

48) LOOKING FORWARD TO 2018 - The latest in a series of articles by Iain Gregory of Caithness CAB

In a couple of days 2018 will be upon us and we all have our favourite ways to celebrate (or not as the case may be) but there is no doubt that Scotland is going to enjoy itself immensely. There may also be a modest amount of profit to be made by licensed premises, distilleries and the manufacturers of various proprietary headache cures. I firmly believe in supporting Scottish industry so have selflessly purchased the odd bottle or two (or three) of single malt so as to play my part. I think the best New Year I have ever had was in the wilds of Glencoe, standing at the door of a mountain bothy at midnight with a roaring log fire behind me and a glass of aforesaid malt in one hand and an excellent Havana in the other, surrounded by some of the finest mountains in the world all blanketed in deep snow and lit up by a brilliant moon. The perfection was only slightly marred a couple of hours later when my companion – a chap who has climbed all the big Himalayan mountains – failed to safely descend the ladder from his bunk and got stuck upside down. His shouts awoke me and I managed to get several very useful photos before effecting a fairly low-altitude mountain rescue. I still have the pictures in case a need arises for use of same but he has been very nice to me ever since this failed descent.

So what will the New Year bring? As always there are many variables but we can be sure of a number of things.

Let's start with the economy because this affects all of us. At time of writing the latest inflation figures have just been published and the Government's "preferred" measurement –the Consumer Price Index (CPI) – shows an annual rate of inflation of 3.1%. This is not good news and although many of us remember double-digit inflation what needs to be taken into account is that wages are no longer keeping pace so the effects are far greater. Personally, I tend to view the CPI figures somewhat cynically and prefer to follow the Retail Price Index (RPI) – which in my view is closer to the truth - and this shows an annual rise of 3.9%. And having spoken to my wife and one or two other ladies who regularly use the same shops I get the impression that the figures are probably much higher. How often do you find that an item which was formerly priced at say £1 has suddenly gone up to £1.10 or £1.20? Frequently I think. The Government target is 2% on CPI and I note that many confident predictions have been made that it will reduce soon, but I would advise caution – I think that the Governor of the Bank of England will have to write a few more letters to the Chancellor before we get back to the target. And as to Growth in the national economy, again we can only hope that things pick up soon.

Tax is something which matters to all of us and the Scottish Government have now announced the draft changes to the Scottish tax regime. What has been done is to introduce new bandings and rates and from April 2018 the plan is as follows:-

- 1 There will be a new “Starter” rate of 19p applied to taxable earnings from £11850 to £13850.
- 2 The 20p rate will apply from £13851 to £24000.
- 3 There will be a new “Intermediate” rate from £24001 to £44273 applied at 21p in the £.
- 4 The “Higher” rate will apply from £44274 to £150000 and it will be increased to 41p compared to the UKr figure of 40p.
- 5 And for those earning over £150000 the “Additional” rate will be increased from 45p to 46p.

Just remember that all of us (except those earning over £100k) will only start to pay tax after our allowance of £11850 (2018/19) has been applied. If you earn over that figure your allowance is adjusted downwards until it reaches zero at £123000 (at today’s calculations).

So where will this leave you? Well, the analyses are still coming in but the simple way to work it out is to take your annual gross earnings, deduct your “Personal Allowance” and then use the bands above to see how much you will have to pay. As a very rough estimate I would think that about 55% of people will be better off and the other 45% will have less take home pay, but this is just that – an estimate.

As to Council Tax that is going to prove interesting. I would sincerely hope that an increase in line with inflation will be as far as they go (and preferably CPI as we are always told by our leaders that this is the most accurate index even if it isn’t), but we shall see. The best thing to do is budget for a hefty increase and if it turns out to be less, then you are in pocket.

Another area that we all have to deal with is the cost of energy. I have little doubt that, unless something is done rapidly by the Government, the “Big Six” will probably increase prices once again. If ever there was an area for much tighter control and transparency it is this one and CAB are constantly pushing for action – I will update you as things progress. If you use oil for heating or if you drive a car, you will have noted that prices are inexorably ticking upwards. The price of oil has been picking up recently and inevitably we will have to pay more. On the plus side, many of us work offshore and there may be benefits there if the price holds more strongly.

So what about Brexit? Well, I suppose I could predict that if I wrote a Christmas article next year I would be able to report that arguments still continue – and I would probably be right. CCAB are now getting quite a number of inquiries from EU Citizens living here (and from Caithness folk living and working in the EU) who naturally wonder what will happen to them after Brexit. As I have said before I would suggest that you simply monitor announcements from the UK Government and the EU, but I do not see any major upheavals. With so many of our citizens living in Europe it is in the interests of the UK to act honourably and properly and for the EU to do the

same. Again CCAB are watching carefully and will report as soon as we know all the facts for certain.

As to benefits there is good news for pensioners – there will be a 3% increase in the state pension from April 2018 (should be 3.9%) but those on the lowest incomes such as Jobseekers Allowance will receive no increase at all so I predict a further rise in the need for food banks and charitable support – as far as I know inflation affects everyone. Please remember that if you are a pensioner and have an income less than less than £159.35 if you are single or £243.25 if you are a couple then you may qualify for a top up from Pension Credit so please come and see CCAB – it takes minutes to check. And these figures will increase from April.

So now I think it is time to carry out my pledge to support our distilleries and I am going to be forced to select a suitable dram – I think our local and most excellent Old Pulteney is on the agenda. Slainte”