LONDON BOROUGH OF NEWHAM

COUNCIL

27TH FEBRUARY 2017

Subject: Council Tax 2017/18

Source: Resources/Corporate Finance

Wards Affected: All

Purpose of Report

This report sets out recommendations for the 2017/18 Council Tax levy by the London Borough of Newham. This report also sets out details of the Adults Social Care precept and the Greater London Authority (GLA) precept to present the overall Council Tax levy for Newham.

Combined Band D Council Tax
The combined Newham element, £945.63, the GLA precept, £280.02 and year two of the 2016/17 Adult Social Care precept £18.91, amounts a total Band D Council Tax for Newham of £1,244.56.

Recommendations

It is recommended that Full Council:

1. agree the Mayor’s proposal that the Newham Council element of Council Tax for 2017/18 be frozen at 2008/09 levels. This results in a local element Band D level of £945.63, with other bands being as set out in the body or the report.

2. note that the Greater London Authority (GLA) is proposing to increase its precept by £4.02 or 1.5% to £280.02 from the 2016/17 figure of £276.00 (to be considered at the London Assembly meeting on 20th February 2017) as set out in paragraph 3.1.

3. agree to decline the Government’s offer to set an Adults Social Care Precept on Council Tax in 2017/18 as set out in section 4 of the report

4. note that if the recommendations are approved that the total Band D level of Council Tax for 2017/18 inclusive of the GLA precept and year two of the 2016/17 Adult Social Care precept amounts to £1,244.56.
5. agree the Statutory Resolution to set the overall Council Tax for the London Borough of Newham for 2017/18 as attached in the appendix to this report.

Reasons for the Recommendations

The Council is under a statutory obligation to set its Council Tax by 11th March in any year.

The proposed zero increase in Council Tax is an integral part of the Mayor’s on-going commitment to help residents through the current challenging economic climate.

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Local Government (Access to Information) Act 1985
Background papers used in preparing this report:
• Budget Framework 2017/18 – Mayor’s Final Budget Proposals, Medium Term Financial Strategy and Council Tax Setting Proposals
• The Mayor of London’s 2017/18 Draft Consolidated Budget Proposals
• The Referendums Relating to Council Tax Increases (Principles) (England) Report 2017/18

List of enclosures / Appendices:
• Appendix A - 2017/18 Council Tax Resolution
1. Council Tax Setting

Background

1.1. Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2017/18. This must be completed before 11th March 2017.

1.2. The 2011 Localism Act requires a “council tax requirement” to be reported.

1.3. At the time of writing, the Greater London Authority (GLA) intends to agree its precept on 20th February 2017. This report is based on the GLA draft budget proposals. Any changes to this will reported to council assembly at this meeting.

1.4. This report reflects the recommendations of “The Council’s Budget Framework 2017/18 – The Mayor’s Final Revenue Budget Proposals, Medium Term Budget Strategy to 2019/20 and Council Tax Setting Proposals” considered elsewhere on the agenda for this meeting. This reflects freezing of the Newham element of council tax at 2008/09 levels and includes the acceptance by the council of the offer by government of a 2% precept for adult social care in 2016/17. For technical purposes the precept is included as part of the total council tax requirement.

Referendum Limits

1.5. Local authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2017/18, they set a Council Tax that breaches the Government determined limit of 2%.

2. Newham Element of Council Tax

2.1. The Mayor has made his final budget proposals to Council for 2017/18. The Mayor is proposing a Budget Requirement for the Council of £231.531m and a Band D Council Tax of £945.63. This is the ninth year in succession that a freeze in the local element of Council Tax has been proposed.

2.2. The Mayor and Council Members are acutely aware of the considerable impact that the continuing central government funding cuts and the economic climate of austerity is having and actively seeks to support local residents and businesses through these difficult times.

2.3. A key element of this support to freeze Council Tax. It is proposed that the Newham element of Council Tax remains frozen at £945.63 at Band D, the same level since 2008/09. As it is proposed that the Newham element of Council Tax remains frozen at £945.63 at Band D and that the Relevant Basic Amount of Council Tax calculation for 2017/18 will not increase, it will not therefore invoke the need for a referendum on the issue.

2.4. Newham’s element of Council Tax for 2017/18 is calculated as follows:

\[
\text{Council Tax Requirement} = \frac{66,770,934}{70,610} = 945.63
\]
2.5. Despite a freeze on Council Tax, an increase in income is projected due to an increase in the number of properties.

**Council Tax Yield**

2.6. Newham’s increasing Council Tax base is evidence of the success of our wider regeneration vision, and our determination to increase provision of new quality housing - the bedrock of people’s lives. Correspondingly the increased tax base has seen an increase in Council Tax yield providing essential revenue funding in a very challenging economic climate (see table 1 below).

<table>
<thead>
<tr>
<th>Table 1: Increase in Council Tax Base</th>
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<tbody>
<tr>
<td>Collection rates</td>
</tr>
<tr>
<td>Band D Council Tax</td>
</tr>
<tr>
<td>Taxbase*</td>
</tr>
<tr>
<td>Council Tax Yield</td>
</tr>
<tr>
<td>Increase in Taxbase and Yield</td>
</tr>
<tr>
<td>Monetary Increase in Yield</td>
</tr>
</tbody>
</table>

* Using latest figures from Planning and allowing for non-collection rate

2.7. The number of Band D equivalent properties for 2017/18 is forecast to be 73,621 which, after allowing for a 95.91% collection rate will, give a Council Tax yield for 2017/18 of £66.771m. This is a yield increase of £1.97m over 2016/17.

The Council Tax yield is calculated as follows:

\[
\text{Council Tax base} \times \text{Collection rate} \times \text{Band D Council Tax} = \text{Council Tax yield}
\]

which equates to

\[
73,621 \times 95.91\% \times £945.63 = £66.771m
\]

3. **GLA Precept**

3.1. The GLA consultation budget proposes an increase in the Mayor of London’s Band D Council Tax precept of £14.02 or 1.5%. This will result in a Band D figure of £280.02 for 2017/18 compared to £276.00 in 2016/17. Confirmation will follow the London Assembly meeting on 20th February 2017.

3.2. **2012 Olympic and Paralympic Games precept**

By 31st March 2017 the GLA will have raised the agreed £625m contribution from London council taxpayers towards the cost of the 2012 Olympic and Paralympic Games and paid the final instalment of this (£28.3m) to the
Department of Culture Media and Sport. So no element of the Mayor’s precept will be used to fund the costs of the Olympics from 2017/.

3.3. Unlike for example the adult social care precept there is no separately identifiable ‘Olympic precept’ specified in regulations or legislation and this has no formal statutory basis. The £20 levied since 2006/07 simply formed part of the Mayor’s component council tax for GLA services which also funds other services such as housing, planning and economic development.

3.4. In 2016/17 the previous Mayor reduced his precept by £19 of which notionally £12 related to the £20 contribution towards the Games. However, the Mayor has decided not to reduce the non-police precept further in 2017/18 in order to protect funding for the London Fire Brigade and GLA services (including housing). The reduction in the GLA’s revenue support grant in 2017/18 broadly equates to the sums raised from an £8 charge on council taxpayers (the balance of the former precept for the Games applied in 2016/17).

4. Adults Social Care Precept

4.1. It is proposed that Newham does not take up the offer of the precept for 2017/18 (see “The Council’s Budget Framework 2017/18 – The Mayor’s Final Revenue Budget Proposals, Medium Term Budget Strategy to 2019/20 and Council Tax Setting Proposals” paragraphs 4.29 to 4.32 considered elsewhere on the agenda for this meeting) at a cost of £1.3m per annum.

4.2. The take up of the 2016/17 2% precept will remain however as previously highlighted in the section “Adults Social Care Precept” raising an additional £1.335m in Council Tax yield. This equates to an additional £18.91 at Band D level. This would result in an additional 36p per week on a Band D level property.

5. Council Tax for Newham 2017/18

5.1. The council tax for a band D property is shown in table 2 below. Full details of council taxes levels for all property bands are shown in Appendix A.

Table 2: Council Tax in Newham 2017/18

<table>
<thead>
<tr>
<th></th>
<th>Band D tax for 2016/17</th>
<th>Band D tax for 2017/18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newham element of Council Tax</td>
<td>945.63</td>
<td>945.63</td>
<td>0</td>
</tr>
<tr>
<td>2016/17 Adult Social Care precept</td>
<td>18.91</td>
<td>18.91</td>
<td>0</td>
</tr>
<tr>
<td>GLA precept</td>
<td>276.00</td>
<td>280.02</td>
<td>£4.02, or 1.5%</td>
</tr>
<tr>
<td>Total Band D Council Tax</td>
<td>1,240.54</td>
<td>1,244.56</td>
<td>£4.02, or 0.3%</td>
</tr>
</tbody>
</table>
London Position

5.2. Outer London - In 2016/17 Newham’s overall Council Tax was the ninth lowest in London and the lowest of the boroughs funded as outer London. The closest outer London boroughs to Newham in 2016/17 are Bromley, £1,030.14, and Barking and Dagenham, £1,036.67, 8.9% and 9.6% more than Newham’s Band D level of £945.63.

5.3. Inner London – Newham’s band D Council Tax for 2016/17 was actually lower than four inner London boroughs: Lewisham £1,060.35, Camden £1,042.10, Islington £981.22 and Greenwich £981.04 and very close to Lambeth which set a rate of £943.70

5.4. At present all councils are in the final stages of setting their Council Tax for 2017/18 and it is expected that Newham’s will remain the lowest Council Tax in outer London. Any change to Newham’s relative position will be advised at the Council meeting.

6. Legal Requirements

6.1. Council is being asked to agree the formal resolution setting the council tax for 2017/18 that must be approved annually. Local Government Finance Act 1992 section 30 (the LGFA 1992) requires that 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 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 1st March preceding the financial year to which they relate.

6.2. 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.

6.3. Section 25 of the Local Government Act 2003 requires the chief finance officer (The Director of Financial Sustainability) 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 Council’s Budget Framework 2017/18 – The Mayor’s Final Revenue Budget Proposals, Medium Term Budget Strategy to 2019/20 and Council Tax Setting Proposals” included elsewhere on this agenda.

Adult Social Care Precept

6.4. Should local authorities decide to take up the offer to charge the Adult Social Care precept, they are required to provide certain information to the government and undertake a number of actions.
6.5. Council Tax payers must be informed on the face of the Council Tax bill and in the information supplied with it the part of the increase that is being used to fund Adult Social Care.
COUNCIL TAX
Resolution to set Council Tax 27th February 2017

The Council is recommended to resolve, in accordance with the Local Government Finance Act 1992 (‘the Act’) as amended by the Localism Act 2011 and the Local Government Finance Act 2012, as follows:

1. It be noted that the Chief Finance Officer calculated the Council Tax Base 2017/18 for the whole Council area as 70,610.

2. The Council Tax requirement for the Council’s own purposes for 2017/18 is £66,770,934

3. That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:

   a) GROSS EXPENDITURE OF £1,540,888,494
   being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act;

   b) GROSS INCOME OF £1,474,117,560
   being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;

   c) £66,770,934
   being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year;

   d) £945.63
   being the amount at 3(c) above, all divided by the Council Tax Base at 1 (above), and calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year;

4. To note that the Greater London Authority has issued a precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council’s area as indicated in the table below.

5. That the Council, in accordance with the Local Government Finance Act 1992 and sections 77(1) and (3) and sections 77(1) and (7) of the Localism Act 2011, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2017/18 for each part of its area and for each of the categories of dwellings.
6. Pursuant to Section 52ZB of the Local Government Finance Act 1992 and Section 52ZC inserted into the 1992 Act by Schedule 5 of the Localism Act 2011 and the principles determined by the Secretary of State to apply to local authorities in England in 2017/18 as set out in The Referendums relating to Council Tax Increases (Principles) (England) Report 2017/18, it is determined that the Council’s relevant basic amount of Council Tax for the year, which reflects a nil increase, is not excessive.

Greater London Authority

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<tbody>
<tr>
<td>186.68</td>
<td>217.79</td>
<td>248.91</td>
<td>280.02</td>
<td>342.24</td>
<td>404.47</td>
<td>466.70</td>
<td>560.04</td>
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2016/17 2% Adults Social Care Precept

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<tr>
<td>12.61</td>
<td>14.71</td>
<td>16.81</td>
<td>18.91</td>
<td>23.12</td>
<td>27.32</td>
<td>31.52</td>
<td>37.83</td>
</tr>
</tbody>
</table>

7. Pursuant to Section 52ZY of the Local Government Finance Act 1992 the Section 151 officer in ASC authorities will be required to confirm that money raised through the precept is being used exclusively for adult social care. In subsequent years Section 151 officers will be required to confirm that this additional council tax continues to be allocated to adult social care. Tax payers must be informed on the face of the council tax bill, and in the information supplied with it, about the precept that is being used to fund adult social care. The Council Tax (Demand Notices) (England) Regulations 2011 laid before Parliament put the requirements into effect for 2016/17.

Aggregate of Council Tax Requirements
Newham element, GLA and ASC precept

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<tbody>
<tr>
<td>829.71</td>
<td>967.99</td>
<td>1,106.28</td>
<td>1,244.56</td>
<td>1,521.13</td>
<td>1,797.70</td>
<td>2,074.27</td>
<td>2,489.13</td>
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