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**Report by Director of Finance & Procurement**

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**SCOTTISH BORDERS COUNCIL**

**21 February 2024**

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**1 PURPOSE AND SUMMARY**

- 1.1 This report seeks approval for the freezing of Council Tax at current 2023/24 levels for 2024/25. The paper provides background information to the Council Tax as well as confirmation of the charge from April 2024 in all Council Tax bands.**
- 1.2 Council, in setting the indicative budget for 2024/25 in February 2023, forecast that Council Tax would rise by 4 per cent from 1 April 2024 providing an additional £2.9m income, net of discounts and exemptions and excluding growth of £0.6m from growth in properties, to fund Council services.
- 1.3 In October 2023, the First Minister announced the Scottish Government's intention to deliver a Council Tax freeze across Scotland for 2024/25 in recognition of the impact of the current cost of living crisis on households. There was a commitment for this freeze to be fully funded. As part of the December 2023 Scottish Government budget, funding of £144m was provided which Scottish Government have stated equates to an equivalent 5% increase in Council Tax nationally. The distribution methodology of the £144m was confirmed in January 2024 and Scottish Borders Council will receive an additional £3.2m to support the freeze, this is £0.3m more than the £2.9m approved within the financial plan which supports the current funding gap. The £0.6m assumed for new properties remains in the budget.
- 1.4 All council tax values referred to in this paper refer only to the Council Tax element of the charge on households. They exclude charges collected by SBC on behalf of Scottish Water through council tax bills. An increase of 8.8% in domestic water and sewerage charges levied by Scottish Water is due to take place from 1<sup>st</sup> April 2024.

## 2 RECOMMENDATIONS

### 2.1 Council is recommended to

- a) **Accept the additional funding of £3.22m through the 2024/25 Local Government Finance Settlement to freeze Council Tax at 2023/24 levels; and,**
- b) **Approve the Council Taxes to be paid in financial year 2024/25, from 1st April 2024 in respect of all chargeable dwellings in the Scottish Borders as set out in the table below, with a Band D equivalent of £1,356.11.**

#### **Scottish Borders Council Tax applicable Charges from 1st April 2024:**

<b>Council Tax Band</b>	<b>Applicable Annual Charge Per property £</b>
<b>A</b>	904.07
<b>B</b>	1,054.75
<b>C</b>	1,205.43
<b>D</b>	1,356.11
<b>E</b>	1,781.78
<b>F</b>	2,203.68
<b>G</b>	2,655.72
<b>H</b>	3,322.47

### 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 5th lowest in mainland Scotland and 7<sup>th</sup> 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**

<b>Band</b>	<b>Property Value 1991</b>	<b>No of Properties at Dec 2023</b>	<b>Existing Multiplier</b>	<b>Proportion of Band D</b>	<b>Current Council tax £</b>
A	Up to £27k	16,567	0.66667	240/360	904.07
B	£27k - £35k	12,860	0.77778	280/360	1,054.75
C	£35k - £45k	7,360	0.88889	320/360	1,205.43
D	£45k - £58K	6,309	1.00000	360/360	1,356.11
E	£58k - £80k	6,630	1.31389	473/360	1,781.78
F	£80k - 106k	5,083	1.62500	585/360	2,203.68
G	£106k -£212k	4,720	1.95833	705/360	2,655.72
H	Above £212k	495	2.45000	882/360	3,322.47

3.2 Band D is the average rate of Council Tax. The band D tax for the current financial year 2023/24 is £1,356.11 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.

3.3 The majority of properties in the Scottish Borders fall into bands A – C which contain 36,787 (61.3%) out of the total 60,024 domestic properties per a snapshot of the valuation roll at December 2023.

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 collected by SBC on behalf of Scottish Water. An increase of 8.8% in domestic water and sewerage charges levied by Scottish Water is due to take place from 1<sup>st</sup> April.**

3.5 Scottish Government have previously announced their intention to reform Council Tax and held a ‘Fairer Council Tax Consultation’ in Summer 2023.

## 4 COUNCIL TAX 2024/25

- 4.1 Council, in setting the indicative budget for 2024/25 in February 2023, forecast that Council Tax would rise by 4 per cent from 1 April 2024 providing an additional £2.9m income, net of discounts and exemptions, to fund Council services. An additional £0.6m for a forecast increased number of properties was also included in the forecast.
- 4.2 In October 2023, the First Minister announced the Scottish Government's intention to deliver a Council Tax freeze across Scotland for 2024/25 in recognition of the impact of the current cost of living crisis on households. There was a commitment for this freeze to be fully funded. As part of the December 2023 Scottish Government budget, funding of £144m was provided which Scottish Government have stated equates to an equivalent 5% increase in Council Tax nationally. It was confirmed in January 2024 that Scottish Borders Council would receive an additional £3.2m to support the freeze, this is £0.3m more than the £2.9m approved within the financial plan which supports the current funding gap. The £0.6m for the estimated increased number of properties has not been impacted.
- 4.3 The following table shows the current 2023/24 charge per band which it is recommended will be frozen for financial year 2024/25.

**Table 2**

<b>Band</b>	<b>Council Tax rate per band (current 2023/24 rate frozen for 2024/25)</b>
A	904.07
B	1,054.75
C	1,205.43
D	1,356.11
E	1,781.78
F	2,203.68
G	2,655.72
H	3,322.47

- 4.4 Proposals of the indicative Council tax rates for 2025/26 to 2028/29 will form part of the budget papers submitted to Council on 29<sup>th</sup> February 2024.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no further costs associated with the content of this paper, its content relating to a decision to freeze Council Tax levels at current 2023/24 rates for 2024/25.

### **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.

### **5.3 Integrated Impact Assessment**

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 Sustainable Development Goals**

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

### **5.5 Climate Change**

No effect on carbon emissions is anticipated.

### **5.6 Rural Proofing**

This section should only be completed if this is a new or amended policy or strategy.

### **5.7 Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

### **5.8 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 The Director (Corporate Governance), the Chief Officer Audit and Risk, the Director (People Performance & Change) and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

## Approved by

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Suzy Douglas

**Title**

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**Author(s)**

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**Background Papers:****Previous Minute Reference:**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Lizzie Turner can also give information on other language translations as well as providing additional copies.

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