
Report To:	The Inverclyde Council	Date:	21 February 2019
Report By:	Chief Financial Officer	Report No:	FIN/23/19/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Approval of the Band D Council Tax for 2019/20		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide information to the Council on the latest position of the 2019/20 Revenue Budget to allow the level of Band D Council Tax for 2019/20 to be determined.

2.0 SUMMARY

- 2.1 At its meeting on 5 February 2019 the Policy & Resources Committee agreed that the date for setting the Band D Council Tax for 2019/20 be 21 February 2019. This would allow Council Tax bills for the forthcoming year to be issued in an appropriate timescale. At the same meeting it was agreed to request that The Provost agrees that the 2019/20 Revenue Budget be approved at a special meeting of the Council on 21 March 2019 to allow sufficient time for the consideration of the 2019/20 grant settlement for the Council which is due to be approved by the Scottish Parliament on 21 February, 2019.
- 2.2 The Local Government Finance Act (The Act) 1992 Section 93 states that the Council Tax set should be sufficient to meet the total estimated expenses including contingencies for the forthcoming year. Given the current Council Tax increase limit advised by the Scottish Government then the maximum Council Tax increase will still leave a sizeable funding gap to be closed by the Council when it meets on 21 March.
- 2.3 At the time of preparing the report the estimated funding gap in 2019/20 prior to the consideration of any increase in Council Tax is estimated to be £3.259 million as illustrated in Appendix 1. The maximum Council Tax increase in 2019/20 is estimated to raise £1,403,000. In addition there are savings proposals which total £4.145 million once fully implemented and unallocated Free Reserves currently estimated to total £2.2 million. Officers will continue to identify opportunities to reduce the funding gap further up to the 21 March budget meeting.
- 2.4 Based on the above there is enough flexibility for the Council to set the Council Tax at today's meeting and balance the 2019/20 Budget on 21 March. As such the Council can satisfy the requirements of the Local Government Finance Act 1992.
- 2.5 Appendix 2 contains examples of the impact of a 3% or 4.79% increase in Council Tax in 2019/20.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council:
- Approves the budget reduction adjustments totalling £330,000 in Appendix 1.
 - Notes the advice from the Chief Financial Officer and the Head of Legal & Property Services regarding setting the Band D Council Tax for 2019/20 in advance of confirmation of the 2019/20 Revenue Budget.
 - Confirms the level of Band D Council Tax for 2019/20.

- d) Formally agrees the resolution that the level of Band D Council Tax for the year commencing 1 April.
- e) Meets on 21 March 2019 to consider the 2019/20 Budget which will include the finalised Local Government Finance Settlement for Inverclyde Council.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council requires to formally approve the level of Band D Council Tax for the forthcoming year as part of the Budget process and prior to Council Tax bills being issued. The Local Government Finance Act 1992 sets a deadline of 11 March for Councils to set their Council Tax.
- 4.2 Most Councils however set their Council Tax before the end of February in order that Council Tax bills can be issued in sufficient time to start collecting Council Tax from 1 April. Inverclyde Council is one such Council and at the 5 February, 2019 Policy & Resources Committee it was agreed to set Council Tax for 2019/20 on 21 February whilst asking The Provost to agree to a special Council Meeting to set the 2019/20 Budget on 21 March.
- 4.3 The Council undertook a similar process in 2016 and 2018 and at the time received advice from the Head of Legal & Property Services who confirmed that in separating the approval of the Council Tax from final approval of the budget, the Council still fulfilled its legal requirements provided this could be clearly demonstrated.
- 4.4 The Scottish Parliament is due to confirm the Budget for 2019/20 on 21 February and in the event that there is anything within this final decision which materially impacts on the overall budget then Council will be updated by the Chief Financial Officer at today's meeting.
- 4.5 The Scottish Government advised Councils on 31 January that Council Tax could be increased by a maximum of 4.79% in 2019/20 and the increased flexibility is to be welcomed.

5.0 CURRENT POSITION & PROPOSALS

- 5.1 At the time of preparing the report the estimated funding gap in 2019/20 prior to the consideration of any increase in Council Tax is estimated to be £3.259 million as illustrated in Appendix 1. The maximum Council Tax increase in 2019/20 is estimated to raise £1,403,000.
- 5.2 The Local Government Finance Act (The Act) 1992 Section 93 states that the Council Tax set should be sufficient to meet the total estimated expenses including contingencies for the forthcoming year. Given the current Council Tax increase limit set by the Scottish Government then the maximum Council Tax increase will still leave a sizeable funding gap to be closed by the Council when it meets on 21 March.
- 5.3 However, there are savings proposals which are currently being considered by the MBWG which total £4.145 million plus an estimated sum of £2.2 million of Free Reserves. Therefore there are sufficient options available to the Council to set a legally balanced budget for 2019/20 irrespective of the level of Council Tax agreed at the meeting today.
- 5.4 Officers will also continue to identify opportunities to further reduce the funding gap up until the 21 March budget meeting.

7.0 IMPLICATIONS

7.1 Finance

Based on the budgeted 96.8% Council Tax collection rate then the projected amounts raised from differing levels of Council Tax are as follows:

	<u>£m</u>
1%	0.293
2%	0.587
3%	0.880
4%	1.173
4.79%	1.403

Appendix 2 illustrates the annual and weekly increases based on a 3% and 4.79% increase in Council Tax.

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
Council Tax	Income	2019/20	tbc		Based on a 96.8% collection rate.
Various	Various	2019/20	(330)		Adjustments per Appendix 1

7.2 Legal

There is a legal requirement of the Council arising from the Local Government Finance Act 1992 Paragraph 93 for the Council to determine its level of Council Tax for the following financial year no later than 11 March. Approval of this report will fulfil that legal requirement. Council Tax must be set in relation to the total estimated expenses to be incurred by the Council for the relevant year and Appendix 1 specifies the key financial information for 2019/20 in terms of the 1992 Act. The report specifies the relevant current issues affecting the timescales for the Council's financial planning and the information which is awaited and reasonable provision has been made to deal with these circumstances.

7.3 Human Resources

There are no HR issues arising from this report.

7.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.5 Repopulation

There are no repopulation issues arising from this report albeit the level of Council Tax can be a factor which is considered when moving to, from or within an area.

8.0 CONSULTATIONS

8.1 The contents of this report are supported by the Members' Budget Working Group.

9.0 LIST OF BACKGROUND PAPERS

9.1 None

2019/20 Revenue Budget - Current Position

	<u>£m</u>	
Funding Gap as at 05.02.19 P&R Committee	4.944	
Extra Funding Agreed at Stage 1 of the Budget Bill	(1.355)	
Further Adjustments (Note 1)	(0.330)	
2019/20 Funding Gap as at 08.02.19	<u>3.259</u>	
 <u>Funding Options - 2019/20</u>		
Savings (Full Year Savings)	4.145	(Note 2)
Council Tax - 4.79% Increase	1.403	
	<u>5.548</u>	

Reserves - At the February Policy & Resources Committee it was reported that there is projected to be £2.2 million of unallocated Reserves at 31.03.19

<u>Note 1</u>	<u>£000</u>	<u>Comment</u>
Recyclates Tender Saving	(120)	Saving against estimate
Market Loan - Early Redemption	(30)	-
Increased Teachers Pay Cost	40	Based on latest offer
Housing Grant Management Recharge	(20)	
Reduction in Teachers Superann Provision	(200)	Based on 21% Provision
	<u>(330)</u>	

Note 2

Will require funding from Reserves to fund the 2019/20 saving shortfall arising from the delay in the saving implementation.

AP/CM
08/02/2019

Council Tax Impact of a 3% Increase in 2019/20

Band	Chargeable Properties*	Band Value	Multiplier	Annual Increase	Weekly Increase	2019/20 Council Tax
A*			200/360	£20.57	£0.40	£706.09
A	17640 (47.59%)	£0 - £27,000	240/360	£24.68	£0.47	£847.31
B	5705 (15.39%)	£27,001 - £35,000	280/360	£28.79	£0.55	£988.52
C	3441 (9.28%)	£35,001 - £45,000	320/360	£32.90	£0.63	£1,129.74
D	3282 (8.85%)	£45,001 - £58,000	360/360	£37.02	£0.71	£1,270.96
E	3485 (9.4%)	£58,001 - £80,000	473/360	£48.64	£0.94	£1,669.90
F	1881 (5.08%)	£80,001 - £106,000	585/360	£60.16	£1.16	£2,065.31
G	1420 (3.83%)	£106,001 - £212,000	705/360	£72.49	£1.39	£2,488.96
H	213 (0.58%)	£212,0001 +	882/360	£90.70	£1.74	£3,113.85

Note - Estimated to be 37,067 Chargeable Properties

AP/CM
5/2/19

Impact of a 4.79% increase in Council Tax in 2019/20

Band	Chargeable Properties*	Band Value	Multiplier	Annual Increase	Weekly Increase	2019/20 Council Tax
A*			200/360	£32.84	£0.63	£718.36
A	17640 (47.59%)	£0 - £27,000	240/360	£39.40	£0.76	£862.03
B	5705 (15.39%)	£27,001 - £35,000	280/360	£45.98	£0.88	£1,005.71
C	3441 (9.28%)	£35,001 - £45,000	320/360	£52.54	£1.01	£1,149.38
D	3282 (8.85%)	£45,001 - £58,000	360/360	£59.11	£1.14	£1,293.05
E	3485 (9.4%)	£58,001 - £80,000	473/360	£77.66	£1.49	£1,698.92
F	1881 (5.08%)	£80,001 - £106,000	585/360	£96.06	£1.85	£2,101.21
G	1420 (3.83%)	£106,001 - £212,000	705/360	£115.75	£2.23	£2,532.22
H	213 (0.58%)	£212,0001 +	882/360	£144.82	£2.79	£3,167.97

Note - Estimated to be 37,067 Chargeable Properties

AP/CM
05/2/19