

Council Meeting – Wednesday 28 February 2018
General Services – Revenue Estimates 2018/19 – 2020/21

Motion by the Leader of the Council
 Seconded by Councillor John Bell

Agree the recommendations of the report subject to the following changes:-

1.1 Additional savings

	Reference	2018/19	2019/20
Reduce various budgets in education (refer to appendix 1)		£67,732	£65,443
Reduce various budgets in economy and communities (refer to appendix 1)		£34,314	£34,314
Remove Fair for All post		£150,000	
Further savings from vacancy management		£50,000	£50,000
Increase proposed CPI charge increases to 5%	Appendix 6	£12,000	£12,000
Total Alternative Savings		£314,046	£161,757

1.2 Amend report proposals;

	Reference	2018/19	2019/20
Limit burial charge increase to the national average	SP - PL - 18 - 15	£57,000	£57,000
Limit school meal increase to 5p	SP - PL - 18 - 35	£35,500	£35,500
Limit music service proposal to increased charging only	SP - EY - 18 - 02	£140,000	
Reduce CLD cut	SP - EC - 18 - 40	£81,546	
Total Adjustment		£314,046	£92,500

2.1 Council Tax;

- The decision as to which services are funded by Council Tax, and the level to which they are funded, remains one for local authorities. Local determination of Council Tax enables the Council to target resources towards those most in need, and to tailor funding towards the specific needs of our communities.
- Previous attempts by the Scottish Government to freeze Council tax were wrong for many reasons. The freeze was regressive as it most benefitted those in the biggest houses. A one size fits all approach meant that resources could not be targeted to local needs.
- The Council Tax freeze was lifted in 2017/18 with the Scottish Government giving Councils the discretion to increase Council Tax by 3%. North Ayrshire Council increased Council Tax by 3% in 2017/18.
- The Scottish Government have advised Councils that the financial settlement in 2018/19 is sanction free. In writing to Council Leaders in December 2017 the Cabinet Secretary for Finance and the Constitution stated that local authorities must agree to deliver all of the measures set out in the package offered, particularly those supported by specific financial benefits.
- In his letter to the Cabinet Secretary for Finance on 19th January 2018, responding to the Draft Budget offer, the Council Leader stated a wish to *“retain flexibility to consider further increases in Council Tax, potentially accelerating*

your presumption of an annual 3% increase". In his response of 30th January 2018 the Cabinet Secretary reaffirmed his *"commitment to a sanction free settlement"* and his hope that *"local government agree to implement the joint priorities in the settlement agreement"*.

- At no time has the Scottish Government made its offer conditional on a maximum Council tax rise of 3% in any one year. To do so would seek to fetter the discretion available to democratically elected Councils.
- The Council has a legitimate expectation that the settlement will be sanction free, as stated by the Cabinet Secretary, even if Council tax is varied.
- With the Scottish Government's policy assuming an annual 3% increase by the end of this Parliamentary session (April 2021) we can assume that Council Tax Band D (the only band that Council's set) will be £1,335.48 in 2021/22 representing a total increase of 12.55%.
- An accelerated increase in Council Tax which does not go beyond the Scottish Government's assumed charge levied on Band D properties in 2021/22 is in keeping with these joint priorities. However, the clear fiscal benefit of an accelerated increase is additional revenue to protect services and invest in key priorities.
- Accordingly, and subject to the Scottish Government keeping its promise of a sanction free settlement, the following is proposed:-
 - i) That Council Tax Band D be set at £1,335.48 in 2018/19 with a subsequent freeze to comply with the Scottish Government's current Council Tax policy; and
 - ii) The difference between the annual 3% increase and this accelerated approach is shown in the tables below;

3% annual increase:

Band	2017/18	2018/19	2019/20	2020/21	2021/22
A	£791.04	£814.77	£839.21	£864.39	£890.32
B	£922.88	£950.56	£979.08	£1,008.45	£1,038.70
C	£1,054.72	£1,086.36	£1,118.95	£1,152.52	£1,187.09
D	£1,186.56	£1,221.58	£1,258.22	£1,295.97	£1,335.48
E	£1,559.01	£1,605.77	£1,653.93	£1,703.56	£1,754.69
F	£1,928.16	£1,986.00	£2,045.58	£2,106.95	£2,170.16
G	£2,323.68	£2,393.39	£2,465.19	£2,539.15	£2,615.32
H	£2,907.07	£2,994.28	£3,084.11	£3,176.63	£3,271.93

12.5% increase:

Band	2017/18	2018/19	2019/20	2020/21	2021/22
A	£791.04	£890.32	£890.32	£890.32	£890.32
B	£922.88	£1,038.70	£1,038.70	£1,038.70	£1,038.70
C	£1,054.72	£1,187.09	£1,187.09	£1,187.09	£1,187.09
D	£1,186.56	£1,335.48	£1,335.48	£1,335.48	£1,335.48
E	£1,559.01	£1,754.69	£1,754.69	£1,754.69	£1,754.69
F	£1,928.16	£2,170.16	£2,170.16	£2,170.16	£2,170.16
G	£2,323.68	£2,615.32	£2,615.32	£2,615.32	£2,615.32
H	£2,907.07	£3,271.93	£3,271.93	£3,271.93	£3,271.93

- iii) There is an acknowledgement that an accelerated Council Tax charge may have a negative effect on lower income households. Whilst the Council cannot alter the criteria around Council Tax Reduction we can provide a hardship fund to help those who fall within this bracket. A sum of £1.8million will therefore be set aside, funded through the increase, to support struggling families. This fund will reduce each year to reflect the reduced differential between the accelerated increase and an annual 3% approach.
- iv) Coupled with Council Tax Reduction, which covers around 20% of North Ayrshire's Council Tax income, the hardship fund will mean that up to 60% of the accelerated increase will be mitigated leaving a net fiscal benefit of £2.9m for services in 2018/19.
- v) Criteria for the hardship fund will be presented to the next meeting of the Cabinet. Only one application for eligibility will be required each year however the fund will require the Council Tax liability to be paid in advance of the discretionary support being issued each month.
- vi) The Council Tax bill for 2018/19 shall include an explanation of the accelerated increase, the subsequent freeze, the creation of the hardship fund and detail how the accelerated increase will be spent.

2.2 Accelerated Council Tax income will raise £4,698,295 and in 2018/19 and will fund the following additional services;

	Reference	2018/19	2019/20
Reduce proposed saving to support teachers and resource allocation formula for primary and secondary schools	SP - EY - 18 / 18-12	£500,000	£500,000
Council Tax Hardship Fund		£1,800,000	£1,200,000
Additional one year contribution to HSCP		£1,000,000	
Youth Mental Health		£248,000	
Modern Apprenticeships		£200,000	
Community Food Plan		£50,000	
Young People into employment		£400,000	
Double the School Clothing Grant		£240,000	£240,000
Widening access to sports		£150,000	
Breakfast Club expansion		£60,295	£60,295
Corporate Parenting fund		£50,000	
Total Proposal		£4,698,295	£1,500,295
Balance of Funds		£0	£3,198,000

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APPENDIX 1		
	2018/19	2019/20
Budget reductions in Education and Youth Employment;		
Events line removed	£7,500	£7,500
Removal of underspends:		
Mobile Phones	£3,000	£3,000
Other Employee Subsistence	£814	£814
Staff Mileage	£3,000	£3,000
Staff training course fees	£5,000	£5,000
Teachers mileage	£15,000	£15,000
E&YE total	£34,314	£34,314
Budget reductions in Economy & Communities;		
Advertising general line reduced	£1,000	£1,000
Non-recurring computer equipment reduction	£2,289	
Conference fees reduction	£1,250	£1,250
Consultants reduction	£5,000	£5,000
Other Employee Costs reduction	£993	£993
Other Supplies and Services	£10,000	£10,000
Special Catering reduction	£500	£500
Staff mileage reduction	£5,700	£5,700
Staff training course fees reduction	£9,000	£9,000
Stationery reduction	£2,000	£2,000
Business Grants	£30,000	£30,000
E&C Total	£67,732	£65,443