

North Lanarkshire Council Report

Policy and Strategy Committee

Does this report require to be approved? Yes No

Ref EK/KS

Date 05/12/24

Council Tax Strategy

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Executive Summary

In setting the Revenue Budget in February 2024 it was recognised that this Council has one of the lowest levels of council tax in Scotland. Therefore, reflecting on the forecast challenging financial environment in which the Council operates, the Chief Officer (Finance) was requested to undertake an analysis of options in relation to a future Council Tax Strategy to explore opportunities to protect vital public services valued by local communities given past, present and future financial forecasts for public sector funding.

Council tax Band D represents the average council tax bill for householders in Scotland. This Council's Band D rate for 2024/25 is £1,320.78, compared to the Scottish average of £1,418, and places North Lanarkshire Council 28th lowest in terms of the Band D rate across all 32 Scottish Local Authorities. This is despite North Lanarkshire ranking 6th out of 32 authorities in terms of deprivation based on the most up to date published statistics, which creates significant demand across services that support and address the challenges around poverty and deprivation.

Efforts by this Council to keep council tax charges as low as possible for as long as possible are acknowledged. However, recognising that council tax charges represent the only significant means of generating income within council control, and against a backdrop of an extremely challenging financial outlook, it is now considered essential for the Council to review the Band D position as part of a suite of solutions to ensure balanced budgets can be set annually, while continuing to protect and invest in vital community, family and person-centred services.

In determining the Council Tax Strategy, it is considered important to keep in mind that those people in receipt of Council Tax Reduction benefit, and therefore those with the lowest incomes, will not be affected by any increase in council tax.

While it is considered essential to utilise any increase in council tax to address revenue budget challenges, it is also acknowledged that any additional income could be used to help prioritise the acceleration of The Plan for North Lanarkshire by augmenting the Community Investment Fund.

This report outlines 4 potential scenarios for members consideration. Scenarios A and B aim to bring North Lanarkshire Council Band D charges in line with the Scottish average, over one and three year, timeframes. Scenario C is based on a 10% per annum increase for three years then 5% thereafter. Scenario D outlines the position if council tax increases

were set at a level to close the estimated budget gap as indicated in the Medium Term Financial Plan approved in June 2024, for years one to three, then 5% thereafter.

A number of assumptions have been made to model these scenarios, which are subject to change. Table 1 below summarises the council tax increases that would be applicable for each of the scenarios;

Scenario	2025/26	2026/27	2027/28	2028/29	2029/30
A	12.49%	5.00%	5.00%	5.00%	5.00%
B	7.44%	7.44%	7.44%	5.00%	5.00%
C	10.00%	10.00%	10.00%	5.00%	5.00%
D	13.76%	13.78%	11.58%	5.00%	5.00%

Table 1

Using the latest Medium Term Financial Plan position as the baseline, Table 2 below summarises the net additional income generation for each of the scenarios after assuming the first 1% per annum continues to be ringfenced for the Community Investment Fund and absorbing consequential additional cost impact on Council Tax Reduction (CTR) benefit.

Net Additional Financial Impact

Scenario	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m	3 year total £m
A	19.422	3.356	6.204	6.465	6.736	42.183	28.982
B	10.884	9.313	9.915	5.442	6.735	42.289	30.112
C	15.210	13.404	14.591	4.632	7.144	54.981	43.204
D	21.560	21.320	19.095	3.815	7.741	73.531	61.976

Table 2

Members will appreciate the financial benefit of implementing a strategy based on any of the scenarios above would be significant. For example, the 2025/26 budget gap could be reduced by between £10.884m and £21.560m, the three year gap by between £28.982m and £61.976m, and the five year gap by between of £42.183m to £73.531m.

To support members with planning and decision making the Section 95 Officer recommends, for illustrative purposes only, that future Financial Outlooks and CIF modelling will reflect Scenario C, a 10% Council Tax increase, which is the scenario closest to the average increase of all four scenarios for year 1. The Council Tax level will ultimately be a decision for members when setting the budget, with the financial impact that differs from such illustrations also reflected.

The impact of a 10% increase on all bandings for this Council are summarised below, which shows an increase ranging between £1.69 to £6.22, per week. However, Members should note that the Council has around 161,000 total chargeable properties and c. 80% are band A to D, and 20% band E to H, with over 71,000 entitled to a discount or exemption, for example the single person discount or disabled person relief. In addition, more than 35,000 chargeable properties on average are in receipt of CTR (approx. 65% are of working age and 35% of pension age).

	A	B	C	D	E	F	G	H
No. Of Dwellings	52,502	38,084	20,509	18,291	17,524	10,491	3,163	170
Increase per week	1.69	1.97	2.25	2.53	3.33	4.12	4.96	6.21

Recommendations

It is recommended that the Policy and Strategy Committee;

- (1) Considers the scenarios set out in this report.
- (2) Acknowledges their potential impact on setting the Council's budget in February 2025.
- (3) Recognise the Section 95 Officer recommends, for illustrative purposes only, that future Financial Outlooks and CIF modelling will reflect Scenario C, a 10% Council Tax increase, which is the scenario closest to the average increase of all four scenarios for year 1. The Council Tax level will ultimately be a decision for members when setting the budget, with the financial impact that differs from such illustrations also reflected.
- (4) Acknowledge the next steps as outlined in paragraphs 2.18 to 2.20.

The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

1. Background

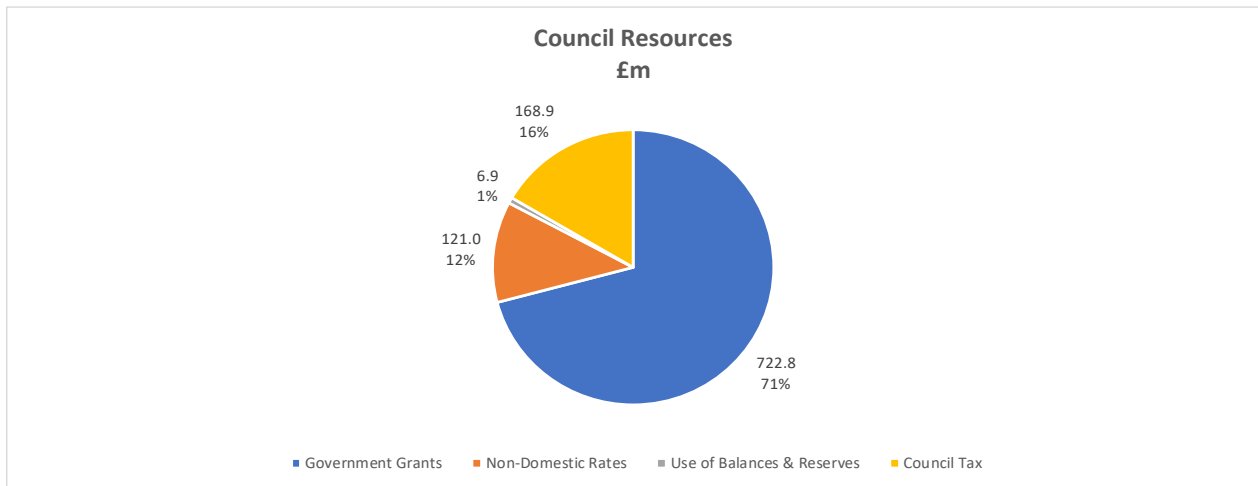
- 1.1. Members are aware that councils have a legal duty to set a balanced budget. This means that a council's funding and income must equal the anticipated expenditure. Financial projections as outlined in the Council's Medium Term Financial Plan have identified anticipated budget shortfalls which will require the approval of solutions to bridge these budget gaps. Potential solutions will include approval of savings to be implemented in the course of the next three financial years or income generation opportunities, including council tax increases.

Financial Outlook

- 1.2. An update on the Council's forecast Medium Term Financial Plan (MTFP) is presented annually to Policy and Strategy Committee. The most recent update was approved in June 2024, outlining an envisaged forecast budget gap over a five-year period to 2029/30 of £100.084m. The budget gap over the next three financial years was forecast at £61.976m.
- 1.3. When approving the budget for 2024/25 in February 2024, it was acknowledged that the Council continues to take a strategic approach to managing the ongoing challenging financial position to help ensure financial sustainability. However, given the continued scale of the challenges that lie ahead it was also acknowledged that further action will be required to address significant forecast future budget shortfalls. To help address this the Chief Executive was instructed to undertake a series of service reviews to include identifying savings options or income generation opportunities. The outcome of these reviews will be reported to the appropriate Committees in due course.
- 1.4. In addition, the Council recognised that it has one of the lowest levels of council tax in Scotland. Therefore, reflecting on the forecast challenging financial environment in which the Council operates, the Chief Officer (Finance) was instructed to undertake an analysis of options in relation to a future Council Tax Strategy. This report updates Committee on the outcome of that review and provides a recommendation focused on improving the Council's forecasted budget position.

Council Funding

- 1.5. The chart below summarises the Council's 2024/25 revenue resources which largely consists of government grant, Aggregate External Finance (government grants plus non-domestic rates), equating to approximately 83% of total funding. Council Tax income is the only other main source of income available to councils and currently provides approximately 16%, or £168.9m, of funding for North Lanarkshire.



- 1.6. Over recent years, most increases in government funding have been ringfenced or directed towards delivery of Scottish Government priorities and initiatives. Over this period, both the cost of delivering services and demand for them have increased significantly, resulting in the requirement to consider difficult decisions to deliver savings in order for the Council to set a balanced and sustainable budget.
- 1.7. The Scottish Government last published a Resource Spending Review in May 2022, which set out high-level parameters for future Scottish budgets up to 2026/27. This confirmed a flatlining of resource funding for Local Government at 2022/23 levels, to 2025/26, with a small increase forecast in 2026/27. An updated strategy from Scottish Government is awaited. However, the most recent UK Government budget on 30 October 2024 has outlined additional funding for Scotland for financial years 2024/25 and 2025/26, with the impact for Local Government in Scotland to be confirmed in the Scottish Government budget on 4 December 2024. Despite the latest UK Government announcements many commentators have indicated that given the likely favourable position of some spending areas, unprotected Departments such as Local Government, can expect real terms cuts post 2025/26.
- 1.8. It is acknowledged that this Council has endeavoured to keep bills for residents as low as possible, for as long as possible. However, recognising that council tax charges represent the only significant means of generating income within Local Authorities' control, and against a backdrop of an extremely challenging financial outlook, it is now considered essential for the Council to review the Band D position as part of a suite of solutions to ensure balanced budgets can be set annually whilst continuing to protect and invest in vital community, family and person-centred services.
- 1.9. Committee is aware that in recent years, the ability of councils to set council tax charges has been limited by Scottish Government policies to apply a cap to the increase applicable and, in some years, impose a council tax freeze. Restrictions were lifted for 2023/24, with another freeze imposed for financial year 2024/25. While the importance of council tax as an income generating lever for councils has been acknowledged more widely in the last year, there remains an ongoing risk that the Scottish Government may enforce a cap or freeze in the future.
- 1.10. North Lanarkshire Council currently funds 16% of services from Council Tax. In other local authorities this figure is higher, demonstrating there is scope to reduce the Council's reliance, however marginally, on Scottish Government funding settlements.
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2. Report

Council Tax Banding Analysis

- 2.1. Council Tax Band D represents the average council tax bill for householders in Scotland. The annual Council Band D charge for 2024/25 in North Lanarkshire Council is £1,320.78, which equates to £25.33 per week, or £110.07 per calendar month. Appendix 1 summarises the current Council Tax bandings in Scotland.
- 2.2. Table 3 below shows the Band D charges for each Scottish council ranked in order from highest to lowest. This shows North Lanarkshire Council is currently placed 28th out of 32, charging £97.22 per annum less than the Scottish average, with a 7.36% increase required to reach the average. When compared with the highest Band D charge of £1,547.01, the North Lanarkshire charge is £226.23 less per annum, with a 17.13% increase required to charge an equivalent sum. Should the Council's band D be equal to the current Scottish average this would generate net additional annual income in perpetuity of £9.887m and around £23.000m at a level equivalent to the highest Band D charge.

Table 3
Council Band D Ranked

Rank	Authority	2024/25 Band D	<i>2024/25 Band D per week</i>	<i>2024/25 Band D per mth (over 12)</i>	<i>2024/25 Band D per mth (over 10)</i>
1	Inverclyde	£1,547.01	£29.67	£128.92	£154.70
2	Midlothian	£1,514.73	£29.05	£126.23	£151.47
3	Glasgow city	£1,499.00	£28.75	£124.92	£149.90
4	Aberdeen City	£1,489.55	£28.57	£124.13	£148.96
5	East Ayrshire	£1,487.44	£28.53	£123.95	£148.74
6	Dundee City	£1,486.43	£28.51	£123.87	£148.64
7	Stirling Council	£1,481.50	£28.41	£123.46	£148.15
8	Argyll & Bute	£1,479.20	£28.37	£123.27	£147.92
9	South Ayrshire	£1,453.16	£27.87	£121.10	£145.32
10	North Ayrshire	£1,452.12	£27.85	£121.01	£145.21
11	City of Edinburgh	£1,447.69	£27.76	£120.64	£144.77
12	Renfrewshire	£1,436.17	£27.54	£119.68	£143.62
13	East Lothian	£1,435.62	£27.53	£119.64	£143.56
14	Moray	£1,430.69	£27.44	£119.22	£143.07
15	Highland	£1,427.19	£27.37	£118.93	£142.72
16	East Dunbartonshire	£1,415.66	£27.15	£117.97	£141.57
17	East Renfrewshire	£1,415.22	£27.14	£117.94	£141.52
18	Clackmannanshire	£1,410.96	£27.06	£117.58	£141.10
19	Perth and Kinross	£1,403.69	£26.92	£116.97	£140.37
20	West Dunbartonshire	£1,398.98	£26.83	£116.58	£139.90
21	Aberdeenshire	£1,393.42	£26.72	£116.12	£139.34
22	West Lothian	£1,390.96	£26.68	£115.91	£139.10
23	Fife	£1,385.18	£26.57	£115.43	£138.52
24	Orkney Islands	£1,369.21	£26.26	£114.10	£136.92
25	Falkirk	£1,363.82	£26.16	£113.65	£136.38
26	Scottish Borders	£1,356.11	£26.01	£113.01	£135.61
27	Dumfries & Galloway	£1,334.85	£25.60	£111.24	£133.49
28	North Lanarkshire	£1,320.78	£25.33	£110.07	£132.08
29	Angus	£1,316.68	£25.25	£109.72	£131.67
30	South Lanarkshire	£1,300.81	£24.95	£108.40	£130.08
31	Na h-Eileanan Siar	£1,290.75	£24.75	£107.56	£129.08
32	Shetland	£1,260.61	£24.18	£105.05	£126.06
	Scottish Average	1418	£27.20	£118.18	£141.81

- 2.3. Despite ranking 28th for Band D Council Tax, North Lanarkshire has the sixth-highest levels of deprivation in Scotland (SIMD 2020). Table 2 shows the six most deprived councils, their ranking for Band D Council Tax and current Band payment per week.

Table 4

Council	SIMD ranking	Council Tax Band D ranking	Band D £/week
Glasgow City	1	3	£28.75
West Dunbartonshire	2	20	£26.83
Inverclyde	3	1	£29.67
North Ayrshire	4	10	£27.85
Dundee City	5	6	£28.51
North Lanarkshire	6	28	£25.33

Council Tax Income Budget, Council Tax Reduction Benefit & Chargeable Properties

- 2.4. For context, the 2024/25 budget for council tax income is £168.900m. This is generated from a combination of direct payments from chargeable households and from Council Tax Reduction (CTR) benefit. Residents may be eligible for CTR if they are on a low income or claim benefits, with the potential for their council tax being reduced by up to 100%.
- 2.5. It is important to note that the CTR benefit assessment takes individual circumstances into account to determine how much council tax a household is eligible to pay, regardless of the charge applicable. Therefore, if council tax charge rises, CTR claimants continue to pay the same amount, and in most cases, this is £nil. This position was widely reported when the Scottish Government imposed a council tax freeze for the current financial year, indicating that such a decision does little to protect the poorest households; rather it proportionately benefits wealthier households.
- 2.6. North Lanarkshire Council had just under 161,000 total chargeable properties (c. 80% band A to D and 20% band E to H) for council tax as at 1 April 2024, with over 71,000 entitled to a discount or exemption, for example the single person discount or disabled person relief. In addition, more than 35,000 chargeable properties on average are in receipt of CTR (approx. 65% are of working age and 35% of pension age). The total estimated cost of CTR for 2024/25 is £26.300m, with just under £25.000m or c. 94% applicable to bands A to D properties. More than 96% of all CTR awards relate to chargeable properties in Bands A to D, and around 82% of all awards receive 100% benefit, offsetting their council tax bill in full at a cost of just over £23.000m. The remaining 18% of recipients receive CTR benefit of more than 52% of their chargeable bill, on average, at a cost of £3.300m. A summary of CTR accounts and awards across all bandings as at 1 April 2024, is shown in Appendix 2. These figures will vary throughout the year.
- 2.7. After adjusting for discounts, exemptions and CTR, around 61% of council tax income (£value) is generated from band A to D chargeable properties, with approximately 39% generated from bands E to H.

Council Tax Strategy

2.8. Four potential scenarios are outlined below for consideration, with the first two aiming to align the Council's Band D charge with the Scottish average (2024/25 £1,418) over different timeframes, and that position is assumed to be maintained going forward. Scenario A aims to align with the average within 1 year and Scenario B over 3 years. Scenario C assumes a 10% per annum increase for 3 years between 2025/26 and 2027/28 and a 5% increase thereafter. Scenario D models the council tax increases required to close the three-year forecast budget gap outlined in the MTFP in June 2024, and a 5% increase thereafter.

2.9. The main assumptions in modelling all scenarios are:

- all other authorities apply an increase of 5% annually for the next five years.
- this Council continues to commit to an increase of 1% in support of the Community Investment Fund (CIF).
- no account has been taken of any increases in household growth
- the estimated net additional income generated is modelled **after** accounting for the 1% increase ring fenced for CIF and the incremental consequential increase in CTR costs, already built into the Medium Term Financial Plan.
- the mix and £value of chargeable households in receipt of a council tax discount/relief or CTR, remain broadly the same. To allow for proper assessment of the impact on CTR costs, these have been estimated one year in arrears. Any additional in-year impact is assumed to be managed from reserves.
- council tax collection rates remain at existing levels. Although it is recognised that subject to the scale of council tax increases, there is a potential for a decrease in the collection rate and ultimately an increase in the requirement for a bad debt provision, no estimate has been made for this at this stage. A sensitivity analysis is provided at paragraph 2.17 below.
- review is over a timeframe of five years.

Scenario A – Scottish average in one year

2.10. Aligning the Band D charge to the Scottish average in one year will require an increase in charge of 12.49% in 2025/26, and a 5% increase per annum thereafter.

- The Council would move to 18th place out of 32 for Band D council tax (the Scottish average) in 2025/26 (£1485.77), maintaining that position thereafter.
- Band D charges would rise by £2.91 per week in 2025/26 or £12.65 per calendar month, in addition to the 1% already assumed.
- The total increase in Band D charges would be £3.16 per week in 2025/26 or £13.75 per calendar month.
- This scenario would materially reduce the budget gap in 2025/26 by an estimated £19.422m, the three-year gap by £28.982m and the gap over five years by £42.183m.
- The cumulative additional income generation by financial year 2029/30 is estimated at £148.811m, in perpetuity. This scenario is the equivalent of 473.9 FTE average NLC single status jobs in 2025/26 and 1,029.2 FTE over five years.

Scenario B – Scottish average over three years

2.11. Aligning the Band D charge to the Scottish average over three years, will require an increase in each of the next three years of 7.44%, and a 5% increase per annum

thereafter.

- The Council would move to 18th place out of 32 for Band D council tax (the Scottish average) in 2027/28, maintaining that position thereafter
- Band D charges would rise by £1.63 per week in 2025/26 or £7.09 per calendar month, in addition to the 1% already assumed.
- The total increase in Band D charges would be £1.88 per week in 2025/26 or £8.19 per calendar month.
- This scenario would materially reduce the budget gap in 2025/26 by an estimated £10.884m, the three-year gap by £30.112m and the gap over five years by £42.289m.
- The cumulative additional income generation by year 2029/30 is estimated at £139.034m in perpetuity. This scenario is the equivalent of 265.5 FTE average NLC single status jobs in 2025/26 and 1031.8 FTE over five years.

2.12. Scenarios C and D below outline alternative scenarios which will have a more material financial impact to help manage the financial challenges the Council faces.

Scenario C – 10% for three years, 5% thereafter

2.13. This scenario assumes an increase in Band D council tax of 10% for the next three financial years, and a 5% increase per annum thereafter.

- The Council would move to 24th place out of 32 in year one, above average in 2026/27, and 2nd place in years three to five.
- Band D charges would rise by an additional £2.28 per week in 2025/26 or £9.91 per calendar month, in addition to the 1% already assumed.
- The total increase in Band D charges would be £2.53 per week in 2025/26 or £11.01 per calendar month.
- This scenario would materially reduce the budget gap in 2025/26 by an estimated £15.210m, the three-year gap by £43.204m and the gap over five years by £54.981m.
- The cumulative additional income generation by year 2029/30 is estimated at £189.846m in perpetuity. This scenario is the equivalent of 371.1 FTE average NLC single status jobs in 2025/26 and 1341.5 FTE over five years.

Scenario D – budget gap per MTFP June 2024 fully closed

2.14. This scenario shows the impact of a strategy to fully close the forecast budget gap as reported in the MTFP for the next three years (13.76%, 14.54%, 12.39%), and a 5% increase per annum thereafter.

- The council would move to 14th place out of 32 for Band D council tax in year one, first place by 2026/27, and maintaining that position thereafter.
- Band D charges would rise by an additional £3.23 per week in 2025/26 or £14.04 per calendar month, in addition to the 1% already assumed.
- The total increase in Band D charges would be £3.48 per week in 2025/26 or £15.14 per calendar month.
- This scenario would materially reduce the budget gap in 2025/26 by £21.560m, the three year gap by an estimated £61.976m and the gap over five years by £73.531m.
- The cumulative additional income generation by year 2029/30 is estimated at £265.739m in perpetuity. This scenario is the equivalent of 526.0 FTE average NLC single status jobs in 2025/26 and 1794.1 FTE over five years.

2.15. Appendix 3 shows the additional impact of the scenarios above, after accounting for 1% for CIF and in total, on Band D weekly, monthly and annual charges. Appendix 4 summarises the cumulative additional income and FTE impact across all scenarios.

2.16. Table 5 below summarises the estimated net additional financial impact for each of the scenarios:

Net Additional Financial Impact

Scenario	2025/26	2026/27	2027/28	2028/29	2029/30	Total	3 year total £m
	£m	£m	£m	£m	£m	£m	
A	19.422	3.356	6.204	6.465	6.736	42.183	28.982
B	10.884	9.313	9.915	5.442	6.735	42.289	30.112
C	15.210	13.404	14.591	4.632	7.144	54.981	43.204
D	21.560	21.320	19.095	3.815	7.741	73.531	61.976

Table 5

2.17. Members are reminded that the financial modelling is based on a number of variables, the outcome of which is hugely uncertain, not least of all the assumption that all other authorities will increase their charges by 5% per annum. Should members agree to adopt a strategy in line with any of the potential scenarios outlined, or any other scenario, the modelling will require to be reviewed annually to reflect actual outcomes, for example the increases agreed by other local authorities, to ensure the position for the Council is flexed accordingly, in order to achieve the aim of aligning with the average. An annual update report will be provided to elected members in this regard.

2.18. An illustration of the impact of each of the scenarios on the envisaged gap reported in the Medium Term Financial Plan is provided in the table below. For example, this shows that the budget gap in 2025/26 of £21.561m could potential be reduced to £2.139m, £10.677m, £6.351m or £nil m, for Scenarios A, B, C & D, respectively. The three year gap could be reduced to £32.994m, £31.865m, £18.772m or £nil m, for Scenarios A, B, C & D, respectively.

		2025/26	2026/27	2027/28	2028/29	2029/30	Total	3 year total £m
		£m	£m	£m	£m	£m	£m	
MTFP ENVISAGED GAP @ June 2024		21.561	21.320	19.095	19.433	18.675	100.084	61.976
Adjusted MTFP Gap;	Scenario A	2.139	17.964	12.891	12.968	11.939	57.901	32.994
	Scenario B	10.677	12.008	9.179	13.991	11.940	57.795	31.865
	Scenario C	6.351	7.917	4.504	14.801	11.531	45.103	18.772
	Scenario D	0.000	0.000	0.000	15.618	10.934	26.553	0.000

Table 6

Other Considerations

2.19. For 2025/26, while it is considered prudent to utilise the additional income from council tax increases to address revenue budget challenges, members will appreciate that any future additional income generation from council tax increases could be utilised for a

combination of revenue challenges and to help prioritise acceleration of the Plan for North Lanarkshire, requiring significant capital investment.

- 2.20. For context the last Community Investment Fund (CIF) update to Policy & Strategy Committee assumed an investment factor of £1.000m of revenue resources supports £17.763m of capital expenditure. Assuming the same investment factor, the financial cost of ring fencing an additional 1% or 2% in 2026/27 for example, is estimated to cost between £1.816m and £3.845m, funding capital investment between £32.253m and £68.299m depending on the additional ringfenced percentage and which of the scenarios is ultimately adopted. See summary in Table 7 below. It should be noted that ring fencing more of any council tax increase for capital investment would impact the position shown in Table 6 above, and the percentage increase applicable, particularly Scenario D which aims to close the budget gap. Such a scenario would require a greater increase in council tax charges.

Scenario	1% Allocated to CIF	2% Allocated to CIF	Estimated Capital Expenditure	
	2026/27	2026/27	2026/27	2026/27
	£m	£m	£m	£m
A	1.901	3.802	33.769	67.539
B	1.816	3.631	32.253	64.506
C	1.859	3.718	33.021	66.043
D	1.922	3.845	34.149	68.299

Table 7

- 2.21. It is recognised that depending on the scale of the increases there is a potential for a decrease in the collection rate for council tax and ultimately increase the requirement for a bad debt provision, neither of which have been estimated in the modelling. This would be monitored, and any impact reflected in future financial planning updates. For context, a 1% increase or decrease on the income collected in 2023/24 equates to £1.748m.

Next Steps

- 2.22. To support members with planning and decision making the Section 95 Officer recommends, for illustrative purposes only, that future Financial Outlooks and CIF modelling will reflect Scenario C, i.e. a 10% Council Tax increase, which is the scenario closest to the average increase of all four scenarios for year 1. The Council Tax level will ultimately be a decision for members when setting the budget, with the financial impact that differs from such illustrations also reflected.
- 2.23. This report should be considered alongside the Community Investment Fund – Annual Update report also included on this agenda.
- 2.24. An updated Financial Outlook will be provided to the next member budget briefing session, which will incorporate any financial consequences arising from this report.

Risks and Uncertainty

- 2.25. All activities undertaken by the Council are subject to a degree of risk and uncertainty, which are recorded in the Service/ Corporate risk registers. The current economic climate such as insufficient government grant funding, the rising forecast of pay and non-pay inflation, the cost of living crisis and other external factors, all have the potential to impact upon the Council's ability to provide quality services within approved budget levels, and

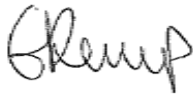
remaining financially sustainable. As such the Council continuously reviews and updates its Medium Term Financial Plan incorporating future planning scenarios. However, as outlined in the report, it is incumbent upon the council to consider all financially sustainable solutions to set a balanced budget to maintain sustainable services.

3. Measures of success

- 3.1 The Council continues to review the assumptions within the Medium Term Financial Plan. A policy on Council Tax uplifts will give more certainty in forecasting future income generation and therefore the impact on future budget gaps.
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4. Supporting documentation

- Appendix 1 2024/25 Council Tax for all bandings across Scotland
Appendix 2 Council Tax Reduction Statistics at 1 April 2024
Appendix 3 Band D rates across five financial years, by scenario
Appendix 4 Cumulative Income Generation & FTE Equivalentents



Elaine Kemp
Chief Officer (Finance)

5. Impacts

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Financial impacts have been outlined within the report.</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/></p>

<p>5.6</p>	<p>Technology / Digital impact Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.7</p>	<p>Environmental / Carbon impact Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.8</p>	<p>Communications impact Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.9</p>	<p>Risk impact Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p>
<p>5.10</p>	<p>Armed Forces Covenant Duty Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>
<p>5.11</p>	<p>Children's rights and wellbeing impact Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).</p> <p>If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/></p>

COUNCIL TAX BY BAND 2024-25¹

Scotland Average Band D Council Tax (based on total Band D Equivalents)		£1,418						
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Valuation Band Range (as at 1991)	Under £27,000	£27,001 to £35,000	£35,001 to £45,000	£45,001 to £58,000	£58,001 to £80,000	£80,001 to £106,000	£106,001 to £212,000	£212,000 and over
Ratio to Band D	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360
Aberdeen City	£1,489.55	£1,158.54	£1,324.04	£1,489.55	£1,957.10	£2,420.52	£2,917.04	£3,649.40
Aberdeenshire	£928.95	£1,083.77	£1,238.60	£1,393.42	£1,830.80	£2,264.31	£2,728.78	£3,413.88
Angus	£877.79	£1,024.08	£1,170.38	£1,316.68	£1,729.97	£2,139.61	£2,578.50	£3,225.87
Argyll & Bute	£986.13	£1,150.49	£1,314.84	£1,479.20	£1,943.50	£2,403.70	£2,896.77	£3,624.04
City of Edinburgh	£965.13	£1,125.98	£1,286.84	£1,447.69	£1,902.10	£2,352.50	£2,835.06	£3,546.84
Clackmannanshire	£940.64	£1,097.41	£1,254.19	£1,410.96	£1,853.84	£2,292.81	£2,763.13	£3,456.85
Dumfries & Galloway	£889.90	£1,038.22	£1,186.53	£1,334.85	£1,753.84	£2,169.13	£2,614.08	£3,270.38
Dundee City	£990.95	£1,156.11	£1,321.27	£1,486.43	£1,953.00	£2,415.45	£2,910.93	£3,641.75
East Ayrshire	£991.63	£1,156.90	£1,322.17	£1,487.44	£1,954.33	£2,417.09	£2,912.90	£3,644.23
East Dunbartonshire	£943.77	£1,101.07	£1,258.36	£1,415.66	£1,860.02	£2,300.45	£2,772.33	£3,468.37
East Lothian	£957.08	£1,116.59	£1,276.11	£1,435.62	£1,886.25	£2,332.88	£2,811.42	£3,517.27
East Renfrewshire	£943.48	£1,100.73	£1,257.97	£1,415.22	£1,859.44	£2,299.73	£2,771.47	£3,467.29
Falkirk	£909.21	£1,060.75	£1,212.28	£1,363.82	£1,791.91	£2,216.21	£2,670.81	£3,341.36
Fife	£923.45	£1,077.36	£1,231.27	£1,385.18	£1,819.97	£2,250.92	£2,712.64	£3,393.69
Glasgow City	£999.33	£1,165.89	£1,332.44	£1,499.00	£1,969.52	£2,435.88	£2,935.54	£3,672.55
Highland	£951.46	£1,110.04	£1,268.61	£1,427.19	£1,875.17	£2,319.18	£2,794.91	£3,496.62
Inverclyde	£1,031.34	£1,203.23	£1,375.12	£1,547.01	£2,032.60	£2,513.89	£3,029.56	£3,790.17
Midlothian	£1,009.82	£1,178.12	£1,346.43	£1,514.73	£1,990.19	£2,461.44	£2,966.35	£3,711.09
Moray	£953.79	£1,112.76	£1,271.72	£1,430.69	£1,879.77	£2,324.87	£2,801.77	£3,505.19
Na h-Eileanan Siar	£860.50	£1,003.92	£1,147.33	£1,290.75	£1,695.90	£2,097.47	£2,527.72	£3,162.34
North Ayrshire	£968.08	£1,129.43	£1,290.77	£1,452.12	£1,907.92	£2,359.70	£2,843.74	£3,557.69
North Lanarkshire	£880.52	£1,027.27	£1,174.03	£1,320.78	£1,735.36	£2,146.27	£2,586.53	£3,235.91
Orkney Islands	£912.81	£1,064.94	£1,217.08	£1,369.21	£1,798.99	£2,224.97	£2,681.37	£3,354.56
Perth & Kinross	£935.79	£1,091.76	£1,247.72	£1,403.69	£1,844.29	£2,281.00	£2,748.89	£3,439.04
Renfrewshire	£957.45	£1,117.02	£1,276.60	£1,436.17	£1,886.97	£2,333.78	£2,812.50	£3,518.62
Scottish Borders	£904.07	£1,054.75	£1,205.43	£1,356.11	£1,781.78	£2,203.68	£2,655.72	£3,322.47
Shetland Islands	£840.41	£980.47	£1,120.54	£1,260.61	£1,656.30	£2,048.49	£2,468.69	£3,088.49
South Ayrshire	£968.77	£1,130.24	£1,291.70	£1,453.16	£1,909.29	£2,361.39	£2,845.77	£3,560.24
South Lanarkshire	£867.21	£1,011.74	£1,156.28	£1,300.81	£1,709.12	£2,113.82	£2,547.42	£3,186.98
Stirling	£987.67	£1,152.28	£1,316.89	£1,481.50	£1,946.53	£2,407.44	£2,901.27	£3,629.68
West Dunbartonshire	£932.65	£1,088.10	£1,243.54	£1,398.98	£1,838.10	£2,273.34	£2,739.67	£3,427.50
West Lothian	£927.31	£1,081.86	£1,236.41	£1,390.96	£1,827.57	£2,260.31	£2,723.96	£3,407.85

Excludes Water and Sewerage

Source: As reported by the Local Authorities on the statistical return Council Tax Assumptions 2024

1 Footnote: Subsequent to the original publication of this data on 26 March 2024, Argyll and Bute council froze their council tax rates for 2024-25 and the figures above now reflect this. Inverclyde was the only council to raise rates for 2024-25 however this increase will be reduced in the form of a rebate to Inverclyde residents.

**North Lanarkshire Council
Council Tax Reduction Statistics as at 1 April 2024**

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total	%
Total Council Tax Reduction Accounts	18,869	9,605	3,874	1,564	784	326	89	5	35,116	100
Total Accounts at 100% award	16,370	7,677	3,024	1,148	468	167	50	4	28,908	82%
Total Accounts at less than 100% award	2,499	1,928	850	416	316	159	39	1	6,208	18%

**North Lanarkshire Council
Potential Band D Rates per Scenario after 1% for CIF**

	24/25 Rates		25/26 Rates			26/27 Rates			27/28 Rates			28/29 Rates			29/30 Rates												
	£	Rank	£	Rank	Add'l Wkly Increase	Add'l Mthly Increase	Add'l Annual Increase	£	Rank	Add'l Wkly Increase	Add'l Mthly Increase	Add'l Annual Increase	£	Rank	Add'l Wkly Increase	Add'l Mthly Increase	Add'l Annual Increase	£	Rank	Add'l Wkly Increase	Add'l Mthly Increase	Add'l Annual Increase					
Scotland Average	1,418.11		1,486.06					1,560.36					1,638.38					1,720.30						1,806.32			
Scenario A	£1,320.78	28	1,485.77	18	2.91	12.65	151.78	1,560.06	18	4.08	17.73	212.73	1,638.06	18	5.32	23.11	277.26	1,719.96	18	6.63	28.80	345.55	1,805.96	18	8.01	34.82	417.81
Scenario B	£1,320.78	28	1,419.05	27	1.63	7.09	85.06	1,524.63	24	3.40	14.78	177.30	1,638.06	18	5.32	23.11	277.26	1,719.96	18	6.63	28.80	345.55	1,805.96	18	8.01	34.82	417.81
Scenario C	£1,320.78	28	1,452.86	24	2.28	9.91	118.87	1,598.15	11	4.81	20.90	250.82	1,757.97	2	7.62	33.10	397.17	1,845.87	2	9.04	39.29	471.46	1,938.16	2	10.55	45.83	550.01
Scenario D	£1,320.78	28	1,502.49	14	3.23	14.04	168.50	1,721.00	1	7.17	31.14	373.67	1,934.21	1	11.00	47.78	573.41	2,030.92	1	12.59	54.71	656.51	2,132.47	1	14.27	62.03	744.32

Potential Band D Rates per Scenario in Total

	24/25 Rates		25/26 Rates			26/27 Rates			27/28 Rates			28/29 Rates			29/30 Rates												
	£	Rank	£	Rank	Total Wkly Increase	Total Mthly Increase	Total Annual Increase	£	Rank	Total Wkly Increase	Total Mthly Increase	Total Annual Increase	£	Rank	Total Wkly Increase	Total Mthly Increase	Total Annual Increase	£	Rank	Total Wkly Increase	Total Mthly Increase	Total Annual Increase					
Scotland Average	1,418.11		1,486.06					1,560.36					1,638.38					1,720.30						1,806.32			
Scenario A	£1,320.78	28	1,485.77	18	3.16	13.75	164.99	1,560.06	18	1.42	6.19	74.29	1,638.06	18	1.50	6.50	78.00	1,719.96	18	1.57	6.83	81.90	1,805.96	18	1.65	7.17	86.00
Scenario B	£1,320.78	28	1,419.05	27	1.88	8.19	98.27	1,524.63	24	2.02	8.80	105.58	1,638.06	18	2.18	9.45	113.43	1,719.96	18	1.57	6.83	81.90	1,805.96	18	1.65	7.17	86.00
Scenario C	£1,320.78	28	1,452.86	24	2.53	11.01	132.08	1,598.15	11	2.79	12.11	145.29	1,757.97	2	3.07	13.32	159.82	1,845.87	2	1.69	7.32	87.90	1,938.16	2	1.77	7.69	92.29
Scenario D	£1,320.78	28	1,502.49	14	3.48	15.14	181.71	1,721.00	1	4.19	18.21	218.51	1,934.21	1	4.09	17.77	213.21	2,030.92	1	1.85	8.06	96.71	2,132.47	1	1.95	8.46	101.55

Cumulative income generation

Scenario	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m
A	19.422	42.199	71.181	106.628	148.811
B	10.884	31.080	61.191	96.745	139.034
C	15.210	43.824	87.028	134.865	189.846
D	21.560	64.441	126.417	192.207	265.739

FTE Equivalents

Scenario	2025/26	2026/27	2027/28	2028/29	2029/30	Total
A	473.9	81.9	151.4	157.7	164.4	1,029.2
B	265.5	227.2	241.9	132.8	164.3	1,031.8
C	371.1	327.0	356.0	113.0	174.3	1,341.5
D	526.0	520.2	465.9	93.1	188.9	1,794.1