

RESPONDENT INFORMATION

To help us make the most of your response, please tell us about yourself and how you want us to use the information you provide. There are some questions marked * and these must be answered by all respondents, unless you are directed past this question.

* I am responding as:	<input type="checkbox"/> An individual
	<input checked="" type="checkbox"/> An organisation/group
Name of Organisation (if appropriate)	<i>Edinburgh Labour Group</i>
Forename	<i>Andrew</i>
Surname	<i>Burns</i>
Address	<i>City Chambers, High Street, Edinburgh</i>
Postcode	<i>EH1 1YJ</i>
Telephone	
Email	<i>andrew.burns@edinburgh.gov.uk</i>
Do you consider yourself or your organisation as from or representing?	
<input type="checkbox"/> a rural area	<input checked="" type="checkbox"/> an urban area
<input type="checkbox"/> an area with both urban and rural parts	<input type="checkbox"/> don't know / not applicable
Would you be happy to be approached by the Commission for further discussion about your submission?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If you are responding as an individual:	
* Do you agree to your response being made available to the public on the Commission's web site?	<input type="checkbox"/> Yes <input type="checkbox"/> No
* If you have agreed to your response being made available to the public, please tell us if we may also make your name and address available. (Please select one option only)	
<input type="checkbox"/> Yes, make my response, name and address all available	
<input type="checkbox"/> Yes, make my response available, but not my name and address	
<input type="checkbox"/> Yes, make my response and name available, but not my address	
<i>If you are responding as an individual we would be grateful if you could provide some additional information at the end of this form. This is absolutely optional but will help us get an overall picture of the information we receive.</i>	
If you are responding as a group or organisation:	
* The name and address of your organisation will be made public on the Commission's web site. Are you content for your response to also be made available?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Which of the following best describes your organisation? (Please select one option only)	
<input type="checkbox"/> Community Group	<input type="checkbox"/> A business
<input checked="" type="checkbox"/> Local Authority	<input type="checkbox"/> A government department or agency
<input type="checkbox"/> Other public sector organisation	<input type="checkbox"/> A social enterprise
<input type="checkbox"/> Third Sector organisation	<input type="checkbox"/> Other (please specify)
<input type="checkbox"/> Professional body	
Short description of the main purpose of your organisation:	
<i>Council Political Group</i>	

Tell us what you think

We have not provided a long list of questions, but we do want to hear what you have to say about some themes. Please respond to as few or as many as you wish. If you would prefer to send us other information, please feel free to do so. However, it would be helpful to keep your response to no more than eight pages.

If you are able to, please provide evidence or examples in support of what you say. This will help us explore your ideas further.

1. SCOTLAND'S CURRENT SYSTEM OF COUNCIL TAX

To what extent does the current system of council tax deliver a fair and effective system of local taxation in Scotland? Are there any features of the current system that you wish to see retained or changed?

You may wish to illustrate your answer with examples from your own experience.

Please provide your response here

2. REFORM OF LOCAL TAXATION

Are there alternatives to the current system of council tax that you think would help to reform local taxation in Scotland? What are the main features of these, and why do you think they would deliver improvement?

Do you have any examples of why this is the case?

Please provide your response here

3. LOCAL PRIORITIES

How well do you think that communities' local priorities are accounted for in the way that local taxation operates at the moment? If there is room for improvement, how should things change?

Do you have any ideas or examples about how this could improve people's lives?

Please provide your response here

4. FURTHER INFORMATION

We would like to keep the conversation going. Please tell us about any events, networks or other ways in which we could help achieve this.

Please provide your response here

Thank you for your submission. If you have any queries about the Call for Evidence please contact us at:

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Edinburgh EH12 5BH
0131 474 9200
email: info@localtaxcommission.scot
twitter: [@localtaxscot](https://twitter.com/localtaxscot)

Submission to The Commission on Local Tax Reform

Local Government funding is broken

We reckon the very title of this submission would have been a little controversial, amongst some quarters, several months ago ... but now, in the middle of 2015, we doubt if anyone seriously contests the fact that local government funding is broken?

Even [the Scottish Government have now openly admitted as much](#):

"Scottish Ministers consider the current Council Tax system as a whole to be unfair and are committed to consulting with others to develop options for a fairer and more progressive local tax, based on ability to pay, later in this Parliament."

Indeed, back in November, [their 'Programme for Government' included this](#):

"A range of plans to be introduced over the next year will help to create a new, fairer and more prosperous society First Minister Nicola Sturgeon announced today.

Ms Sturgeon presented the 'Programme for Government' to Parliament and said that "the biggest investment we can make in Scotland's future is in our people."

The policy and legislative priorities include:

- *An independent commission to report on fairer alternatives to the council tax by Autumn 2015"*

And the [accompanying documentation outlined some further details](#):

"The Scottish Government will invite our local authority partners to work with us to convene an independent commission to examine alternatives to the existing Council Tax system that would deliver a fairer system of local taxation to support the funding of services delivered by local government. We will seek the involvement of all political parties in this commission which will commence in early 2015 and report in the Autumn.

In conducting its work, we will expect the Commission to engage with communities across Scotland to assess public perceptions of the emerging findings and to reflect this evidence in its final analysis and recommendations."

This is the same Government which is currently arguing that the level of taxation-control that [the Smith Commission has proposed](#) for Holyrood is insufficient --- claiming that, ["less than 30 per cent of our taxes will be set in Scotland."](#)

As things stand at the moment, right across Scotland, just 18% of local income is raised through local taxation with the remaining +80% coming from central government.

Getting that local taxation-control up to 30% seems but a distant dream for Local Government; a level that our Holyrood Government is arguing as insufficient for its own tax-raising abilities.

Additionally, a cursory glance at other European countries indicates that most empower their main tier of local government with at least c50% tax-control.

This whole issue has been given much serious consideration, very recently, by the [Commission on Strengthening Local Democracy](#); which published a substantial report on all of these issues back in August 2014 ...

... we'll repeat some of its pertinent conclusions below (the full report [can be accessed here](#)):

- PRINCIPLES FOR STRONGER DEMOCRACY IN SCOTLAND

Our aim is not to promote more, or less, taxation and spending: it is simply to make sure that the decisions about these issues are made locally. Real local financial powers would allow communities to reduce tax and spending if they wanted to, not just to raise it. That would be their choice where currently they have no choice at all. We also entirely accept that national grant support will always be necessary to equalise variable local tax bases, variable costs of providing services, and variable patterns of need and demand.

We therefore believe that reducing the scale of local governments and making all local services locally accountable are necessary preconditions of a more vibrant, participative, local democracy. However on its own, that does not transform democracy in Scotland either. The right of individuals and communities to local democracy needs legislative expression through a clear duty in law to support and resource participation in decision making. Democratic innovations such as deliberative assemblies, participatory budgeting and citizen scrutiny of public services should also become the standards by which this is delivered in Scotland.

- CREATING LOCAL TAX AND SPENDING CHOICES

The most singular limitation on local democratic choice identified by the Commission is the lack of fiscal powers at local level. This seriously limits the tax and spend choices available to local citizens, and with no real choice available to communities it also holds back their participation.

The Commission therefore recommends:

- That local people should decide on levels of local taxation in relation to the services they want; it is completely inconsistent with a strong local democracy for this to be determined or enforced nationally.**
- That local government should have full local control of the whole suite of property taxes (Council Tax; Business Rates; Land and Property Transaction Tax) and the freedom to use these in ways that suit local circumstances.**

- That local governments, accountable to local people, should have a general competence to set and raise new taxes, subject only to not duplicating taxes already set elsewhere.

- KEY FINDINGS

The Commission sees all of these options as having merits, individually and in combination. Giving local communities the democratic power to look after their own financial affairs is fundamental to local democratic choices and participation, stimulating economies, and bring new thinking and capacity to bear on improving outcomes. We therefore recommend that:

- the minimum requirement of any options for change is that together they would be capable of raising at least 50% of income locally
- local government should have full local control of the whole suite of property taxes (Council Tax; Business Rates; Land and Property Transaction Tax) and the freedom to set these in ways that suit local circumstances
- local people should decide on levels of local taxation in relation to the services they want; it is completely inconsistent with a strong local democracy for this to be determined or enforced nationally
- where there is a clear community will to do so, local governments should have a general competence to set and raise new taxes that are suitable to the needs of the local community
- all of the above options for reform, singly and in combination, are fully reviewed. We recommend that the criteria of sufficiency, efficiency, equity and transparency are central to that assessment

- IN SUMMARY

None of these proposals are a way of imposing new financial burdens on unwilling communities. Culturally, we need to get past any idea that local financial choice means higher taxes. Instead, for the first time, local tax transparency would allow local people to see what their taxes pay for and give them the choice to pay less or more. The local electorate, not national politicians, would be in control and hold their representatives to account.

Central grants would need to reduce to rebalance any transfer of national taxes, for example, to the local level, and any local taxes would require clear local agreement and oversight, including the use of local referenda.

Equalisation will also have to be transparently addressed in all of the above options in order to assure communities that strong local democracy would not result in them losing out. Our view is that a sensible and planned approach can find that balance; after all, other modern democracies have already managed to do so.

There is a huge amount to be commended in the summary points above.

We certainly hope that The Commission on Local Tax Reform, reads [this recent report](#) very carefully ... why re-invent the wheel?

We further believe that four underlying principles must be adhered to when adjusting the current system:

1. Funding base should be stable (against economic fluctuations)
2. Monies should be easily collectable (bulwark against evasion and avoidance, readily identifiable payers)
3. The system must be seen to be equitable (fair, reflection of wealth, all pay an appropriate level, not undue burden on less wealthy)
4. And there should be a wide tax base (reflective of real wealth, not just wage income)

And we believe three overall key aims are clear:

1. Firstly, for local devolution to be successful, there has to be a fundamentally new relationship between councils and citizens.
2. Secondly, as part of this, there needs to be a different form of local leadership, where elected members and others are willing to 'let go' and become less risk averse.
3. And thirdly, we need to create appropriate platforms for devolution that align with the key needs, relationships and resources of local areas.

But even if all of these aims are achieved, and we believe many local councils the length and breadth of the UK have indeed embraced this agenda, the outcomes from this innovative new approach to local service delivery will be severely muted if local government is not re-empowered with meaningful economic policy and funding levers.

If we're serious about providing the basis for a radically new approach to local service delivery, which subsequently leads to the creation of thriving local economies, then we must surely give our local councils the tools in the toolbox to make this happen.

That's why the recent launch of the findings of a [policy commission on community resilience, jobs and enterprise](#), undertaken by the [Cooperative Councils Innovation Network](#) showed such promise.

In the context of an ailing centralised system (best exemplified by the Work Programme), the commission has examined cooperative approaches to tackling labour market exclusion and building fairer and more enterprising local economies. The findings complement the current debate on devolution to city regions.

The commission report calls for a series of cooperative 'deals' with citizens, business and central government to build an economy and a system of employment, skills and enterprise that is underpinned by social partnership, gives localities real power and unlocks the potential and creativity of citizens.

It's a real prospectus for giving local councils the powers they need, which would actually ensure that the welcome new approaches to local service delivery subsequently lead to the creation of thriving local economies.

In essence, local councils would be given the economic-policy levers to make a real local difference.

And, in recent weeks and months, we've also seen the publication of two equally important studies; both of which have charted a path for the further devolution of financial freedoms to local councils.

In Scotland (as discussed above), the [Commission on Strengthening Local Democracy](#) has laid out radical new proposals to re-empower Scottish democracy; ... but also in England, the [Independent Commission on Local Government Finance](#) has outlined a programme for reform that would lay the foundations for a local government funding system which would be stable for the long term, stimulate economic growth and enable local people to invest in their own local priorities.

In a nutshell, these two complimentary sets of proposals would ensure local councils were given the funding levers to make a real local difference.

If the Scottish Government had the political will to implement this double-devolution of economic policy powers and funding powers straight to local councils, we are certain we would see a complete transformation of local democracy and local economies for the better.

It really is time to give town halls more control of their own destiny ... many are already working hard to change their organisational culture, and to ensure cooperation is at the heart of what they do.

And the blueprints to devolve more financial flexibility, from National to Local Government, do already exist. What are we waiting for?

**Cllr. Andrew Burns; on behalf of
Edinburgh Labour Group**