OUR BUDGET FOR THE VULNERABLE

Your council tax 2017-18

www.kingston.gov.uk/counciltax
Leader’s message

Kingston has always been a great place to live, work and visit, but to keep it that way, we need to respond to the huge changes that are taking place across the country.

The Government’s policy is to continue reducing the grants it pays to all local authorities (ours has reduced every year since 2010) and to encourage councils to increase local taxes in order to help bridge the funding gap. Our grant will drop by £6.4 million this year and, despite intense lobbying, it will then reduce to nothing by 2019-20. As we become ‘independent’ we will need to fundamentally rethink the way we fund and deliver public services.

Increasing council tax for residents is never an easy decision, but many of you will be aware of the deepening national crisis in health and social care. This year’s budget has been set to protect the vulnerable and the entire increase in council tax and social care precept will go directly to adult social care. The Government has woken up to the pressure that our country’s social care system is under and expects councils to use an adult social care precept (an additional levy) to help tackle this issue. The precept is essential to meet part of the ever increasing cost of adult social care services and the growth in the number of residents who need our support.

Adult social care is by far our biggest single expense, accounting for over 42% of our total budget - a figure that rises above 70% when you also factor in the cost of supporting
other vulnerable groups like homeless families, looked after children and those with special educational needs and disabilities. Approximately 95% of our borough’s population each use around £350 of council services every year but the 5% of us most in need of help individually use an average of £25,000 of services a year.

The high demand we face in Kingston means we need to go further, so we have increased council tax by 1.99%. While we are very reluctant to take this decision, we hope you will understand and accept the need to support the most vulnerable in Kingston.

Over the last few years, the council has worked innovatively to find over £60 million of savings. However, we can no longer respond to the challenges caused by our rising population of vulnerable and older adults without making further changes.

Even with this rise in council tax, other cost pressures mean that we must make savings of £13.4 million in the next financial year - the highest savings targets we have ever set. Forever increasing taxes is not a sustainable or fair option, so we now need to find a new way to deliver services, working more collaboratively with our residents and partners. We also have to look at new ways to generate income - by both increasing the number of council tax payers via building new homes and attracting new rate paying businesses.

Kevin Davis,
Leader of Kingston Council

“ As we become ‘independent’ we will need to fundamentally rethink the way we fund and deliver public services. ”
To help us meet the increasing cost of supporting our ageing and vulnerable residents, we have increased council tax for 2017-18 by 1.99% - only the second time in the last six years that a raise has been made.

We’ve also followed the Government’s policy which allows local authorities to help meet the increasing cost of social care by levying a social care precept of 3%. This total rise of 4.99% means that residents in a Band D property* will pay on average £1.35 per week more.

* This figure will be slightly more if you live in the Wimbledon or Putney Commons areas and does not include the portion of council tax that we collect on behalf of the Greater London Authority, which sets its own council tax rate.
Where does our budget come from?

- **COUNCIL TAX** £91.6m (78.5%)
- **Business Rates** £19.6m (16.8%)
- **Government Grant** £5.5m (4.7%)

What do we spend it on?

- **Place** £39.9m (30.33%)
- **Adults** £56.2m (42.77%)
- **Corporate services** £1.4m (1.06%)
- **Children's services** £33.9m (25.77%)
- **Neighbourhoods** £0.09m (0.07%)

* Place services include planning, transportation, regeneration, environmental control, parks and green space, traffic management, parking and street scene.

“We need to find a new way to deliver services, working more collaboratively with residents and partners.”
How is my council tax broken down and what’s changed this year?

Your council tax is made up of two elements:

- Kingston Council expenditure – e.g. social care, waste collection, libraries
- Greater London Authority (GLA) expenditure – e.g. Metropolitan Police, Transport for London and the Fire Brigade.

In line with national Government policy, we have taken the decision to support Kingston’s vulnerable and ageing population by levying a social care precept of 3% and use a 1.99% increase in council tax to create a budget boost to protect the vulnerable.

We also collect council tax on behalf of the GLA, which has set a rise of 1.46%. You can find out more about the GLA and its plans for the forthcoming year at www.kingston.gov.uk/GLA.

Why are you putting up my council tax?

Increasing council tax for residents is not an easy decision, but we continue to face reduced budgets and an increase in demand for our services every year.

Because Kingston has an ageing growing population, the cost of providing adult social care is rising year on year. The cost of looking after each person is also increasing. The council tax increase is essential to meet those costs.

Council tax alone does not fund all our services. All councils receive additional funding from the Government called the Revenue Support Grant. Ours has always been one of the lowest in London, which has meant we’ve had to charge a higher council tax to maintain vital services. Our Government grant has gone down every year since 2010 and, despite intense lobbying, from 2019 we will no longer receive
any Government grants and will have to independently fund all of our services using income from council tax, business rates and charges. Every council in the country is facing a similar challenge.

Because of the rising cost of providing services and our diminishing Government grant, our budget shortfall will keep getting bigger in the coming years.

The Government has limited any rise in council tax to 1.99%, but it has introduced the option of levying an additional 3% precept to help fund adult social care. Since last year, when calculating the funding given to us, the Government has assumed that we will levy a precept each year to fund these services. In reducing our grant, the Government has not just given us the opportunity to raise money via the precept - it has assumed that we will increase this locally generated resource.

The 5% of us most in need of help each use an average of £25,000 of services a year.

Can’t you lobby the Government about the cut in grant?

We take every opportunity to lobby the Government about the cuts to our grant funding, expressing the view that this continued shifting of the burden onto local taxpayers is unfair and unwelcome. This lobbying did result in some transitional funding being awarded in 2016-17, but it was for two years only and was far from being sufficient to plug the funding gap in its entirety.
**Your council tax - frequently asked questions**

**Q** Why should I pay more? I hardly use any council services.

**A** Council tax is not a direct bill for services. You’re paying for the cost of maintaining society’s essential services and ensuring that we can support the most vulnerable among us. In total, over 70% of our budget is spent on helping vulnerable people, including the homeless, the elderly and those with disabilities. Our single biggest expense is adult social care, which accounts for over 40% of our budget. Our growing, ageing population means there is now more demand for care than ever before.

**Q** Why is our council tax one of the highest in London?

**A** The overall Government grant we receive in Kingston has historically always been low compared to most other London boroughs, because Kingston is seen by the Government as an area of low need. Every year, we argue that we should receive more funding.

**Our 2017-18 Government grant compared to our neighbouring councils**

- **Wandsworth**: £37m
- **Merton**: £14.9m
- **Sutton**: £16.8m
- **Kingston**: £5.5m
As things stand, to meet the costs of providing vital local services, we need to raise more money through council tax. Our council tax would be considerably lower if we received a similar Government grant to some of our neighbours.

**Why doesn’t the council just use its reserves instead of making cuts?**

The Government has highlighted some local authorities as having significant financial reserves, but we’re not one of them; our reserves are among the lowest in London. Continually dipping into them to help cope with the pressures we’re facing would not be a sustainable way to deliver a balanced budget. Reserves, like your savings, can only be spent once, so eating into them simply puts off the tough choices for the next year, when the financial situation is likely to be even worse. In general, reserves need to be kept aside to cover for unforeseen events and specific projects rather than business-as-usual budget planning.

**Why didn’t you plan ahead for this?**

We’ve made over £60 million of savings in the past few years - about 40% of our total budget. We recognised some time ago that the combination of a reduction in funding and increased demand for services would present us with a significant challenge. Last year we changed our budget planning process so that it focuses on identifying the key outcomes for our residents – an approach we call outcome based budgeting (OBB). This change in approach recognised that our previous approaches would not achieve the budget reductions that we needed.

“Adult social care is by far our biggest single expense, accounting for over 42% of our total budget.”
Q  Why is the rise 1.99%?

A  1.99% is the maximum the Government allows councils to raise council tax by without having to hold a referendum. With the 3% adult social care precept also in place this year, we have chosen to limit the rise in council tax to 1.99%.

Added together, the total rise of 4.99% will work out as an extra £1.35 per week for the average Band D council tax payer.

Q  Why don’t you put up business rates instead?

A  We couldn’t put up business rates even if we wanted to - they are set on a national basis by the Government. An increase in business rates would in any case not tackle our budget challenge on its own, because as things stand, a majority share of business rates receipts from Kingston are taken by the Government. Nonetheless we are exploring ways to generate more income by supporting the setup of new businesses, which will increase our business rate receipts.

How Kingston’s business rates will be claimed in 2017-18

- Kingston 24.9%
- GLA 37%
- Government (includes 5.1% tariff and levy) 38.1%
What is the adult social care precept?

The Government has allowed councils which provide social care to adults to increase their share of council tax by up to an extra 3%. This additional council tax charge is called the adult social care precept.

How much extra income will the social care precept generate for the council?

In 2017-18 it will raise an estimated £2.584m.

What will the adult social care precept money be used for?

We are only allowed to charge the adult social care precept if we intend to spend it on adult social care. The Government could perform a check to ensure that authorities are complying with this policy.

Our budget proposals for 2017-18 include an increase in funding for adult social care paid for by the rise in council tax, whilst expenditure across the rest of the council is falling.

Will the social care precept bill be a separate bill to my council tax?

No - you will be charged for both at the same time through your normal council tax statements. The social care precept will however be shown as a separate item on your statement.

Can’t you crackdown on those people who aren’t paying council tax instead?

At nearly 99% we have one of the best council tax collection rates in London, and we will continue working to boost it further.
More detailed information and a full list of frequently asked questions about council tax and Kingston Council’s budget can be found at www.kingston.gov.uk/budget17-18

If you have difficulty reading this document because of a disability or because English is not your first language, we can help you.

Please call our Contact Centre on 020 8547 5000, or ask someone to call on your behalf.