

**BUDGET AND CORPORATE PLAN AND COUNCIL TAX 2018/19
SUPPLEMENTARY INFORMATION**

A. THE GREATER LONDON AUTHORITY AND LEVIES

The Greater London Authority (GLA) precept proposed by the Mayor was advised as being £294.23 per Band D property (a 5.07% increase compared to 2017/18). The London Assembly is due to consider this budget and precept on 22 February 2018. Any changes to the GLA position will be reported to Cabinet in due course.

The ELWA levy for 2018/19 was confirmed at its Board meeting on 5 February 2018 (After the February Cabinet papers were dispatched). Havering's ELWA levy for 2018/19 is £15.887m, an increase of 6.45% compared to 2017/18 levy of £14.925m. The provisional 2018/19 levy reported in the February Cabinet report was £15.992m, the final levy figure of £15.887m is reflected in the revised **Appendix C**.

The Environment Agencies (Thames and Anglia) 2018/19 provisional levy figure is reflected accordingly in the revised **Appendix C**.

In the absence of provisional levy figures from the London Pension Fund Authority and Lea Valley Regional Park Authority, a nominal increase of 5% has been projected and reflected in the revised **Appendix C**.

B. FINAL LOCAL GOVERNMENT FINANCIAL SETTLEMENT 2018/19

1. The Provisional Local Government Financial settlement (LGFS) was announced by the Secretary of State on 19 December 2017 and the implications for the Council's funding has been reflected in subsequent reports to Cabinet culminating in the approval of the draft budget by Cabinet on 7 February 2018.
2. The Final LGFS announced on 6 of February 2018 confirmed:
 - an extra £150 million Adult Social Care (ASC) Support Grant to be distributed on the basis of the ASC relative need formula RNF. London boroughs will receive £23.2 million (15.5% of the England total). LB Havering has been allocated £0.629m and will be held in the Business Risk Reserve earmarked for Adult Social Care.
 - LB Havering's Under-indexing compensation grant allowance has been increased from the £0.700m reported in the provisional settlement to £0.762m in 2018/19.
 - an extra £16 million for Rural Services Grant in addition to the extra £15 million found in the provisional settlement (so an extra £31 million in total) – London boroughs are unaffected.
 - final tariffs and top-ups, which have been adjusted as a result of the recent VOA data error. Overall, London is £4.6 million better off compared with the provisional settlement (boroughs collectively by £3.8 million and the GLA by

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£0.8 million). The adjustment to the VOA data error has resulted in an increase of £0.054m in LB Havering's the tariff figure presented in the February Cabinet report. The adjustment is reflected accordingly in the revised **Appendix D**.

- a minor increase to NHB allocations nationally of £1.3m. No impact on LB Havering.
- the cash threshold for deeming whether the GLA's relevant basic amount of council tax is excessive, has been increased from £12 greater than its adjusted relevant basic amount of council tax for 2017/18, to £14.21 greater. As set out in the reports to Cabinet of 7 February 2018.
- there will be a formal consultation on "fair and affordable options to address negative RSG" ahead of the 2019/20 settlement.

In summary for LB Havering, there were no major variances in the Final Settlement compared to the Provisional Settlement, other than the £0.629m allocated for Adult Social Care support Grant.

3. It is recommended that Council delegate authority to the Chief Financial Officer to adjust the Corporate Risk Budget to account for any further variations that may arise from the final settlement as more detail of the final settlement emerges. .

C. THE COUNCIL TAX (DEMAND NOTICES) (ENGLAND) REGULATIONS 2011 AND 2012

The Regulations set out the information which the billing authority must supply with the Council Tax Demand Notice, and the National Non-domestic Rate Notice as well as matters required to be contained in those Notices.

The 2011 Regulations require the following information to be provided within the Demand Notice:

Amounts of gross expenditure

The gross expenditure of—

- (a) the billing authority,
- (b) each relevant precepting authority, and
- (c) each relevant levying body,

for the relevant year (i.e. the year for which the budget is being set) and the preceding year.

Amounts of council tax requirement

The council tax requirement of—

- (a) the billing authority, and
 - (b) each relevant precepting authority,
- for the relevant year and the preceding year.

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Statements concerning gross expenditure and council tax requirement

The billing authority's reasons for any difference between the amounts stated in respect of the gross expenditure and council tax requirement for the billing authority and each precepting authority for the same year.

The billing authority's opinion of the effect that its gross expenditure has on the level of council tax set for the relevant year.

Each relevant precepting authority's opinion of the effect that its gross expenditure has on the level of its precept issued for the relevant year.

In accordance with these Regulations, these calculations are as follows:

	2017/18	2018/19
	£	£
Amounts of Gross Expenditure		
	Aggregate of the items which are attributable to the services administered by the Authority during the year	
	500,074,745	505,518,040
Less	allowances for contingencies;	
	2,000,000	1,000,000
	and contributions to/(from) financial reserves	
	<u>(20,628,797)</u>	<u>(18,531,397)</u>
	518,703,542	523,049,437
Amounts of Council Tax Requirement		
	LBH element of the Council Tax Band D for a Property	
	1,317.71	1,363.83
multiplied	by the Council Tax Base	
	86,821	87,346
	<u>114,404,900</u>	<u>119,125,095</u>
Statements concerning Gross Expenditure and Council Tax Requirement		
	Gross Expenditure	
	518,703,542	523,049,437
Less	Council Tax Requirement	
	<u>114,404,900</u>	<u>119,125,095</u>
	404,298,642	403,924,342
Reason for Difference		
	Gross income	
	337,707,016	345,589,819
	Retained Business Rates	
	24,099,835	51,623,259
	Business Rate Baseline (Tariff)	
	9,231,836	(10,363,832)
	Revenue Support Grant	
	12,283,528	0
	Council Tax (Deficit)/Surplus	
	2,201,000	181,000
	Business Rates (Deficit)/Surplus	
	146,630	(637,301)
	<u>385,669,845</u>	<u>386,392,945</u>
	Contingencies and contribution to reserves	
	18,628,797	17,531,397
	<u>404,298,642</u>	<u>403,924,342</u>

An additional calculation, setting out an explanatory breakdown of the statutory calculations, was required under the Local Government Finance Act 1992, but has

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been superseded by the changes brought about by the Localism Act 2011. Details of the calculation are as set out above.

The 2012 Regulations do not impact on the setting of the Council Tax but includes a requirement that:

- Demand notices refer to reductions and premiums through introduction of local council tax reduction schemes and local premiums for long term empty dwellings
- A statement should be included on a demand notice where a reduction under a local scheme or a local premium applies explaining the amount of the reduction or premium, the reasons for it and the possible consequences of failing to comply with duties to notify the billing authority of relevant changes in circumstance
- Demand notices include a statement of the procedure by which a person may request to pay their council tax in 12 monthly instalments and makes certain other consequential amendments
- Demand notices include another statement where the billing authority has published certain information which must be supplied with demand notices on its website to explain that and to give the address where that information can be found.

D. CALCULATION OF CHANGE IN HAVERING'S EXPENDITURE

The following calculation was previously required under Council Tax (Demand Notice) Regulations, known as the budget requirement, and is included here to set out how the Council's expenditure, prior to taking into account Government funding, has changed. These figures reflect the significant changes caused by the new funding system and the impact of the localisation of Council Tax support.

Change in Council's Expenditure

	£m
2017/18 Budget	162.4
2018/19 Budget	160.0
Net Decrease	<u>(2.4)</u>
Budget Pressures	18.3
Inflation	0.9
Increase in Levies	1.0
Provisions & Other Issues (including Grant & Funding Changes)	<u>(3.0)</u>
Sub Total	<u>17.2</u>
Efficiencies/Savings	<u>(19.6)</u>
Net Total	<u>(2.4)</u>

E. REFERENDUMS RELATING TO COUNCIL TAX RISES

Schedule 5 of the Localism Act 2011 makes provision for Council Tax referendums to be held if an authority increases its basic relevant amount of Council Tax in excess of principles determined by the Secretary of State and approved by the House of Commons.

A Council Tax referendum will be required in 2018/19 if the increase in the basic relevant amount of Council Tax set by an authority exceeds the Council Tax excessiveness principle which applies to that year. The Secretary of State has proposed that, for that year, an authority will be required to seek the approval of their local electorate if, compared with 2017/18, an increase in that amount exceeds 6% for local authorities (comprising 3% for expenditure on Adult Social Care and 3% for other expenditure).

As the Council's proposes a Council tax increase of 3.5% (comprising 2% ASC precept and 1.5% other expenditure), taking into account of all levies, the level of increase cannot be considered as excessive under the provisions of the Act. In these circumstances the Council would not be required to hold a referendum.