

<b>Item No:</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 24 February 2011	<b>Meeting Name:</b> Council Tax Setting Committee
<b>Report title:</b>		Setting The Council Tax 2011/12	
<b>Wards or Groups affected:</b>		All	
<b>From:</b>		Finance Director	

## RECOMMENDATIONS

1. That the committee notes the recommendations of 22 February council assembly to agree a general fund budget for 2011/12 of £323.0m, including a nil council tax increase for 2011/12.
2. That the committee notes the Greater London Authority precept level of £309.82 at band D announced on 23 February.
3. That the council tax for band D properties in Southwark be set at:

(i)	the former parish of St Mary Newington	£1,221.96
(ii)	the former parish of St. Saviours	£1,221.96
(iii)	the remainder of the Borough	£1,221.96
4. That the formal resolution for council taxes in 2011/12 (shown in appendix A) be approved.

## 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 2011/12. This must be completed before the 11 March 2011.
6. Council assembly on 22 February 2011 established a council tax setting committee for the purposes of setting the council tax and approving the formal resolutions for council taxes in 2011/12
7. The continuation of the local war widows scheme for housing benefits and council tax was agreed by Council on 22 February 2011.
8. The Greater London Authority set a precept of £309.82 at Band D on 23 February 2011, a nil increase on 2010/11.

## KEY ISSUES FOR CONSIDERATION

### The council tax for Southwark services

9. Based upon a net budget requirement in 2011/12 of £323.021 million, the council tax required for Southwark services only would be £912.14 at band D. This is a nil increase to the 2010/11 council tax.
10. 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

11. The Greater London Authority announced its precept on 23 February 2010. The estimated amount required from Southwark is £30.670 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 2010/11

12. The council tax for a band D property would therefore be:

Authority	Band D Tax 2010/2011 £	Band D Tax 2011/2012 £	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 B.

## Differential council taxes

13. 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

14. Due to the bank rate remaining at 0.5%, there is not a sufficient balance available on this account at 31 March 2011 to be used to reduce the level of council tax for this area. Therefore for 2011/12 council tax will be the standard £1,221.96 for a band D property in this area.

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

15. There has been no surplus declared by Borough Market, consequently there will be no balance available on this account at 31 March 2011 to reduce the level of council tax for this area. Therefore for 2011/12 council tax will be the standard £1,221.96 for a band D property in this area.

## Community impact statement

16. On 22 February 2011 Council Assembly agreed the budget proposals including a nil increase in council tax as recommended by cabinet. The detail of these proposals were set in the 15 February 2011 cabinet report policy and resources strategy 2011/12 – 2013/14 – revenue budget. The impact on the wider community as a result of these budget proposals has been captured through the assessment on equalities. Each department has considered equalities impacts throughout the process of developing budget proposals and where proposals are likely to have an impact have ensured that for those identified how those impacts can be mitigated. Therefore as budget proposals are further developed and implemented through 2011/12 the impact on local people and communities will be subject to more detailed assessment and consideration.

## Consultation

17. Following on from agreement of the budget principles in September 2010, the Cabinet instigated a range of consultation processes, all of which have generated feedback from residents, community groups and other stakeholders. The details of this are set out in the policy and resources strategy 2011/12 – 2013/14 – revenue budget report of 15 February. Also 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**

18. The report notes that the Greater London Authority set a precept level of £309.82 at Band D. The Committee is also required, by formal resolution, to set the council tax for 2011/12
19. On 22 February, Council Assembly resolved to establish a Committee to set the Council tax for 2011/12 pursuant to Part 4 of clause 3A of the Constitution and S67 (2) and (3) of the Local Government and Finance Act 1992
20. The Committee is being asked to agree the formal resolution setting the council tax for 2011/12. Local Government Finance Act 1992 s.30 (the LGFA 1992) 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 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 the Committee.
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. in the Policy and Resources Strategy – 2010/11 Revenue Budget. The authority is required to have regard to the chief finance officer's report when making the calculations.
23. The Committee should note the recommendation of Council Assembly on 22 February, to agree the general fund budget for 2011/12 including a nil council tax increase for 2011/12.

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

24. 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.
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 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

28. 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.

#### **REASONS FOR URGENCY**

29. The Council has an obligation to set a lawful budget by the statutory deadlines and ensure all the necessary preparatory administrative and financial arrangements are in place prior to the next financial year.

30. Any delay in setting the council tax would mean the Council would have to move its instalment date beyond 1 April 2011, resulting in a loss of income for the Council.

#### **REASONS FOR LATENESS**

31. The report is late because the GLA approved its precept on 23 February 2011.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2011/12 report	Finance and Resources 160 Tooley Street London	John Braggins 020 7525 (5)7489
Policy and Resources Strategy 2011/12-2013/14 – revenue budget – 15 February Cabinet	Finance and Resources 160 Tooley Street London	Cathy Doran 020 7525 (5)4396
Council Assembly Agenda – 22 February 2011 - Policy and Resources Strategy 2011/12-2013/14 – revenue budget report	160 Tooley Street London	Lesley John 020 7525 (5)7228

## APPENDICES

No.	Title
Appendix A	2011/12 Formal Resolution
Appendix B	2011/12 Council Tax - Changes From 2010/11

## AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield, Finance Director	
<b>Report Author</b>	John Braggins, Strategy Accountant	
<b>Version</b>	Final	
<b>Dated</b>	24 February 2011	
<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>
Strategic Director of Communities, Law and Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	No
<b>Date final report sent to Constitutional Team</b>		24 February 2011