

Item 7 – Question Time

Response – to Mr Martin Rattray

In response to your question –

The Scottish Government has provided the Council with an increase in grant of £3.235m p.a. as a result of the Council freezing Council Tax in 2008/09 and 2009/10. This sum is equivalent to an increase in Council Tax of approximately 3%p.a. A further sum of £3.235m is provided for 2010/11 on a provisional basis subject to the Council agreeing to freeze the Council Tax for a further year. Due to the cumulative effect of the freeze and funding, the position over the 3 years 2008/09 to 2010/11 is as follows:-

£million	Highland		Scotland	
	Increase	Total	Increase	Total
2008/09	3.235	3.235	70	70
2009/10	3.235	6.470	70	140
2010/11 (provisional)	3.235	9.705	70	210
Total (3 years)		19.410		420

The Council Tax freeze has resulted in £420m of Scottish Government budget set aside to support the freeze over 2008/09 to 2010/11. Had the policy of freezing the Council Tax not been in place, it would have been for the Scottish Government to determine how that funding was to be used to support local government or other portfolios. Councils would also have had the flexibility in determining their own levels of Council Tax increase with the possibility of additional income if tax levels were set higher than the 3% equivalent compensated for through grant support.

If the Council chose not to continue with the Council Tax freeze in 2010/11, this would result in the Scottish Government re-determining grant allocation to the Council. It is not clear whether or not the Council would be likely to lose only the support for the Council Tax freeze in 2010/11 of £3.235m or the cumulative amount received in support for the freeze from 2008/09 to 2010/11 of £19.4m.

The Council would then have to:-

- Reduce the level of spending equivalent to any reduction; or
- Increase Council Tax to generate income to match any reduction in grant; or
- Fund the equivalent amount of any reduction in grant from internal sources; or
- Apply a combination of the above options.