

Item No: 3.1	Classification: Open	Date: 25 February 2015	Meeting Name: Council Assembly
Report title:		Setting The Council Tax 2015/16	
Wards or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

1. That council assembly note the proposed Greater London Authority precept of £295.00 at Band D.
2. That the Southwark element of the council tax for band D properties in Southwark be set at £912.14.
3. That a discount of £1.68 will be applied to properties in the former parish of St Mary Newington.
4. That no discount be applied to properties in the former parish of St Saviours.
5. That the council tax for band D properties in Southwark be set for:

	Band D council tax £	Discount £	Net band D for the area £
the former parish of St Mary Newington	1,207.14	(1.68)	1,205.46
the former parish of St. Saviours	1,207.14	0	1,207.14
the remainder of the Borough	1,207.14	0	1,207.14

6. That the formal resolution for council taxes in 2015/16 (shown in Appendix A) be approved.
7. That the existing local war disability and war widow's schemes for housing benefit be continued in 2015/16.

BACKGROUND INFORMATION

8. Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2015/16. This must be completed before 11 March 2015.
9. The 2011 Localism Act requires a "council tax requirement" to be reported.
10. At the time of writing, the Greater London Authority intends to agree its precept on 23 February 2015. This report is based on the GLA draft budget proposals. Any changes to this will reported to Council Assembly at this meeting.

KEY ISSUES FOR CONSIDERATION

The council tax for Southwark services

11. The budget requirement for Southwark is £283,225,196, as shown in the Policy and Resources 2015/16-2017/18 report.
12. Southwark's council tax requirement for 2015/16 is calculated as follows:

	£
Budget requirement	283,225,196
Less retained business rates	(65,295,283)
Less business rates top-up	(44,964,653)
Less revenue support grant	(90,043,657)
Less estimated 2014/15 collection fund surplus	(2,902,042)
Council tax requirement	<u>80,019,561</u>

13. The council tax requirement of £80,019,561 when divided by the 2015/16 taxbase for Southwark of 87,727.28, agreed by council assembly on 21 January 2015, gives a band D council tax requirement for Southwark services only of £912.14 for 2015/16. This is a nil increase on the 2014/15 council tax.
14. 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

15. The Greater London Authority (GLA) intends to announce its precept on 23 February 2015. The estimated amount required from Southwark is £25.880 million – a demand on the band D council tax of £295.00, which is a 1.3% reduction on the 2014/15 precept.
16. The Mayor has committed to raise up to £625 million from London Council taxpayers as a contribution to the public sector funding package for the 2012 Olympic Games and Paralympic Games over the period 2006/07 to 2016/17. The present forecast is that £625 million will be raised by a Band D amount of £20 for 10 years and approximately £8 in year 11 in 2016-17. It is assumed that this element of the precept will cease in 2017/18 as the £625 million contribution will have been secured.

Council tax for Southwark in 2015/16

17. The council tax for a band D property is shown in the table below. Full details of council taxes levels for all property bands are shown in Appendix A.

Authority	Band D tax 2014/15 £	Band D tax 2015/16 £	change %
Southwark Council Tax	912.14	912.14	(0.00)
GLA Precept	299.00	295.00	(1.34)
Total Band D council tax	1,211.14	1,207.14	(0.33)

Differential council taxes

18. 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 (subject to approval)

19. The available balance on this account at March 31 2016 is estimated at a surplus of £17,667. The relief that can be granted in 2015/16 is therefore £1.68 for a band D property, giving a council tax of £1,205.46 for a band D property in this area.
20. Due to low interest rates in previous years, this is the first discount to be applied against St Mary Newington council tax since 2009/10.

The Former Parish of St. Saviours – Borough Market

21. There has been no surplus declared by Borough Market, consequently there will be no balance available on this account at 31 March 2015 to reduce the level of council tax for this area. Therefore for 2015/16 council tax will be the standard £1,207.14 for a band D property in this area.

Housing benefit – Local scheme

22. For the purpose of calculating housing benefits, local authorities are allowed discretion in disregarding war disability pension and war widows' pensions above the fixed disregard required by law (currently £10.00).
23. The council's local schemes, like most schemes in London, currently disregards the whole of these pensions for the calculation of benefits. Benefit expenditure under the local schemes does not qualify for subsidy. There are currently some 19 people receiving the disregard at an estimated cost of £36,583. Benefit expenditure under the local scheme for 2015/16 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority. Therefore an amount of £9,145 has been allowed for in the 2015/16 budgets.
24. 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 level of pensions. The level of pensions for 2014/15 will be £135.15 for standard war widows' pensions and £178.20 for war disablement pensions. 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.

Community impact statement

25. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the Policy and Resources Strategy 2015/16-2017/18 – revenue budget (the Budget and Policy Framework) – elsewhere on this agenda.

Consultation

26. The council consults with relevant stakeholders with regards 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 FROM OTHER OFFICERS

Director of Legal Services

27. Council assembly is being asked to agree the formal resolution setting the council tax for 2015/16 and approve the local scheme for housing benefit and council tax benefit in 2015/16 that must be approved annually. Local Government Finance Act 1992 s.30 (the LGFA 1992) requires that the Council Assembly 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 31A, 31B and 34 to 36 of the LGFA 1992 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.
28. 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 council tax requirement (required by Sections 31A, 31B and 34 to 36 of the LGFA 1992) is also to be agreed by Council Assembly.
29. 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 sections 31A, 31B and 34 to 36 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. That information is set out in the Policy and Resources Strategy 2015/16 – 2017/18 – revenue budget included elsewhere on this agenda.. The authority is required to have regard to the chief finance officer's report when making the calculations.

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

30. 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.
31. 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.
32. 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.

33. 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.

34. 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.

Housing & Council Tax Benefits – Local Schemes

35. Council assembly is also being asked to agree the continuation of the disregard of war disablement pensions and war widows’ pensions for benefit purposes.

36. By virtue of Section 139 of the Social Security Administration Act 1992 (as amended by the council tax legislation (the Local Government Finance Act 1992) the authority may modify any part of the housing tax benefit scheme administered by the authority (although the original scheme is determined by the Secretary of State),

- (i) So as to provide for disregarding, in determining a person’s income the whole or part of any war disability pension or war widows’ pension payable to that person or to his partner or to a person whom he is polygamously married.

- (ii) Any such modifications may be adopted by resolution of the authority, and the authority may also by resolution revoke or vary such resolution to such an extent as it may be prescribed.

37. The council is required to make this decision annually.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2015/16 report	Southwark Council 160 Tooley Street London SE1P 5LX	Norman Lockie 020 7525 0928
http://moderngov.southwark.gov.uk/documents/s51086/Report%20The%20Council%20Tax%20Base%20for%202015-16.pdf		
Policy and Resources Strategy 2015/16-2017/18 – revenue budget	Southwark Council 160 Tooley Street London SE1P 5LX	John Braggins 020 7525 7489
http://moderngov.southwark.gov.uk/documents/b50005448/Supplemental%20Agenda%20No.%202%20Tuesday%2010-Feb-2015%2016.00%20Cabinet.pdf?T=9		
The Mayor's budget for 2015/16	Greater London Authority City Hall The Queen's Walk More London London SE1 2AA	enquiries 020 7983 4100 minicom 020 7983 4458
http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2015-16		

APPENDICES

No.	Title
Appendix A	2015/16 Formal Resolution
Appendix B	2015/16 Council Tax – Changes From 2014/15

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Dated	12 February 2015	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	12 February 2015	