

What is Council Tax?

Council Tax is a local tax that helps to pay for a wide range of public services in your borough.

Each household receives a bill and the amount each household pays depends on which property valuation band the home is in and any discounts or exemptions that apply.

There are 8 valuation bands which relate to the value of the property on 1 April 1991, with the value of new properties being assessed back to this date.

In addition to Merton's Council Tax, the Council also collect an amount of Council Tax on behalf of the GLA, and households within three quarters of a mile of Wimbledon Common are required to pay an additional levy for Wimbledon and Putney Commons Conservation.

Council tax charges and bands

The amount of council tax you pay depends on which of the eight bands your home comes under.

We use band D charge as the basis for working out the charge for the other bands. For example, the charge for a band D property for 2018/2019 is £1,463.59.

To work out the cost of a band C property in the main part of the borough it's £1,463.59 x 8/9.

Band	Property value (on 1 April 1991)	Proportion of band D charge	Council tax charge (main part of borough)
A	Up to £40,000	6/9	£975.72
B	£40,001–£52,000	7/9	£1,138.35
C	£52,001–£68,000	8/9	£1,300.97
D	£68,001–£88,000	9/9	£1,463.59
E	£88,001–£120,000	11/9	£1,788.83
F	£120,001–£160,000	13/9	£2,114.08
G	£160,001–£320,000	15/9	£2,439.31
H	£320,001 upwards	18/9	£2,927.18

If you live within the area of Wimbledon and Putney Common you pay an extra £29.30 (Band D) to cover the expenses of the Commons Conservators. Including this charge, the Band D charge is £1,492.89

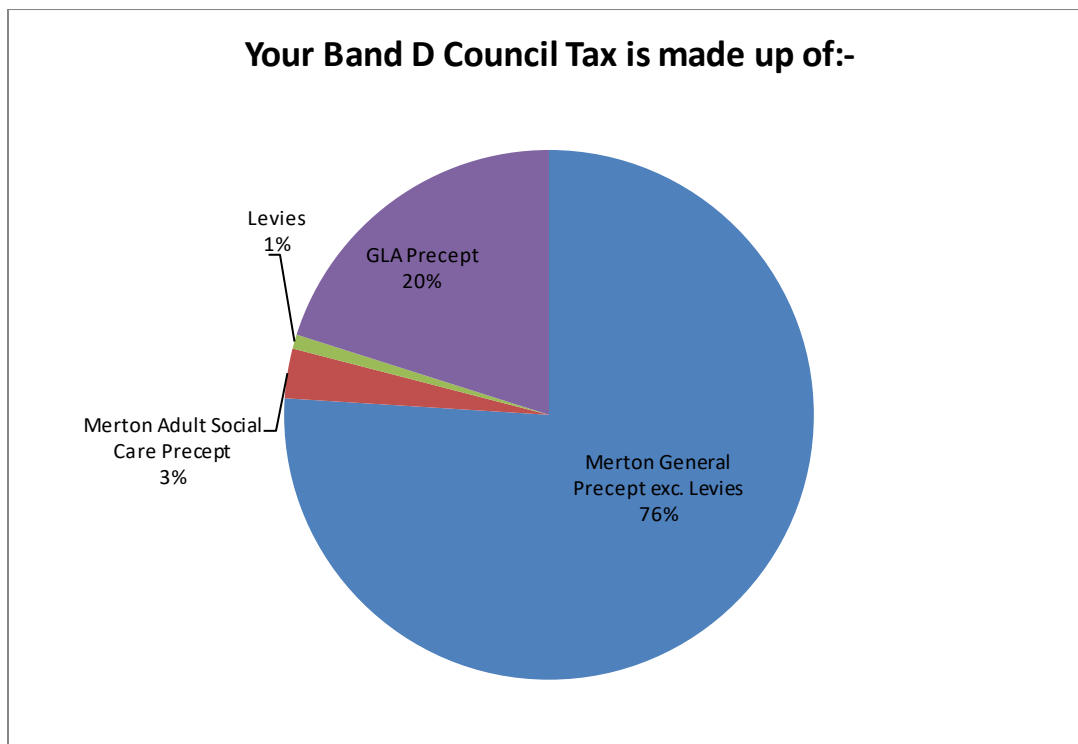
You may not have to pay the full council tax charge as you may be entitled to a discount or an exemption

What council tax helps pay for

Council tax helps pay for the local services we provide. With the introduction of the Adult Social Care Levy there are four main elements to the charge:-

- spending on local services, such as education, waste collection, green spaces, and care services including levies, which the Council is required by statute to pay to the Environment Agency, the London Pension Fund Authority, and Lee Valley Regional Park.
- Spending on adult social care which is ring-fenced and funded by the Adult Social Care precept
- the GLA charge for the services they provide, such as police and fire services which is collected by the Council and passed to the GLA
- If you live within the area of Wimbledon and Putney Common you pay an extra £29.30 (Band D) to cover the expenses of the Commons Conservators.

Merton's Band D Council Tax	2017/18	2018/19	Change	Change
	£	£	£	%
Merton General Precept	1,102.25	1,124.95	22.70	2.0%
Merton Adult Social Care Precept	33.06	44.41	11.35	1.0%
Merton Band D exc. WPC	1,135.31	1,169.36	34.05	3.0%
GLA Precept	280.02	294.23	14.21	5.1%
Merton Band D inc. GLA exc. WPC	1,415.33	1,463.59	48.26	3.4%
WPC	28.61	29.30	0.69	2.4%
Merton Band D inc. WPC & GLA	1,443.94	1492.89	48.95	3.4%



Adult Social Care Precept

Local authorities with responsibility for social care, such as Merton, may levy a precept to spend exclusively on adult social care. This precept equates to up to 6% over 3 years, from 2017-18 to 2019-20, with a maximum increase of 3% in the first 2 years and 2% in the final year. Merton has levied 3% in 2017/18 and 1% in 2018/19.

Our main income sources

Our main sources of income are:

- **fees and charges** – charges that we make for services that we provide
- **business rates** – these rates, called National Non-Domestic Rates, are the means by which local businesses contribute to the cost of providing local authority services. In 2018/19 Merton is participating in a London Pool to pilot 100% Business Rates Retention. Under the pool we keep 64% of our income from business rates, and the balance of 36% goes to the GLA.
- **revenue support grant** – a Government grant which can be used to finance revenue expenditure on any service. Under the Pilot Pool Merton will not receive any Revenue Support Grant as this is being replaced by Business Rates.
- **Other Government Grants** – grants from Government which are usually allocated to fund specific services.
- **collection fund** – this is any surplus or deficit from previous year's council tax and business rates
- **council tax requirement** – this is an estimate of the income we'll raise from council tax this year
- **budget requirement** – this is an estimate of what we will spend this year after deducting income raised from services we charge for, government grants and any funding from reserves

How is Council Tax calculated?

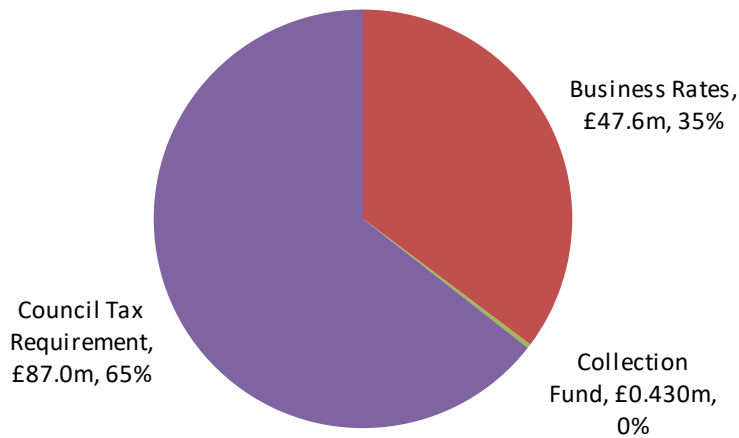
1. we plan our services for the coming year and work out how much they will cost to provide
2. we deduct any income that we expect to receive during the year from fees and charges, government grants and other contributions, and a share of business rates (64%)
3. the resulting balance is the amount we need to fund from Council Tax. The Council Tax is calculated by dividing this figure between all properties in the borough, taking into account the different Council Tax property bands

Main income sources in 2018/19 and amount raised per head.

Funding sources	£000s	%	£/head*
Business rates	47,611	35.3%	£217.70
Revenue support grant	0	0%	£0
Collection fund	430	0.3%	£1.97
Council tax requirement	87,009	64.4%	£397.84
Budget requirement	135,050	100.0%	£617.51

* based on estimated population of 218,700 in 2018 (source: ONS)

Our Local Tax Income 2018/19 (£m)



Medium Term Financial Strategy (MTFS)

You can view our financial plans for the next four years in our Medium Term Financial Strategy

The services we deliver

This table shows the amount we plan to spend on council services in 2018 to 2019 compared to last year (excluding schools which are funded by a Dedicated Schools Grant).

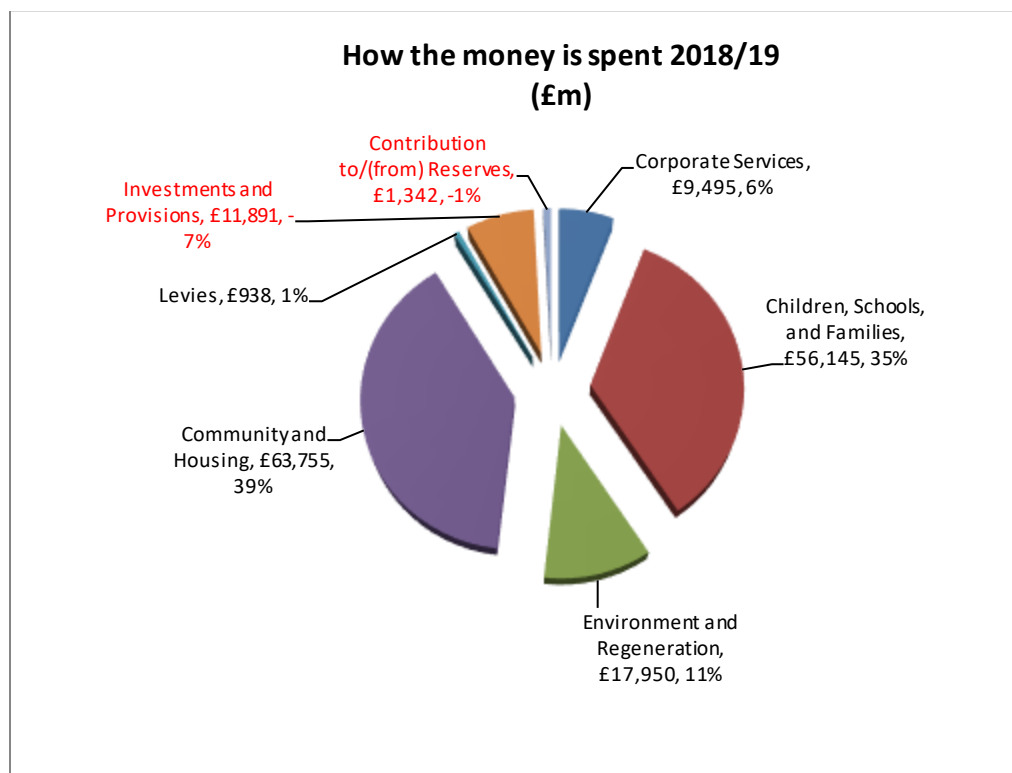
The income we have to spend on services has gone down over the last two years as the funds we receive from government have been cut. To deal with this, we've had to find ways to deliver our services more efficiently with less money.

2017/18			2018/19			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
144,032	(133,167)	10,865	Corporate Services	142,296	(132,801)	9,495
224,583	(172,004)	52,579	Children, Schools, and Families	251,568	(195,423)	56,145
64,497	(41,313)	23,184	Environment and Regeneration	56,710	(38,760)	17,950
89,683	(25,365)	64,318	Community and Housing	101,084	(37,329)	65,755
932	0	932	Levies	938	0	938
13,880	(25,106)	(11,226)	Investments and Provisions	9,462	(21,354)	(11,892)
537,607	(396,955)	140,652	Planned Expenditure	562,058	(425,667)	136,391
0	(3,533)	(3,533)	Contribution to/(from) Reserves	0	(1,342)	(1,342)
537,607	(400,488)	137,119	Net requirement for tax purposes	562,058	(427,009)	135,050
			Memorandum:			
10,948	(10,948)	0	Public Health	10,102	(10,102)	0

Public health funding is provided by the NHS and is not part of our services. We have included it to show that it is money we are responsible for although it has no effect on the level of council tax set.

Planned spending for 2018 to 2019

This chart shows the figures in a pie chart from the 2018 to 2019 income and expenditure table



Changes in our revenue spend from 2017-18 to 2018-19

Our spending has gone down from £137.119m in 2017-18 to £135.050m in 2018-19. We've made savings of £5.961m on council services.

	£m
Revenue Spending 2017/18	137.119
Savings in Service Provision	(5.961)
Growth in Service provision	0.474
Pay and Price increases (Net)	4.398
Other adjustments, concessionary fares, income etc.	1.420
Capital financing	(4.585)
Appropriations to/(from) reserves	2.185
Budget Requirement 2018/19	135,050

Levies

These are the bodies we pay levies to. These are set by the bodies and we do not have a choice in paying these.

	2017/18	2018/19
	£	£
Lee Valley Regional Park	190,246	179,239
Environment Agency: Flood Defences	164,339	168,230
London Pensions Fund Authority	259,600	259,469
Wimbledon and Putney Commons Conservators	318,443	331,349
Total Levies	932,628	938,287

Borrowing

We estimate our long-term borrowing to fund capital programme projects which help improve the borough's economic well-being, to be £113m as of 31 March 2018.

It is expected that this will remain at £113m at 31 March 2019.

The interest charges arising on this amount are financed from the council's resources.

Staff

We estimate the number of staff we will employ (calculated on a full-time basis) in 2018/2019 to be 1,754. This compares with a total of 1,739 in 2017/2018.