

INDICATIVE COUNCIL TAX 2019/20

**Report by the Chief Financial Officer
Scottish Borders Council**

20 December 2018

1 PURPOSE AND SUMMARY

- 1.1 This report provides information on the estimated impact of a 3% proposed increase in Council Tax in 2019/20. The paper provides background information to the Council Tax as well as details of the effect of a 3% increase from April 2019 in all Council tax bands.**

2 RECOMMENDATIONS

- 2.1 It is recommended that members resolve to increase all Council tax bands A - H by 3% from 1 April 2019.**

3 BACKGROUND

3.1 Council Tax funds around 20% of local government net revenue expenditure in the Scottish Borders, the remainder coming from Government in the form of direct revenue support grant. The Council Tax in the Scottish Borders is the sixth lowest in mainland Scotland and 9th lowest overall once the island Councils are included. Council Tax is a tax on domestic property. All domestic properties are banded based on their valuation at the 1991 levels, any new properties are also assessed on estimated values from 1991 and allocated to one of the 8 property bandings (A-H). The property bandings and the numbers of properties in each band for the Scottish Borders are shown in table 1 below.

Table 1

Band	Property Value 1991	No of Properties at Dec 2018	Existing Multiplier	Proportion of Band D	Current Council tax £
A	Up to £27k	16,526	0.66667	240/360	766.68
B	£27k - £35k	12,641	0.77778	280/360	894.46
C	£35k - £45k	7,036	0.88889	320/360	1022.24
D	£45k - £58K	5,962	1.00000	360/360	1150.02
E	£58k - £80k	6,384	1.31389	473/360	1510.99
F	£80k - 106k	4,788	1.62500	585/360	1868.78
G	£106k - £212k	4,442	1.95833	705/360	2252.11
H	Above £212k	474	2.45000	882/360	2817.54

Band "D" is the average rate of Council Tax. The band D tax for the current financial year 2018/19 is £1,150.02 per annum in the Scottish Borders. All other bands vary as a proportion of the band D rate. The relationship between bandings does not vary year to year unless the "multiplier" i.e. the relationship between band "D" (the average) and the other bands is varied by Scottish Ministers.

- 3.2 The majority of properties in the Scottish Borders fall into bands A – C which contain 36,203 (62.1%) out of the total 58,253 domestic properties per a snapshot of the valuation roll at December 2018.
- 3.3 In November 2016, following a 9 year freeze on Council Tax levels, the Scottish Government announced that the Council Tax freeze would be lifted from April 2017 to allow Councils to increase Council Tax up to a maximum of 3%. This was part of a wider package of measures to reform local taxation following the report of the [Commission on Local Tax Reform](#).
- 3.4 Council Tax bands are also used to set domestic water and sewerage charges which the Council bills and collects on behalf of Scottish Water. **All figures in this paper refer only to the Council Tax element of the charge and exclude any reference to charges levied by SBC on behalf of Scottish Water.**

4 COUNCIL TAX 2019/20

4.1 INCOME RAISED

Council in setting the indicative budget for 2019/20 in February 2018 projected that Council Tax would rise by 1.5 per cent from 1 April 2019 providing an additional £0.9m net of discounts and exemptions to fund Council services. A 3% increase for 1 April 2019 would raise an additional £0.9m over and above this original estimate to support service provision and offset service reductions.

4.2 EFFECT OF 3% INCREASE

The effect of a 3% Council Tax increase is shown in table 2 below.

Table 2 Effect of a 3% Council Tax increase

Band	Council tax per band	Council Increase (3%)	New Rate 2019/20 £	Council Increase per month (12)
A	766.68	23.00	789.68	1.92
B	894.46	26.83	921.29	2.24
C	1022.24	30.67	1052.91	2.56
D	1150.02	34.50	1184.52	2.88
E	1510.99	45.33	1556.32	3.78
F	1868.78	56.06	1924.84	4.67
G	2252.11	67.56	2319.67*	5.63
H	2817.54	84.53	2902.07	7.04

5 IMPLICATIONS

5.1 Financial

There are no further costs associated with the content of this paper, its content relating to the Council Tax changes which would apply for 2019/20 onwards following a decision to increase the Council Tax in the Scottish Borders by 3%.

5.2 Risk and Mitigations

The normal arrangements for protecting those on low incomes through an extensive scheme of discounts and exemptions as part of the Council Tax reduction scheme would be unaffected. The effect of this change on the relative position of Scottish Borders in the council tax league table is not yet known pending decisions by other local authorities. It should be noted that this paper has been prepared in advance of the publication of the Local government finance circular and any conditions or restriction which may be imposed upon the ability of Councils to vary the Council Tax in 2019/20 by Scottish Ministers is not known at this stage.

5.3 Equalities

A full equalities impact assessment will be undertaken and published as part of the budget preparation exercise. There are no adverse impacts due to race, disability, gender, age, sexual orientation or religion/belief arising from the contents of this report.

5.4 Acting Sustainably

There are no significant effects on the economy, community or environment.

5.5 Carbon Management

No effect on carbon emissions is anticipated.

5.6 Rural Proofing

It is anticipated there will be no disproportionate impact on the rural area. The changes to council tax will affect properties in Rural and urban areas equally.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to either the Scheme of Administration or the Scheme of Delegation are required.

6 CONSULTATION

6.1 Corporate Management Team has been consulted regarding the contents of this report. The Chief Legal Officer and the Chief Officer Audit and Risk have also been consulted and any comments received will be reported at the meeting.

Approved by

**David Robertson
Chief Financial Officer**

Signature

Author(s)

Name	Designation and Contact Number
David Robertson	Chief Financial Officer 01835 825012

Background Papers:

Previous Minute Reference:

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Contact us at sdouglas@scotborders.gov.uk