
COUNCIL TAX 2021/22

Report by Executive Director, Finance & Regulatory

SCOTTISH BORDERS COUNCIL

25 FEBRUARY 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides information on the proposed Council tax levels for 2021/22. The 2020/21 Financial Plan assumed a 3% inflationary increase in Council Tax for 2021/22.
- 1.2 On 28th January 2021 the Cabinet Secretary for Finance, Kate Forbes, wrote to Leaders of all Scottish Local Authorities regarding the Scottish Government's proposed budget including national intentions for Council Tax. In recognition of the unique pressures created by the ongoing COVID 19 pandemic the Scottish Government included within the Local Government Finance Settlement an additional £90 million available to compensate Councils who choose to freeze their council tax at 2020/21 levels with the intention of helping to protect household incomes.
- 1.3 The Borders share of these resources total £1.955m which is broadly equivalent to a 3% increase in the Council Tax product for financial year 2021/22. The funding is provided on a one off basis and to date there is no confirmation that the resources provided to freeze the council tax in 2021/22 will be included on a recurrent basis within the local government settlement. The implication, should resources to freeze the council tax in 2021/22 not be base-lined in future settlements is that a future council tax rise of 3% would have to be enacted in 2022/23 to make up the shortfall before any funding could be raised to invest in the provision of services.
- 1.4 It should be noted that the draft Financial Plan shared with political groups assumes this funding will be permanently provided through RSG from 2021/22 in order that the Council Tax base is not eroded through this freeze.

2 RECOMMENDATIONS

2.1 It is recommended that Council:

- a) **Accept the additional funding of £1.955m through the 2021/22 Local Government Finance Settlement to freeze Council Tax at 2020/21 levels;**
- b) **Approves the Council Taxes to be paid in financial year 2021/22, from 1 April 2021 in respect of all chargeable dwellings in the Scottish Borders as set out in the table below, with a Band D equivalent of £1,253.91.**

Scottish Borders Council Tax applicable Charges from April 1 2021

Council Tax Band	Applicable Annual Charge Per property £
A	835.94
B	975.26
C	1,114.58
D	1,253.91
E	1,647.49
F	2,037.60
G	2,455.77
H	3,072.07

3 BACKGROUND AND CONTENT

- 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 ninth lowest overall once the island Councils are included.
- 3.2 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 and allocated to one of the 9 property bandings (A-H). The Scottish Government made changes to the bandings in 2017/18, the effect of this change was to increase the rate of Council Tax paid by the higher bands E to H. Band "D" is the average rate of Council Tax. The band D tax is currently £1,253.91 per annum in the Scottish Borders. The 2020/21 Financial Plan assumed a 3% inflationary increase in Council Tax for 2021/22.
- 3.3 On 28th January 2021 the Cabinet Secretary for Finance, Kate Forbes, wrote to Leaders of all Scottish Local Authorities regarding the Scottish Government's proposed budget including national intentions for Council Tax. In recognition of the unique pressures created by the COVID-19 pandemic the Scottish Government has included within the draft Local Government Finance Settlement an additional £90 million available to compensate Councils who choose to freeze their Council Tax in 2021/22 at 2020/21 levels with the intention of helping to protect household incomes. This additional allocation provides compensation to support services and broadly equates to an increase in Council Tax of around 3%.
- 3.4 As noted in the 'Budget Planning assumptions 2021/22' report approved by Council on the 17th December 2020, the table below shows impacts on Council Tax levels for 2021/22 at the assumed 3% along with 2%, 1% and 0%.

Table 1

Council Tax Income Financial Plan 2021/2022	% Increase	2021/22 (Provisional) £000's
Forecast Council Tax Income at Increase	3%	£68,419
Impact of 3%		£1,981
Forecast Council Tax Income at Increase	2%	£67,759
Impact of 2%		£1,321
Forecast Council Tax Income at Increase	1%	£67,099
Impact of 1%		£661
Forecast Council Tax Income at Increase	0%	£66,438

- 3.5 The Borders share of the national resources of £90m total £1.955m, as can be seen from the table above this is broadly equivalent to a 3% increase in the Council Tax product, with a small shortfall of £0.026m. The funding has been provided on a one off basis and to date there is no confirmation that the resources provided to freeze the council tax in 2021/22 will be included on a recurrent basis within future local government settlements. The implication, should resources to freeze the council tax 1 April 2021 from not be base-lined recurrently in future settlements is that a council tax rise of

3% would be required in 2022/23 to make up this shortfall before any additional revenue could be raised to invest in the provision of services. The draft Financial Plan in contrast previously shared with Elected Members assumes this funding will be permanently provided through RSG from 2021/22 in order that the Council Tax base is not eroded through this freeze.

- 3.6 Assuming a Council Tax freeze in 2021/22 the charge will remain as in 2020/21 and is shown per Council Tax band below with a Band D equivalent of £1,253.91.

Table 1 Council tax rates applicable from 1 April 2021*

0% Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 20/21	835.94	975.26	1,114.58	1,253.91	1,647.49	2,037.60	2,455.57	3,072.07
Charge 21/22	835.94	975.26	1,114.58	1,253.91	1,647.49	2,037.60	2,455.57	3,072.07
Number of dwellings	16,475	12,748	7,126	6,070	6,508	4,935	4,568	480
No. of Dwellings as % of Total	28%	22%	12%	10%	11%	8%	8%	1%

(*It should be noted that the charges above exclude Water Supply and Waste Water collection charges which will, for 21/22, rise in line with Scottish Water increases. So although Council Tax will remain static those liable for those charges will still receive a higher bill in April 2021.)

4 IMPLICATIONS

4.1 Financial

Approval to accept the funding of a Council Tax freeze in 2021/22 will ensure that assumed funding of the 2021/22 Financial Plan is in line with the draft issued to Elected Members.

4.2 Risk and Mitigations

There is a risk that the funding to freeze Council Tax in 2021/22 is not permanently added to the Financial Settlement which would have the effect of eroding the Council Tax base locally. This risk is being mitigated through ongoing COSLA budget negotiations with Scottish Government to make the local impact clear. Should these discussions not deliver a permanent increase in funding from Scottish Government the resultant shortfall in the income to fund services in future years would have to be funded from a further increase in Council Tax or through other financial savings.

4.3 Equalities

There are no equalities issues resulting from this report.

4.4 Acting Sustainably

There are no economic, social or environmental effects from this report.

4.5 Carbon Management

There are no effects on carbon emissions resulting from this report.

4.6 Rural Proofing

This report contains no implications that will compromise the Council's rural proofing policy.

