to make changes to it. It is recommended that Council Assembly agree the continuation of the local scheme. The full disregard has been included in the budget proposals.

Council Tax Reduction Scheme (CTRS)

28. As noted in the 2024-25 council tax base reported to Cabinet on 5 December 2023 no changes have been made to the Council Tax Reduction Scheme (CTRS) for 2024-25. Any minor changes would be subject to a delegated decision for approval by the Strategic Director of Finance.

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

29. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the Policy and Resources Strategy 2024-25 revenue budget report (21 February 2024 Council Assembly).

Climate change implications

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

SUPPLEMENTARY ADVICE

Assistant Chief Executive, Governance and Assurance (CM 07.02.2024)

31. Council Assembly is being asked to agree the formal resolution setting the Southwark element of the council tax for 2024-25 and to approve the local war disability and war widow/widowers' schemes for housing benefit in 2024-25.
32. 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.
33. 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.
34. 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.
35. 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).
36. 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.

37. Section 25 of the Local Government Act 2003 requires the chief finance officer (Strategic Director of Finance) 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 2024-25. The authority is required to have regard to the chief financial officer's report when making decisions about the calculations.

38. 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 2024-25 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

39. The adult social care precept is 2% for 2024-25 as permitted in the Local Government Finance Settlement 2024-25. Paragraph 17 shows the historical adult social care precept total, which is in the council tax base band D equivalent for 2024-25.

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2024-25 Cabinet 5 December 2023	160 Tooley Street London SE1 2QH	Humphrey Thompson, Divisional Accountant (Corporate Finance)
https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7680&Ver=4		
Policy and Resources Strategy 2024-25 Cabinet 5 December 2023	160 Tooley Street London SE1 2QH	Tim Jones, Director of Finance
https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7680&Ver=4		
The Mayor's budget for 2024-25	Greater London Authority City Hall London E16	Enquiries 020 7983 4100
https://www.london.gov.uk/who-we-are/governance-and-spending/spending-money-wisely/mayors-budget#the-mayors-budget-2024-25-184380-title		

APPENDICES

No.	Title
Appendix A	2024-25 formal resolution for Southwark council tax
Appendix B	2024-25 council tax changes (Southwark council excluding preceptors)
Appendix C	2024-25 council tax changes (Southwark council including preceptors)
Appendix D	Terms of reference for the council tax setting committee

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Finance	
Report Author	Humphrey Thompson, Divisional Accountant, Corporate Finance	
Version	Final	
Dated	7 February 2024	
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	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		8 February 2024