

Analysis of Responses to the Call for Evidence

**THE COMMISSION ON
LOCAL TAX REFORM**



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Executive Summary

About this report

This report provides an analysis of responses to a call for evidence on the future of local taxation in Scotland. This call for evidence was issued by The Commission on Local Tax Reform, established jointly by the Scottish Government and COSLA to examine alternatives to the present council tax.

Overview of responses

A total of 203 responses were received to the call for evidence. There were 124 responses from individuals and 79 from organisations. Responses from organisations came from local government bodies (30%), representative bodies (25%), policy, tax or economic interest groups (20%), third sector or equalities groups (13%) and others (11%). The 'other' category included public sector organisations, responses from political parties at national level, responses from campaigns and one response from a religious organisation.

Individual respondents were asked to provide some demographic information. Of the 71 who provided information, most were men (77%) and over 55 (61%). Over half lived in properties with council tax bands of Band E or higher.

Scotland's current system of Council Tax

Overall, approximately two thirds of respondents felt that the current council tax system was broadly unfair. Organisations, and particularly local government bodies, were more supportive of the current system than individuals. None of the third sector, equalities, policy, tax or economic interest groups indicated that they felt the system was broadly fair.

Respondents who felt that the system was broadly fair indicated that it was easy to understand; recognised and accepted; stable and predictable; difficult to avoid; efficient to collect; based on a broad approximation of ability to pay; based on a clear connection to the local area through property; and fair to some extent, through the system of council tax reduction.

However, many felt that the current council tax system was not fair or efficient because:

- it was a regressive system – with poorer households paying proportionately more than affluent households;
- it was not clearly linked with ability to pay;
- it impacted negatively on vulnerable households – particularly families with children, older people, disabled people and carers;
- the rules and mechanics of council tax collection caused difficulties for vulnerable households; and
- it needed to have a stronger link with local democracy – with more tax raised at local level.

Respondents felt that the main benefits of the current system were its efficiency and stability, and wished to see these retained. However, respondents wished to see a number of changes in the future, particularly:

- re-valuation of properties – which many felt needed to happen urgently, and then on a regular basis; and
- revision to the banding categories – making the system more progressive in nature, through setting a wider range of bands with new thresholds, more progressive ratios between the bands, a range of levels within each band, and potential removal of the bands entirely, basing calculations on a percentage of property value.

Some respondents wished to see a more robust discount scheme which allowed families and individuals to climb out of poverty. However others felt that reductions required to be streamlined. There were different views on whether certain discounts, such as those for single people or second homes, were required. A small number of individual respondents also suggested adding a surcharge for larger households.

A number of respondents highlighted the need for change in the relationship with Scottish Water in council tax collected, suggesting it may be confusing for customers, places full responsibility on local authorities for managing the financial relationship with water customers, and that it can be unclear how much local authorities should pay to Scottish Water.

There was also particular concern from equalities and third sector organisations that the collection and enforcement arrangements related to council tax were too aggressive. There were concerns that local authorities could take drastic action at very early stages, when this might worsen financial situations.

Many respondents also wanted to see a stronger link between local taxation and the wishes of local communities, explored in more detail later in this summary.

Alternative systems

This call for evidence asked respondents whether there were alternatives to the current system of council tax, that may help to reform local taxation in Scotland. The three main options highlighted, by both organisations and individuals, were:

- a (reformed) local property tax – in line with the suggestions for reforming council tax outlined above;
- a local income tax – either set by the Scottish Government or by each local council, with most suggesting the need for this tax to be collected nationally and redistributed locally;
- a land value tax – with most suggesting this would work through annual payment by the owner of a sum based on the economic value of the land.

These options were suggested by broadly similar proportions of respondents. Local government respondents were significantly more supportive of a reformed property tax than other respondent groups. Policy, tax and economic interest groups and ‘others’ were significantly more supportive of a land value tax than others.

Many respondents discussed their reasons for supporting, or opposing, a range of different tax systems. Some respondents made multiple suggestions, considering the pros and cons of many different tax systems while some proposed a single, specific change. The benefits and challenges of each system are discussed in detail in Chapter Four of this report.

Many organisational respondents indicated that they did not feel able to comment on the best local taxation systems for the future. However, a number provided principles for effective taxation. There was a high degree of consistency and overlap in the principles suggested, within and between respondent groups. The four core principles related to progression; stability; efficiency and locality.

Local priorities

The call for evidence asked respondents how well communities' local priorities were accounted for in the way that local taxation operates at the moment, and for their ideas on how this could improve in the future. Most felt that local priorities were not well accounted for, feeling that there was a disconnect between local priorities and the operation of local taxation. Key concerns included:

- the proportion of local government funding raised locally – which many felt should be closer to 50 per cent;
- the council tax freeze – which many felt was undermining the link between local taxation and local communities, and contributing to cuts which were having major impacts on communities; and
- low awareness among communities that council tax and non-domestic rates income represent such a small proportion of funding for local government.

Some respondents suggested that raising a higher proportion of local government funding at local level could help to better account for local priorities in local taxation. There was a range of ideas about how this could be done, including localising some taxes (such as non-domestic rates and Land and Buildings Transaction Tax) and providing local authorities with local discretionary tax raising powers. However, some – particularly individual respondents – had concerns that if more tax was raised locally, the more affluent areas would always be able to gather more tax locally than those which were less affluent, meaning that inequalities could not be addressed.

There was, however, strong agreement that local community empowerment would enable local authorities to take more account of local priorities. Some felt the new Community Empowerment Bill could provide a major driver in engaging with communities in discussions about local priorities. Some individuals suggested that there was scope for some funding to be devolved more locally than local authority level – through community councils or participatory budgeting at local level. Equality and third sector organisations stressed that it was important to ensure that everyone had the chance to participate in decision making, including those who experience inequalities and disadvantage.

Moving forward

Both organisational and individual respondents were interested in hearing about progress on discussions about tax reform. There was a strong desire for large scale debate on the issue, involving communities at local level, and recognition that key organisations and representative bodies required to be engaged in the process on an ongoing basis.

1. Introduction

About this report

- 1.1 This report provides an analysis of responses to a call for evidence on the future of local taxation in Scotland. This call for evidence was issued by The Commission on Local Tax Reform, established jointly by the Scottish Government and COSLA to examine alternatives to the present council tax.

Background to the call for evidence

- 1.2 Council tax was introduced in Scotland in 1993. Council tax is the system of local taxation used to part fund services provided by local authorities. The rate of tax payable is based on the value of residential property. The council tax system (council tax receipts plus Council Tax Reduction funding) raises around £2.3 billion every year for local authorities to spend on local services. This compares with a total revenue income for local authorities in Scotland of approximately £16.5 billion¹.
- 1.3 The amount that households pay depends on the banding of their property (A to H) which is based on the value of the property in 1991. The rates within each band are a proportion of the tax charged for properties in Band D (from Band A which is 67% of Band D, to Band H which is 200% of Band D).
- 1.4 Responsibility for setting council tax levels (at Band D) rests with local authorities in Scotland. However, the Scottish Government has worked with local authorities to freeze council tax since 2007. The Scottish Government also worked with local authorities to introduce the Council Tax Reduction scheme, which replaced Council Tax Benefit in 2013/14, and assists many on low incomes.
- 1.5 Scottish Ministers consider the current system of council tax as a whole to be unfair. Since devolution, there have been various debates and policy developments to progress an alternative to the existing council tax, although no large scale change has been implemented. The 2014/15 Programme for Government² invited local authority partners to work with the Scottish Government to convene an independent commission to examine alternatives to the current council tax system and the Commission on Local Tax Reform was established by the Scottish Government and COSLA in early 2015.
- 1.6 The Commission's remit is to identify and examine alternatives that would deliver a fairer system of local taxation to support the funding of services delivered by local government. The Commission brings together expertise and experience from across Scotland, and is independent of Government and any other organisation.
- 1.7 More information about the remit and membership of the Commission on Local Tax Reform is available at www.localtaxcommission.scot

¹ Scottish Local Government Financial Statistics, 2013/14, [available here](#)

² Scottish Government Programme for Government, 2014/15, [available here](#)

About the call for evidence

- 1.8 A vital aspect of the Commission's work involves taking evidence from people and communities across Scotland to gather their knowledge and views. To this end, it launched a call for evidence on 3 May 2015 with a closing date of 22 June. The call for evidence sought views and information about the way in which the current system works, and about future alternative forms of domestic taxation. It will help inform the work of the Commission, as it continues to gather views over the coming months.
- 1.9 The call for evidence was intended to be the first step in hearing people's views. It was very broad in nature, exploring three main themes:
- **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 that you wish to see retained or changed?
 - **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?
 - **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?
- 1.10 The call for evidence also asked for further information to enable the Commission to keep the conversation going – including details of events and networks.

Analysis methodology

- 1.11 The Commission on Local Tax Reform received all consultation responses, and passed these securely to ODS for sorting and analysis. Where required, the Commission liaised with respondents to ensure that the correct permissions were received in relation to publication of each response.
- 1.12 A database was created for organisational responses, and a separate database for individual responses, allowing for data organisation and analysis. The questions in the call for evidence were separated into their component parts, allowing for both quantitative and qualitative analysis. Where appropriate, quantitative analysis was undertaken of open responses. Each response was read carefully and sorted into a relevant quantitative category – such as yes/ no; agree/ disagree; or type of alternative proposal. Quantitative analysis and correlations between respondent groups were produced using Microsoft Excel and Survey Monkey tools.
- 1.13 The main focus of the analysis was qualitative. The qualitative coding analysis available through Survey Monkey was complemented by a detailed process of manual thematic coding. This involved a researcher reading each response to each question carefully, and coding these along main themes. This process allows for

rich and detailed analysis of complex points. The qualitative analysis drew out the main themes emerging within each of the questions posed and the range of views being expressed. It also highlighted any specific trends among and across respondent groups.

2. Overview of Responses

Introduction

- 2.1 This chapter sets out the profile of respondents to the call for evidence. It explores the profile of individual and organisational respondents, and explains the respondent categories that were used for analysis.

Responses received

- 2.2 A total of 203 responses were received to the call for evidence. There were 124 responses from individuals (61%) and 79 from organisations (39%). A list of the 79 organisations which responded to the call for evidence is included as Appendix One. In addition, one local government response was received significantly after the closing date. This response was included in the qualitative analysis within this report, but not within the quantitative analysis.
- 2.3 Of the 79 organisational responses, 69 agreed to their response being published by the Commission on Local Tax Reform. Of the 124 individual responses, 97 agreed to their response being published. While all responses have been included for the purposes of analysis, we have not quoted from either organisations or individuals which did not want their response to be published. Where individuals are quoted, we have followed Scottish Government practice by not identifying any individual respondents.

Profile of organisational responses

- 2.4 The organisations were asked to choose a category which best described their organisation, and to state the main purpose of their organisation. However, less than half (49%) of organisations did so. In addition, there was some overlap between the categories and this self-categorisation resulted in organisations which were very similar choosing different categories on the form. As a result, the Commission's secretariat worked with us to agree meaningful respondent categories which would allow for useful comparison of views between different types of organisation. We agreed five respondent categories for organisations, outlined in the table below.

Responses from organisations by category

	Number	Percentage
Local government body (including party political representations)	24	30%
Representative body (including professional bodies and membership organisations)	20	25%
Policy, tax or economic interest group	16	20%
Third sector or equalities group	10	13%
Other	9	11%
Total	79	-

2.5 The 'local government body' category included responses from local authorities as corporate bodies, from local authority representative bodies, and from local political parties. The 'other' category included public sector organisations, responses from political parties at national level, responses from campaigns and one response from a religious organisation.

Profile of individual respondents

2.6 Individual respondents were asked to provide some demographic information about themselves. Of the 124 individual respondents, 71 provided some demographic information. This indicated that most respondents were men. Of those who provided this information, over three quarters were men and less than a quarter were women. Most respondents were older. Over half were aged 55 or over (with a third being over 65). Over half lived in properties which were council tax band E or higher. Approximately one in five respondents had a long-term physical or mental health condition. Further demographic information is provided as Appendix Two.

3. Scotland's Current System of Council Tax

Introduction

- 3.1 This chapter explores responses to the first broad theme within the call for evidence, which focused on views and experiences of Scotland's current system of council tax. Within this theme, the call for evidence posed two questions:
- 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?

Is the current system fair and effective?

- 3.2 Of the 79 organisational respondents, 67 (85%) provided an answer to the question about whether the current system of council tax delivered a fair and effective system of local taxation. Of those, a fifth (22%) felt that the system was broadly fair, almost two-thirds (63%) felt it was broadly unfair, and 15 per cent were non-committal.
- 3.3 Of the 124 individual respondents, 118 (95%) provided an answer to this question. Just eight per cent felt that the system was broadly fair. Over two thirds (68%) felt that the system was broadly unfair, and a fifth (19%) were non-committal.

	Broadly Fair	Broadly Unfair	Non-committal
Organisations			
Local government body (including party political representations)	39%	43%	17%
Representative body (including professional bodies and membership organisations)	36%	43%	21%
Policy, tax or economic interest group	-	77%	23%
Third sector or equalities group	-	100%	-
Other	13%	87%	-
Individuals	8%	68%	19%

- 3.4 There were clear differences between respondent groups. Over a third of local government bodies and representative bodies felt that the current system was broadly fair. However, none of the third sector, equalities, policy, tax or economic interest groups indicated that they felt the system was broadly fair – with most feeling the system was broadly unfair. Almost all 'other' respondents felt that the system was broadly unfair, with the exception of one public sector organisation operating at national level.

3.5 Many respondents across all respondent groups indicated that the current council tax system is 'regressive'. Many respondents used the term 'regressive' without explaining what that meant. However, those who did provide an explanation highlighted that the council tax places a comparatively higher burden on less well off households, than more affluent households. People gave different reasons for this, which are highlighted throughout this section. However, the main concern was that the way the council tax bandings and rates system currently works means that households living in more valuable houses (who were perceived to often be better off) do not contribute proportionately more tax. This was a particular issue for Band H, properties which are subject to three times the amount of tax applying to a band A property, but may be worth eight times (or more) the value of a band A property based on 1991 values. In addition, there is a perceived lack of progressivity within band H itself, where all properties above £212,000 are subject to the same amount of tax, despite there being no upper limit of property value in that band.

Local government bodies

3.6 Local government bodies were the group which was most supportive of the current system, although still slightly more felt that the system was unfair (43%) than fair (39%). Local government bodies which felt that the system was broadly fair highlighted that the system was:

- easy to understand, recognised and accepted;
- stable and predictable;
- difficult to avoid and efficient to collect – with high and improving collection levels;
- fair to some extent, through the system of reduction;
- based on a broad approximation of ability to pay; and
- based on a clear connection to the local area, through property.

3.7 Almost all of the local government responses indicating that the system was fair were from the local authority as a corporate body. However, almost all of the party political local government respondents felt that the system was not fair. This was largely because the system was seen to be regressive and not related to people's income and ability to pay. However, one respondent felt that the system was not fair due to the lack of local involvement in deciding taxation levels.

3.8 COSLA indicated that while a reformed system of council tax has the potential to work well, the system needed to be made fairer, have a stronger link with local democracy, enable communities to decide on levels of local taxation in relation to the services they want and include more transparent approaches to water charges. COSLA's response was also endorsed by SOLACE.

"The ability to set and collect local taxation is a key component of an effective local democracy, and is central to the accountability relationship between councils and the communities that they serve."

(COSLA)

"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... local people should decide on levels of local taxation in relation to the services they want..."

(Edinburgh Labour Group)

3.9 A small number of individual respondents supported this suggestion.

“Control of the level at which council tax is charged should be exercised by the local authority and not by the Scottish Government.”

(Individual)

3.10 However, a similar proportion felt that local taxation should be reduced, with core services funded through national government or through charges to individuals.

3.11 The Scottish Local Government Partnership indicated that the current system was unsustainable and unclear. It indicated that it wished to see broader discussion about overall funding of local government, not just the proportion of funding currently raised by local taxation.

3.12 These concepts around levels of local taxation were also raised by both organisations and individuals later in the consultation, when considering potential improvements, changes and methods for involving local people in taxation decisions.

Representative bodies

3.13 Representative bodies, including professional bodies and membership organisations, had similar responses to local government bodies. Just over a third of representative bodies felt that the current system was fair, with just under half believing it to be broadly unfair. However, other representative bodies felt that the system was not fair for a diverse range of reasons, including:

- being a regressive taxation system;
- the banding system and ratios – including both revising and removing the banding system, as discussed in detail at paragraph 3.37 ; and
- the low proportion of tax gathered at local level in Scotland.

Policy, tax and economic interest groups

3.14 Almost all policy, tax or economic interest groups felt that the current system was unfair (77%), with the remainder providing a non-committal response. Those who felt it was unfair expressed very strong views that the current system did not work well, due to being regressive and creating inequality. Many within this group expressed similar concerns to representative bodies, in relation to the system being regressive and the banding system placing more burden on the poor than the rich. Respondents within this group also highlighted concerns about lack of re-valuation of properties meaning that the link with ability to pay was weakened.

“...its unfairness is often cited, being felt in particular by the poorest; this is exacerbated when it is seen to fall too lightly on the richest in society.”

(School of Economic Science)

“...the decision to weight the different bands relative to Band D such that the distribution of tax payments is more compressed than the distribution of actual (and assessed) property values is arbitrary and clearly favours higher value properties...”
(Policy Scotland)

- 3.15 A number of respondents also felt that the freeze on council tax was reducing local control over decision making, and therefore reducing the link with local services and local democracy. Two respondents within this group felt that the system placed higher demands on renters of properties than owners. Another two respondents felt that the system was unfair as it bore no relationship to levels of service use.
- 3.16 While around half of the policy, tax and economic interest groups believed that it would be possible to retain and amend council tax to make it more progressive, around half strongly felt that a new system of taxation was required.

Third sector and equalities groups

- 3.17 Third sector and equalities groups all raised concerns with the current system, suggesting that it was a regressive and unfair system. Many were concerned that poorer households paid proportionately more than more affluent households through the current system. Many highlighted that a central principle of any taxation system should be that it is based on the ability to pay, and that people on lower incomes should contribute proportionately less to the tax system.

“Council tax is regressive. It is levied on property value, not on incomes, and the rate paid does not rise sharply with rising property value.”
(Child Poverty Action Group in Scotland)

“The current system is very prescriptive, failing to take enough account of affordability or ability to pay outside of those who claim council tax reduction.”
(Citizens Advice Scotland)

- 3.18 Third sector and equalities organisations highlighted a number of negative consequences of the current system:
- The Child Poverty Action Group highlighted that the poorest households with children paid over five per cent of their gross incomes in council tax compared with under two per cent for the richest families³.
 - Inclusion Scotland highlighted that the lowest earning 10 per cent of households pay 5.6% of their incomes in council tax (after council tax rebates), compared with 1.4% for the highest earning 10 per cent⁴. This means that the poorest households pay proportionately four times more than the wealthiest.
 - Citizens Advice Scotland indicated that it was seeing an increase in the number of cases seeking advice on council tax and council tax arrears (a 4% increase in 2014/15 from the previous year), with council tax now the most common debt that clients seek advice on. It highlighted that households with problems were most likely to live in rented accommodation, to be single and

³ The Effects of Taxes and Benefits on Household Income, 2012/13, ONS

⁴ Unfair and Unclear, Madeline Power and Time Stacey for the Equality Trust, June 2014

be 35 to 59. More and more households were struggling due to low pay and unpredictable employment, and were often just outside the criteria for support through council tax reduction.

- A number of equalities organisations highlighted the particular impacts of council tax on disabled people and carers. There were a number of concerns, including that a number of people in this group may be asset rich and income poor, resulting in high levels of property tax but limited ability to pay. There were particular concerns about how families may cope with this, as many disabled people or carers may be restricted in their ability to move home due to their circumstances and many carers may give up employment to care, further impacting on income. There were wider concerns that the council tax freeze undermined the ability of local authorities to raise additional resources that could be used to invest in services for disabled people and carers, passing more costs on to individuals.
- There was a specific concern that vulnerable families do not have any protection if the local authority makes a mistake in the council tax bill, and later requires an additional payment.

3.19 A number of third sector and equalities organisations also felt that the mechanics of council tax collection caused more difficulties for vulnerable households. There were concerns that council tax required taxpayers to actively make payments, meaning that people who have difficulty managing their budgets may find it hard to keep payments up, or may prioritise other financial commitments. Many third sector and equalities organisations also highlighted that the rules surrounding the Council Tax Reduction scheme were complex and difficult to understand, resulting in low uptake, particularly from pensioners and couples with children.

Other respondents

3.20 ‘Other’ respondents generally felt that the current system was broadly unfair, due to concerns about its regressive nature and its lack of relationship with the individual’s ability to pay. Some expressed significant concerns that the percentage of income paid in by the richest members of society was significantly lower than the percentage paid by the poorest.

“Under the council tax the poorest shoulder a much heavier burden than the richest. Whilst the gap between the highest earning 10% of the population and the lowest earning 10% has widened greatly in recent years to a ratio of around 15:1 in the UK; the council tax differential remain fixed at around 3:1.”

(The Scottish Socialist Party)

3.21 A number of ‘other’ respondents expressed particular concern that the tax could not deliver wider economic, social and environmental benefits for Scotland’s communities – with a strong belief that taxation should contribute to these areas. For example, NHS Health Scotland emphasised the impact of inequalities on the lives of families and communities, and stressed that the council tax model exacerbates this inequality through a lack of progressivity. The Church of Scotland also highlighted that the freeze on council tax levels had impacted more on poorer people, who rely more on free and subsidised local services – having a negative effect on the common good.

Individuals

- 3.22 Some individual respondents felt that the current system was fair. Those who did emphasised that it was easy to understand and appeared to operate effectively administratively.

“In my opinion, yes it does represent a fair means of taxation - fair in the sense that people who earn more tend to live in bigger (some might say better houses) and according to our current system pay more than people that live in smaller houses (and odds are earn less). Undoubtedly there are outliers on either side but for the majority of people and as a nation I think it is fair.”

(Individual)

- 3.23 One individual submitted evidence from the Institute of Fiscal Studies which highlighted that a shift away from property tax to the community charge in England in 1990 resulted in an increase in house prices of around 15 per cent, contributing substantially to house price inflation⁵. A small number of individual respondents also felt that it was reasonable to tax houses, as they are both assets on which capital gains are expected (for owners) and places where the service of shelter is provided.

- 3.24 However, most individual respondents felt that the current system was broadly unfair. The main concerns for individuals reflected organisational concerns – it being a regressive tax system, the banding system and property valuations being out of date, and the impact of the tax on vulnerable households (particularly older people, disabled people and carers).

- 3.25 One individual submitted research undertaken by Resolution Foundation⁶, which explored options for reforming tax for those on low to middle incomes. This research stresses the need to reform council tax to be more progressive, and to be based on up to date valuations.

- 3.26 Individuals also had particular concerns that the system was not based on ability to pay. Many gave examples of how the council tax system was putting pressure on their own household.

“I have lived in my house for about 45 years and have now retired. The tax is now about 10 per cent of my income whereas when I was working it was about 6 per cent.”

(Individual)

“I think the CT (council tax) is wrong. Taxes should come from those with the broadest shoulders.”

(Individual)

- 3.27 A significant number of individual respondents felt that the council tax system was unfair because it did not reflect levels of use of council services. Many individuals were unhappy that the tax did not take account of how many people lived in the property. Others indicated that people in rural areas, older people, and people in

⁵ House Prices and Local Taxes in the UK, Fiscal Studies (1999) Volume 20, No 1, pp 61 to 76

⁶ Fairer by design: efficient tax reform for those on low to middle incomes, Resolution Foundation, 2012

disadvantaged areas may have less access to services, or may use these less, and so should not have to pay as much as others.

“The current council tax system is not fair in that it does not take into account the fact that people, not properties, consume council-funded resources.”

(Individual)

3.28 In addition, individuals highlighted that the system:

- didn't appear to gather enough to enable local authorities to provide adequate services – with some expressing concern about the council tax freeze;
- could discourage home improvement, as the value of the improved property might result in an increase in tax (if sold, or if properties were re-valued);
- focused on residents rather than owners – often causing pressures on budgets for tenants and complex situations in relation to student households;
- gave exemptions or reductions to second homes, resulting in lost revenue for communities.

“Council tax discourages home improvement where the value of the improved property might result in an increase in tax.”

(Individual)

Are there any features of the current system that you wish to see retained?

3.29 Most organisational respondents felt that some features of the current system should be retained. Only two organisational respondents felt that none of the features of the current system should be retained. Both were organisations which wished to see council tax replaced with a different, fairer system.

3.30 Few individuals commented on whether any features of the current system should be retained, with only a small number suggesting that any features should be retained at all. A small minority suggested that a property or land basis should be retained, and some suggested that it was important to retain concessions for people on low incomes, disabled people, and single occupants. However, most individuals did not comment.

3.31 Organisational respondents indicated that the main benefits of the current system were its efficiency and stability.

- **Efficiency** – Most organisational respondents felt that the current council tax system was relatively simple, efficient and transparent. Many cited its high collection rates and low administration costs. Most felt that the tax was difficult to avoid while being straightforward and easy for customers to understand and to pay, with simple collection and administration arrangements. A small number of respondents highlighted that the physical location of property provided a clear and direct link between the individual being taxed and the local area.

“The current council tax is relatively effective in the respect that it is a property tax and property taxes are hard to avoid and easy to collect. Property taxes can also be easy to understand.”

(Shelter)

“The Scottish Assessors Association favours the retention of a property based system for the purposes of local taxation... The SAA believes that property based systems have several benefits and score well against many measures of ‘good’ taxes.”

(Scottish Assessors Association)

- **Stability** – Organisational respondents, including local authorities, other public sector organisations and representative bodies, indicated that they welcomed the stability and predictability of the current council tax system. Local authorities largely welcomed that the amount generated through the tax did not change dramatically in response to economic trends. Some local authorities indicated that they recognised that more buoyant or responsive systems of tax may provide higher rewards, but that these systems also came with higher risks. Some highlighted that many other taxes in Scotland were personal or transactional, and more dependent on the health of the economy – and that the council tax complemented these other taxes.

“There are several advantages of council tax as a model of taxation – it provides a stable source of income for local government (in that it does not change dramatically in response to economic trends); it is difficult to avoid because individual owners are easily identified and the value of the house is verifiable.”

(NHS Health Scotland)

“One of the core advantages of the council tax system is its stability and predictability and in the current challenging financial climate for public services this is of vital importance... The Council believes the benefits of stability and predictability in a system of taxation should not be underplayed.”

(Angus Council)

3.32 A small number of organisational respondents highlighted other elements of the current system that they would be keen to retain. These included:

- maintaining a tax connected to either property or land;
- maintaining a locally collected tax;
- maintaining discounts and reductions for certain groups of people;
- recognition of disability and the need for support for disabled people in a tax system; and
- practical suggestions including retaining the freedom for councils to choose the instalment date, the use of an April to January instalment year for collection, and the 10 per cent statutory addition to cover collection administration costs.

“One feature of the current system is that each local council collects its own tax... This means that the council tax is clearly visible as a local tax, collected by the local council for the funding of local government. Arguably this assists local accountability.”

(The Low Incomes Tax Reform Group)

3.33 A number of respondents commented on the connection with water and wastewater charges, through Scottish Water. Scottish Water indicated that it wished to see the current system retained because council tax bandings were the basis for collecting water and wastewater charges from almost all households in Scotland. Scottish Water indicated that the existing system recognised the variations in ability to pay water and wastewater charges, and automatically provided this system with no additional bureaucracy.

“Any revisions to the council tax regime would need to retain the benefits that the current system offers to household water and wastewater customers.”

(Scottish Water)

3.34 However, while some local authority respondents indicated that it was important to consider water and wastewater charges within a new tax system, more respondents suggested that this was an aspect of the system which required to change. This is explored in more detail below.

Are there any features of the current system that you wish to see changed?

Banding and revaluation

3.35 There were two clear features of the current council tax system that respondents (both organisational and individual) wished to see changed. Firstly, most respondents suggested revising banding categories. Many felt that the current system was regressive, disadvantaging poorer households. A number felt that there was considerable scope to retain the simplicity of the current system, while making the system more progressive in nature, through revising banding categories. Suggestions included:

- introducing a wider range of bands, particularly for high value properties;
- altering the band thresholds;
- reviewing the ratios between the bands;
- applying rates within bands, rather than a flat sum; and
- removing bands and basing calculations on a percentage of property value.

3.36 Secondly, most respondents suggested that property values required to be re-evaluated soon, and then on a regular basis. Many suggested that a clear planned review cycle was necessary.

“If the current council tax style of property tax remains in place, then RICS recommends that frequent revaluations of domestic properties are included in future legislation and that they take place at least every five years.”

(RICS)

“If council tax is to continue a review is required of the banding and the number of bands. Also, widespread revaluations are needed as the present valuations do not reflect current prices.

(Individual)

- 3.37 Many responses from organisations highlighted that any changes to valuations and bandings should have an overall revenue neutral impact in terms of the overall level of tax collected. A small number felt that there may be a need for some transition funding to cushion the impact of change due to revaluation. A small number of individuals suggested that the original purchase price of the property should be borne in mind at the time of revaluation, so that households didn't see significant changes in tax levels due to house values having increased unexpectedly.
- 3.38 The Society of Local Authority Lawyers and Administrators in Scotland (SOLAR) and others highlighted that the existing local government funding framework equalises support to local authorities through both council tax and Revenue Support Grant. It suggested that if properties are revalued, those local authority areas with the largest growth will see an increase in their tax base and that the Scottish Government in deciding its block grants to local authorities should take account of this.

Taking account of household or individual circumstances

- 3.39 A number of wider changes were suggested. Many respondents commented on the mechanisms for council tax reductions. There were three different ideas in this regard.
- 3.40 Firstly, many organisational respondents suggested that there was a need for a more robust discount scheme which allowed families and individuals to climb out of poverty. A number of respondents suggested using a tapering system, for example to support students as they move into work, or families as they move out of poverty. A number of equalities and third sector organisations stressed that the individuals who may be affected by potential changes required to be involved in these discussions.

“We recommend that the Commission make recommendations on mechanisms to ensure that seldom heard voices are supported and are not drowned out in favour of the majority – both in terms of the way in which a new form of taxation is designed and the mechanisms developed locally to spend that tax.”

(Independent Living in Scotland)

- 3.41 Some individual respondents also stressed the ongoing need for reductions within the council tax system, largely focusing on the needs of older people who may see their income fall substantially when they retire.

“After people retire, they should pay perhaps only 50 - 75 % of the council tax band in which they are in.”

(Individual)

- 3.42 Secondly, some organisational respondents felt that council tax reductions required to be streamlined. Some, such as the Centre for Scottish Public Policy, felt that it was important to review the current discounts – for example, for single people or second homes – and consider the impact of these approaches on local areas, particularly where under-occupancy and empty second homes are big issues. However, there were varying and contradictory opinions on this topic. Some other

organisations highlighted the need for reductions for single people and some people with second homes, such as members of the armed forces.

“Consider simplifying the reductions available to support financial planning for both taxpayers and councils, and to assist efficient collection.”

(CIPFA and CIPFA Directors of Finance Section)

3.43 Thirdly, a number of local authorities felt that local areas should have more flexibility in setting their own discounts and reductions. For example, one local authority suggested that council tax reductions could be used to attract key public sector workers to the area. Another felt council tax could be used to help to regulate the housing market. Some individual respondents also supported the concept of more local flexibility.

3.44 Finally, a small number of individuals felt that larger households should contribute more through tax. For example, some individuals suggested adding a surcharge for larger households, for example with three or more individuals. And one individual suggested that council tax should be something which individuals are separately liable for, with everyone over 18 having to pay.

Local power over taxes

3.45 A number of respondents suggested that more generally, local councils should have more power over taxes. Generally, organisational respondents talked of these issues here, while a number of individual respondents highlighted these issues later, when considering local priorities (Chapter Five).

3.46 A number of local government bodies and others such as equalities and third sector organisations felt that there needed to be a stronger link between local taxation and the wishes of the local community. Some felt that this could be achieved through local councils having more flexibility within the current system, for example through setting their own rates of tax for higher bands (perhaps subject to limits).

“It needs a connection to the locality, with an increased proportion of tax raised locally kept locally, alongside better participatory forms of engagement...”

(SCVO)

3.47 Others suggested that council tax systems should be fully devolved to local authority level, and that local councils should also have the power to raise additional taxes. A number of respondents, both organisations and individuals, specifically highlighted that the Scottish Government should not try to influence local tax levels.

“Currently, council tax accounts for only around 20 per cent of a local authority’s income in Scotland, and the ability to vary local authority taxation income in line with community priorities is at best extremely limited and in recent years has effectively been non-existent.”

(East Lothian Council)

“Local taxation should allow for local flexibility, empowering local authorities to raise local funding for local priorities. Specifically, individual local authorities should be empowered to introduce local taxes, at their discretion, to raise additional resource.”

(COSLA)

“Central taxation needs to be cut, so that local taxation can raise the necessary funds for local spending.”

(Individual)

“Through the ‘Our Islands Our Future’ campaign the Comhairle, together with the other Island Councils, has been arguing for greater subsidiarity. The ability to levy taxes and the accountability arising from this is considered a fundamental aspect of any tier of government.”

(Comhairle nan Eilean Siar)

“...we see no problem with some local authorities maintaining a council tax system, while others may opt to choose from a range of different forms of taxation, including a land value tax. The most important element is that the tax is fully devolved to the local authority...”

(Reform Scotland)

Equalities

3.48 Many equalities organisations stressed that any changes required an assessment of the impact, including equalities impact. One equality and third sector organisation indicated that it was very important to think about the language we use in this debate, stressing that it was important that the discussion did not dismiss the value of those who are unable to pay tax.

“Any change in local taxation should and must take into account the ability of lower income households to pay. Households containing disabled adults and children face particular issues because, on average, their income is falling whilst the costs associated with disability continue to rise.”

(Inclusion Scotland)

3.49 In addition, many equalities organisations – particularly those focused on disability equality - raised significant concerns about wider issues around council decisions, particularly in relation to charges for social care.

“We believe that the funding base for social care needs strengthened through new taxes, or substantial changes to tax rates related to funding social care. This new system needs to be fair, progressive and re-distributive.”

(The National Carer Organisations)

Water charges

3.50 A number of respondents, including organisations and individuals across all respondent categories, highlighted the need for change in the relationship with Scottish Water in council tax collection. Water and waste water charges for domestic properties connected to the public water supply and sewers (and without water meters) are collected alongside council tax, based on the council tax band of the property, by local authorities. While Scottish Water wished to maintain the arrangement, many others expressed a desire for a clearer arrangement to be in place. The key concerns were:

- it may be confusing for customers – both local authorities and third sector organisations highlighted that customers can be confused about their liability

for water charges, particularly if they receive a council tax reduction, and can see the whole bill as “the cost of the council” without realising that approximately a quarter of the bill relates to water charges;

- it places full responsibility on local authorities – a number of respondents were concerned that the onus of managing the financial relationship with water customers rested on local authorities, rather than with the service provider; and
- it can be unclear how much local authorities should pay to Scottish Water – one local authority was concerned that the amount it paid to Scottish Water was not directly related to the amount it had collected in water charges.

3.51 A small number of respondents referred to arrangements setting out the relationship between local authorities and Scottish Water, whereby a formula was set up setting out the amount to be paid to Scottish Water from local authorities based on estimated council tax collection rates. Some highlighted that technology now enabled more precise arrangements to be put in place, but that arrangements had not been updated to reflect this.

“Although household water and water waste charges are tacked on to council tax, there is no corresponding relief for such charges where a household is eligible for council tax reduction... The lack of transparency (both council tax and water charges are included on the same bill) also means that often such water charges will go unpaid, as the householder does not realise they are still due.”

(The Low Incomes Tax Reform Group)

“Water and sewerage charges are poorly communicated, leaving many on full council tax reductions receiving an unexpected bill.”

(Citizens Advice Scotland)

“... proportionately more water charge debt is more than one year old (79%) compared to council tax debt (74%), indicating that water charge debt is somewhat more difficult (and therefore costly) to collect than council tax debt.”

(Glasgow City Council Scottish Green Party Councillors Group)

Appeals and debts

3.52 Some respondents, particularly equalities and third sector organisations, felt that the collection and enforcement arrangements related to council tax were too aggressive. There were concerns that local authorities could take drastic action at very early stages, when this might worsen financial situations. There was particular concern over the use of the summary warrant, surcharge for outstanding sums and the ability of Sheriff Officers to issue a Charge for Payment (involving arrestment of wages and bank accounts) without application to the courts. And there was concern that debts could be pursued for up to 20 years (with most other debts having a time limit of six years). Organisations highlighted that this system offered individuals less protection than those in debt to other creditors.

3.53 Citizens Advice Scotland highlighted that council tax was the most common type of debt that its clients sought advice on in 2014/15, and that a third of the issues related to the way in which enforcement action was taken. It highlighted that efforts to increase collection rates had given little consideration to how to protect the most vulnerable customers from unnecessary hardship.

“Our evidence suggests that enforcement and collection of arrears is often disproportionate and causes people to fall into worsening situations.”

(Citizens Advice Scotland)

3.54 A small number of organisational respondents highlighted the need for a simpler appeals process, accompanied by a plain English guide.

Detailed changes

3.55 A number of detailed changes were also suggested:

- The Army Families Federation would like to see clearer entitlement to a 50 per cent reduction for second home council tax for members of the armed forces, when they are living in a job related dwelling within the UK. It would also like to see service personnel who receive a 50 per cent discount on their council tax when living in families or single living furnished accommodation as a second home retain entitlement to this discount when they are posted off the UK mainland. It also suggests armed forces personnel should be exempt from a long-term empty homes premium both for empty properties and second homes.
- The Scottish Association of Landlords had particular concerns about landlords being responsible for paying council tax for vacant properties or houses in multiple occupancy, and the length of time that the local authority can pursue the landlord for this debt.
- A small number of individuals suggested that the council tax should be paid by owners of properties, rather than occupiers, due to concerns about affordability and complexity for private rented tenants. For example, one individual suggested splitting the property tax so that there is a component for the owner and a component for the occupier. Another suggested separating the idea of houses as assets, and as places to live, creating a distinction between owners and tenants.

“The residential property tax base should be accompanied by a residential occupier tax. Ideally the two taxes should raise roughly similar amounts of aggregate revenue. That way, landlords would pay half and the occupiers would pay half.”

(Individual)

3.56 One individual suggested that immediate change was needed, proposing a supplementary levy in 2015/16 for Band H properties, in advance of a full revaluation. Another suggested that the income from the Scottish Rate of Income Tax (SRIT) could be used to fund the gap in council tax income while the system was reformed.

4. Reform of Local Taxation

Introduction

- 4.1 This chapter explores responses to the second broad theme within the call for evidence, which focused on views on future reform of local taxation. Within this theme, the call for evidence posed two questions:
- 4.2 Are there alternatives to the current system of council tax that you think would help to reform local taxation in Scotland?
- 4.3 What are the main features of these, and why do you think they would deliver improvement?

Are there alternatives to the current system of council tax that you think would help to reform local taxation in Scotland?

- 4.4 Almost all individual respondents (90%) and just over two thirds of organisational respondents commented on this question. The three main options highlighted by both organisations and individuals were:
- a local income tax;
 - a (reformed) local property tax; or
 - a land value tax.
- 4.5 Some respondents made multiple suggestions, considering the pros and cons of many different tax systems. Some proposed a single, specific change. Overall:
- approximately a quarter of organisations supported a local income tax, rising to approximately a third for individual respondents;
 - over a third of organisations supported a local property tax, with a fifth of individual respondents supporting this option; and
 - approximately two fifths of organisations supported a land value tax, falling to approximately a quarter for individual respondents.
- 4.6 Local government respondents were significantly more supportive of a reformed property tax than other respondent groups. Policy, tax and economic interest groups and 'other' respondents were significantly more supportive of a land value tax than others.
- 4.7 In addition, a number of individual respondents suggested introducing a community charge or poll tax system. Conversely, this option was not proposed by any organisational responses, with some organisational respondents specifically stressing that they did not wish to see a community charge or poll tax system in the future.
- 4.8 A small number of other proposals were made, each from a very small number of respondents, discussed at the end of this section.

4.9 While some respondents felt that there should be a new system encompassing a range of tax options, suggesting their complementary nature, others felt that there should be one single new system. A number of respondents were open to considering a range of potential options. In addition, some respondents reiterated their view that tax should be determined locally, with the power passed to local authorities to raise tax in the ways that best suit the local area.

Principles

4.10 Many organisational respondents indicated that they did not feel able to comment on the best local taxation systems for the future. However, a number provided principles for effective taxation – either to support their proposed taxation system, or to provide an indication of the type of taxation system they would be likely to support. There was a high degree of consistency and overlap in the principles suggested, within and between respondent groups:

- **Progression** – Respondents consistently stressed that a local taxation system should be progressive, recognising that society as a whole has to pay for certain people unable to care for themselves, and that the burden should fall more on those that can afford it than those that cannot. Many highlighted the importance of any taxation system in reducing inequalities, improving wealth distribution, supporting human rights and contributing to ending poverty (particularly child poverty). A number of respondents stressed that a new system must not leave families in poverty worse off than the current system.

“Understanding the systemic injustice which leads to poverty and inequality is key to building a society which is fairer and cohesive rather than divided and unequal.”
(Church of Scotland)

- **Stability** – Almost all respondents wished to see a stable tax base, which was clear, certain, accountable and transparent. However, a small minority wished to see a more buoyant tax base.
- **Efficiency** – Many respondents felt that any local taxation system must be unavoidable, convenient and simple. A number highlighted the benefits of land/ property tax in this regard. Respondents also felt taxation systems needed to be well communicated, and to interact well with other taxes and benefits.
- **Locality** – Many respondents highlighted the need for a local taxation system to be based on local needs, based on involvement and consultation of local people. It was felt that this would create clear accountability connecting decision making and spending of public funds with the taxes raised. Some indicated it could also lead to better links between business and domestic taxes, and local priorities such as supporting economic growth, housing development and increasing energy efficiency. Some respondents suggested that there was a need to think carefully about how much funding for local government should come from local sources, and to have this debate in the context of discussion about overall funding for local government. These respondents felt that this discussion would help to

ensure that yields from taxes were adequate, providing local authorities with enough income to allow them to provide services which reduce inequality.

“Local tax should be set and raised locally without intervention by the Scottish Government.”

(CIPFA and CIPFA Directors of Finance Section)

“The main benefits of fiscal devolution to councils are – greater local democratic accountability and participation; diversity sources of tax revenue...; provide greater flexibility and control over budgets at local level; provide an incentive to grow local economies; provide a revenue stream against which to borrow for, and repay, infrastructure investment – which will in turn further enhance the local economy and tax base.”

(Scottish Cities Knowledge Centre)

- 4.11 In addition, some respondents suggested that diversity should be an underlying principle of local taxation systems. These respondents felt that local authorities should be able to design a basket of taxes to meet local circumstances, building a broad and diverse tax base. And finally some respondents suggested that any reform should be cost neutral in overall terms. A number of respondents also referred to the final report from the Mirrlees Review⁷, which highlighted the need for tax reform to be strategic, considering the system as a whole.

Example: COSLA Principles

- Local taxation should be fair and easy to understand.
- Local taxation should be administratively efficient and difficult to avoid.
- Local taxation should have regard to the stability and buoyancy of the underlying tax base.
- Local taxation should be determined locally in order to establish and maintain democratic local accountability. This includes the local setting of rates (levels).
- Local government should have the discretion to determine whether rates and reliefs are set nationally or locally.
- Local taxation should allow for local flexibility, empowering local authorities to raise local funding for local priorities. Specifically, individual local authorities should be empowered to introduce local taxes, at their discretion, to raise additional resource.

SOLACE and a number of local government bodies highlighted that they also supported these principles. Many other local government bodies highlighted similar principles in their responses.

Example: SCVO Principles

Any tax should:

- be based on the ability to pay;
- encourage more participation in local politics by de-centralising local government funding;

⁷ Tax by Design, Mirrlees Review, 2011

- not underestimate the value of people who cannot pay tax;
- be straightforward to pay and collect and easy to understand; and
- be flexible to accommodate changing needs in the future.

What are the main features of these, and why do you think they would deliver improvement?

4.12 Many respondents discussed, in detail, the pros and cons of different taxation systems. However, equality and third sector organisations tended to state their broad principles without supporting a particular system.

A property tax

4.13 Approximately a third of organisational respondents and a fifth of individual respondents supported a property tax. This could include a reformed council tax, or a new property tax system (excluding a land value tax system, which is treated separately for the purposes of this analysis).

4.14 Respondents supporting a reformed council tax system reiterated the strengths of the system they had highlighted under the previous theme. These included its stability, simplicity, efficiency and familiarity, and clear link to the local area. Organisations including RICS, the Scottish Assessors Association and the Scottish Retail Consortium indicated that they favoured the retention of a property based system due to its stability, clarity and efficiency.

4.15 Respondents reiterated their desire to see a more progressive system, incorporating the changes they had previously suggested under the previous theme. A number of respondents highlighted that they would be concerned about investing a lot of time and money on a new taxation system, unless there was clear evidence that it would be significantly better in terms of outcomes and ease of administration.

“...we are confident that a tax based on a modernised council tax framework provides the most effective, coherent and sustainable route map to reforming local taxation in Scotland.”

(COSLA)

4.16 Few talked in detail about the advantages and disadvantages of other types of property tax, with the exception of a land value tax. A small number of respondents mentioned the option of:

- a rateable value property tax (based on open market annual rent); a new progressive Local Property Tax as recommended by the Burt Commission⁸ (based on the capital value of individual properties and payable by households occupying properties and owners of second homes and unoccupied properties); or

⁸ A Fairer Way: Report by the Local Government Finance Review Committee, 2006
<http://www.gov.scot/Resource/Doc/153766/0041377.pdf>

- a property tax similar to that in Northern Ireland (where there are two components, one rate set by local districts and the other rate set by Northern Ireland's Government).

A local income tax

4.17 Approximately a quarter of organisational respondents and a third of individual respondents supported a local income tax. However, there were very different ideas about how a local income tax would work, meaning that respondents discussed different pros and cons of different systems. Options considered included:

- the Scottish Government introducing a flat rate on all taxable income;
- local councils could have the authority to set their own individual flat rate, and receive the corresponding revenue;
- local councils could increase the tax rate within the income bands, for example through levy of an increased rate on the earners in the higher income bands; or
- local councils could collect all income tax locally, setting their own tax rate.

4.18 Most respondents felt that a local income tax would need to be collected nationally (through PAYE and HMRC) and redistributed locally. A small number highlighted that the arrangements in place for the Scottish Rate of Income Tax provide the kind of model required (but indicated that it would be challenging for HMRC to calculate and administer as many as 32 different tax codes for Scotland).

“The introduction of specific Scottish Rate of Income Tax (SRIT) tax-codes developments that have been developed subsequent to the 2012 Scotland Act provide the kind of model required.”

(Individual)

“A local income tax independent of a national income tax would be inordinately expensive to administer...”

(Wealthy Nation Institute)

4.19 A small number of respondents, including the Learning Disability Alliance and a small number of individuals, felt that a local income tax system would be more efficient – if administered centrally. The Learning Disability Alliance highlighted that the OECD estimates that the costs of collection for income tax are less than one per cent of income raised, while Audit Scotland estimates the cost of council tax collection are four per cent of income raised. However, others had concerns about this. Many local government bodies felt that this system could be complex. There were some concerns about jobs for collecting a local tax going to a UK wide organisation, rather than within the local authority.

4.20 Secondly, there were varied opinions on whether different income tax rates could be set for different local authority areas, and for people in different situations. Some felt that a local income tax could be set locally, according to local needs and circumstances. However, others felt that this could be very complex. There were concerns that people may move between local authority areas to avoid high rates of tax, with some areas becoming more attractive due to lower rates of tax. Some felt that a tax based on income would be more progressive, with a clear link between

income and ability to pay. However, others felt that people in certain situations, such as disabled people, had higher necessary expenditure costs which would need to be taken into account.

4.21 There were also concerns that:

- an additional income tax may provide a disincentive for people to work;
- there was a need to consider the relationship with other benefits and the welfare system;
- employers may face additional burdens (particularly small employers) in administering the system;
- administrative arrangements for people working in Scotland for international employers may be complex;
- self employment may lead to peaks and troughs in collection throughout the year, with many settling tax annually;
- the tax basis was volatile, with any decline in the working population having an immediate impact on tax collected;
- there were risks of tax avoidance through high levels of mobility;
- there was a need to be clear whether the tax was for the local authority in which the individual worked or lived; and
- the level of taxation required would need to be high, in order to match council tax income levels – with some feeling wages are already highly taxed.

4.22 One individual submitted evidence from the OECD (Organisation for Economic Cooperation and Development) which indicated that to encourage economic growth, the tax burden should be partially shifted away from income, towards consumption and residential property. Others pointed to the final report from the Mirrlees Review⁹, which highlights that there is a basis for taxing property both as an asset and as a service.

4.23 A small number of respondents suggested that a hybrid system, bringing together a property and income tax system for local taxation, would be easier to implement – enabling a gradual shift and less immediate impact on collection arrangements.

4.24 However, a number of local government bodies specifically felt that a local income tax system would not work. The main concern was that the system would be too complex. A small number of individuals also felt that a local income tax system would not work, as it would encourage high earners to move away from Scotland. There were also concerns that this tax could not cover savings and dividend income.

“Threats of further tax increases to perceived “high earners” by the current SNP administration are likely to result in a mass exodus of talent from Scotland.”

(Individual)

4.25 The Scottish Socialist Party proposed a specific type of income tax, the Scottish Service Tax, which it sees as progressive and based on ability to pay. This would tax income through six bandings, overtly redistributing wealth. It proposed that the tax would be collected centrally, using the same mechanism as income tax.

⁹ Tax by Design, Mirrlees Review, 2011

“The Scottish Service Tax is not just one of the clearest and most effective proposals for the task, but one that is fundamentally designed to redistribute wealth in favour of Scotland’s working class and low paid majority.”

(Scottish Socialist Party)

A land tax

- 4.26 Approximately two-fifths of organisational respondents and a quarter of individuals supported a land tax. Policy, tax and economic interest groups and ‘other’ respondents were significantly more supportive of a land tax than others.
- 4.27 Respondents used different words to talk about land tax. Most talked of Land Value Tax, but others talked of Site Value Rating, Land Value Rating and a Location Benefit Charge. Often people appeared to mean slightly different things when describing these concepts, but they did not always describe the system they were commenting on. However, there was agreement that this would be a tax on land ownership.
- 4.28 Most respondents talking of a land value tax meant an annual payment by the owner of a sum based on the economic value of the land. Some talked of this being the economic rental value, while others talked of the land value. Most respondents who supported a land tax were in favour of this type of land value tax. However, a very small minority were in favour of taxing land at a flat rate per unit area.

“I am more in favour of a flat-rate-per-unit-area-of-land tax rather than a land value tax.”

(Individual)

- 4.29 Many respondents felt that a land value tax was possible because it wouldn’t discourage economic activity, and would instead encourage best use of land. A number of respondents stressed that the same amount of land would remain available, but people would not be prepared to pay more for the land, meaning that the value of the land would fall to reflect the tax burden. Some respondents, particularly individuals, pointed to the Mirrlees Review which highlights that the supply of property, especially land, is not very responsive to its price. This means it can be taxed without significantly distorting people’s behaviour. Some respondents highlighted that taxing land appeared reasonable because it was the equivalent to taxing rent on the land.

“The fixed (inelastic) supply of land means that its taxation is not distortionary, and these revenues could be used to reduce other distortionary taxes.”

(Individual)

- 4.30 The main benefits of a land value tax were felt to be:

- encouraging highest and best use of land;
- stimulating growth and development of derelict and brownfield sites;
- stimulating housing development and reducing land values over time;
- discouraging land hoarding;
- incentivising owners to put land to use;
- encouraging prosperous economic activity;
- reducing tax burdens on small and medium sized enterprises;

- taxing a commodity which is often given its value through public investment;
- its potential to be implemented in a progressive way, enhancing wealth distribution and tackling inequality.

“Our main proposition for reform is a move towards a system targeting land rent rather than property rent. This is based on sound economic principle, fairness, and practicality.”

(School of Economic Science)

“It is proposed that LVT in the long term would reduce the value of land, leading to lower house prices and mortgage borrowing, encouraging brown field sites back in to use, and reducing the likelihood of ‘land banking’ by businesses such as supermarkets.”

(NHS Health Scotland)

- 4.31 The Green Party indicated its support for a land value tax system, and a small number of other respondents referred to a report commissioned by the Scottish Green Party which proposes the abolition of council tax and business rates, and the introduction of a land value tax on all land in Scotland¹⁰.

“Any such taxation system should aim to deliver economic, social and environmental benefits, and we believe a system with a land value tax at its core is best placed to deliver these positive outcomes and the revenue required for vital public services.”

(The Scottish Green Party)

- 4.32 Scottish Land Revenues Group highlighted that there was a pilot of Land Value Tax in the east end of Glasgow in 2008 and indicated that conclusions were almost entirely positive¹¹. The Coalition for Economic Justice also drew attention to reports produced by Glasgow City Council’s Taxation Working Group in 2009, highlighting that land value tax, local property tax and hybrids of these two tax systems scored highest when assessing fairness, efficiency, predictability and local accountability. The Glasgow City Council Green Party Councillors Group also highlighted this evidence. It provided a report from Glasgow City Council’s Local Taxation Working Group, which recommended that the Scottish Government start planning for replacement of council tax with a local property tax, incorporating powers to gradually introduce land value tax elements.

- 4.33 A small number of respondents indicated that they felt that the land value tax system had the potential to replace all existing taxes. For example, Changing Communities felt that there were strong arguments that all taxes on producers (including income tax, national insurance, VAT, council tax and business rates) should be replaced or reduced by an annual land value tax. However, others felt that it could work well as part of a hybrid range of taxes.

- 4.34 The main concern that respondents had in relation to land value tax was that it would be challenging to introduce. A number of organisations felt that while the idea of a land value tax was interesting, there was limited solid data to enable the

¹⁰ www.andywightman.com/docs/LVTREPORT.pdf

¹¹ Further detail was not provided in the submission. However, a report is available online critiquing this pilot, [here](#).

system to be compared to other taxation systems. Some individual respondents pointed to the Mirrlees Review, which concludes that it would be difficult to determine the market price of land.

- 4.35 A number of respondents felt that it would be difficult to value land independently of what sits upon it, and that there was little data available on land sales for comparison. Some respondents, such as UNISON, indicated that it could take a long time to establish a register of land ownership and land values. Others had concerns that due to lack of data for comparison purposes, land valuations may be open to challenges.

“RICS acknowledges that Land Value Tax (LVT) has been tabled before and, notionally, the system appears reasonable and attractive. However, RICS would argue there is a lack of comparable data upon which to accurately set the values – comparable data is a key component in the mechanism of valuation.”

(RICS)

- 4.36 However, some respondents highlighted that 80 per cent of land was already registered for ownership, and pointed to methods of land valuation used in other countries, such as the USA. Some felt that the system could be straight forward to maintain once it was set up, provided there was sufficient lead in time and clarity on the method of land valuation.

- 4.37 There were also concerns that:

- the tax was not related to ability to pay;
- the tax may be difficult to explain and for people to understand;
- there may be a need for support for those who struggled to pay, until they sold their land;
- it may be challenging to establish how sites in mixed residential and business use on the same land would be assessed;
- land in the city may be much higher value than in the countryside, having an impact on those living in city areas;
- poorer households may be pushed out of high value inner city land, particularly if areas are regenerated, resulting in problems for the original communities in the area and issues around social cohesion;
- it may be challenging to establish how businesses operating from home should be assessed;
- it may lead to over-development on certain sites;
- it may impact on the sustainability of some land based businesses, particularly farmers (with concerns that farmers are already experiencing difficulties in a challenging economic climate).

“...we do not support Land Value Taxation, either as a replacement for or as an addition to council tax or Business Rates. Many land based business are already experiencing difficulties in this challenging economic climate, and any tax imposed on the value of the land could have negative implications for a number of industry sectors, including farming.”

(Scottish Land and Estates)

“There is an almost universal belief by farmers that high land prices are beneficial to farming. I contend that high land prices are a curse on farming.”

(Individual)

“Whilst it may, for example, encourage greater payment from large rural landholdings, it bears no serious relation to your ability to pay.”

(Scottish Socialist Party)

Other options

4.38 The main other option arising was a poll tax or community charge, suggested by a small number of individual respondents. Some individuals suggested that an individual charge might be fairer.

“The payment of services must be on a per capita basis, as we all receive these services.”

(Individual)

“The Poll Tax system could have been a success had the Government of the day operated a system of - ability to pay - this would be based on income. The Tax could be band based - determined by income - which would basically mean all people would contribute towards the costs of the community.”

(Individual)

4.39 However, a number of respondents highlighted that it was important not to consider a community charge/ poll tax/ per head charge of taxation, with this system being seen as a highly regressive form of taxation, which was unpopular and undermined by a number of administrative and enforcement difficulties.

4.40 A small number of respondents proposed new, unique domestic rating systems. For example, one individual proposed a new system based on establishing the average selling price, total rental value and local value of all properties within a ‘valuation area’ – which could be local authority area or smaller. Then, bands would be set based on property size and type, and charges made based on the location value.

4.41 Some organisations and individuals suggested hybrid options, using combinations of various different tax systems. The combinations were very varied, most commonly including a hybrid property and income tax.

4.42 A small number of other proposals were made, each from a very small number of respondents (one to three respondents):

- tourist taxes – suggested by a small number of respondents, but opposed by the British Hospitality Association, particularly in relation to bed taxes levied on visitors who stay in hotel accommodation;
- workplace parking taxes;
- taxes on internet retailers – to encourage fairness in competition with high street retailers;
- a localised VAT precept – to directly link economic performance to a tax revenue scheme, and provide local authorities to choose policy measures which increase local trading;

- localisation of non-domestic rates – with responsibility for rate setting moving to local level;
- direct charges for council services used – charging for services, on a graduated level so that wealthier service users pay more;
- environmental and consumption charges – based on waste or emissions - although more respondents suggested there could be environmental aspects to other taxes, such as a property tax; and
- tax on unhealthy ingredients – reducing the burden on NHS while raising tax income.

4.43 While a small number of respondents supported a localised VAT precept or sales tax, a similar number suggested that this would not be practical or desirable. There were particular concerns that this would be difficult due to the level of cross border and online shopping in Scotland.

“A local sales tax would be regressive and wholly undesirable.”

(Individual)

4.44 One organisation proposed a land use and energy use levy system, which it suggested implementing in addition to existing taxes. In summary, it proposed a levy on residential land values and energy use which would be redistributed equally as credits amongst the residential population. The outcome would be net transfer from those who own more land or use more energy, to those that own or use less.

5. Local Priorities

Introduction

- 5.1 This chapter explores responses to the third broad theme within the call for evidence, which focused on local priorities. Within this theme, the call for evidence posed two questions:
- 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?

How well do you think that communities' local priorities are accounted for in the way that local taxation operates at the moment?

- 5.2 Less than half (44%) of the organisational respondents commented on this question. No organisation felt that local priorities were well accounted for. Local government respondents were the most likely to comment on this question, with over two thirds responding.
- 5.3 Almost two thirds (62%) of individuals responded to this question. Of these, most (61%) felt that local priorities were not well accounted for. Just eight per cent felt that local priorities were well accounted for, and the remainder did not provide a definitive answer in their response.
- 5.4 Overall, respondents felt that there was a general understanding that council tax contributed to local authority service provision. A small number of local government respondents, particularly in rural areas, highlighted that it was beneficial that local tax was administered locally, providing a connection to communities. And one local government respondent indicated that, more widely, the reduction of ring fencing of funding from Scottish Government to local authorities had helped to better connect local decision making with local priorities.
- 5.5 However, most respondents felt that there was a disconnect between local priorities and the operation of local taxation. Key concerns included:
- the proportion of local government funding raised locally – which many felt should be closer to 50 per cent;
 - low awareness among communities that council tax and non-domestic rates income represent such a small proportion of overall funding for local government;
 - the council tax freeze – which many felt was undermining the link between local taxation and local communities, and contributing to cuts which were having major impacts on communities, particularly women and disabled people;
 - wider pressures on local authorities – with some feeling that councils are unable to do little more than minimum compliance with their statutory duties;
 - the centralised and top down nature of local taxation – determined nationally, and without local flexibility; and

- the regressive nature of the tax – meaning that poorer households are contributing a larger share of their income to local taxation.

5.6 A small number of individual respondents commented that they felt that their local council was not responding to local priorities, and expressed concerns about management and decision making locally. In particular, there were some concerns that council services focused largely on urban areas rather than rural areas. However, a similar proportion of individuals felt that their local council was doing reasonably well in attempting to reflect local priorities, despite financial and other pressures. Many indicated that it was very hard to judge how local priorities were accounted for within local government, as decision-making structures and processes were complicated and not always clear.

If there is room for improvement, how should things change?

Level of local taxation

5.7 Organisations had largely raised their concerns about the proportion of local government funding raised locally earlier in the consultation (see Chapter Three). Here, a small number of organisational respondents pointed to examples from across Europe, where empowered local governments could raise more than half of their own income.

“We believe that permitting local communities to have a greater say on local budgets is beneficial, provided the process is equitable, transparent and properly accounted. It is vital that rural areas of urban authorities are not forgotten.”

(Scottish Land and Estates)

“Local priorities cannot in any way be accounted for in the way that local taxation operates at present because local councillors, as discussed earlier, have no real control over local taxation.”

(Reform Scotland)

5.8 A small number of organisations suggested that specific measures, such as localising non-domestic rates and/ or the Land and Buildings Transaction Tax (LBTT) to local government, would help to better connect communities and taxation. COSLA indicated that it believed the challenges in connecting local taxation to local priorities could be addressed through a reformed local tax at national level, along with local discretionary tax-raising powers for local authorities.

5.9 Many individual respondents expressed strong views about the level of funding generated through local taxation. There were two very different fields of thought among individual respondents. Firstly, many individual respondents felt that it was important that more local government funding should be raised locally, to better connect local taxation with local decision making. Respondents suggesting that a higher proportion of tax be gathered locally felt that this would help to better connect local service delivery with local taxation, and help to involve and engage communities in local government decisions.

“It is impossible to discuss council tax without discussing the form of governance. At present, there is a disconnect between the delivery of services and the collection of money to pay for them.”

(Individual)

“Local priorities are best reflected in taxation which, based on ability to pay, is set and collected by local authorities. This also increases the likelihood of greater community involvement in local government and through increased interest and participation, a raising of standards and quality of representation and decision-making.”

(Individual)

“Local taxation seems to have very little to do with local priorities. Only a tiny proportion of total local government funding is collected through local taxation.”

(Individual)

- 5.10 Secondly, some individuals strongly disagreed with the idea of more tax being gathered at local level. This was largely because there were concerns that more affluent areas would always be able to gather more tax locally than those which were less affluent, meaning that inequalities could not be addressed. However, some also had concerns that it could cost more to deliver services in certain parts of the country, and that this should be balanced by national funding. A small number of organisational respondents raised similar concerns.

“I do not believe that local taxation meets the needs of local communities due to the areas in most need of extra services (social care, health etc.) being the least likely to be able to afford to pay for them and that funding from general taxation would be a fairer and more redistributive method of funding local authorities and one which would serve the people of Scotland far better than the current system.”

(Individual)

Community engagement and empowerment

- 5.11 Overall, organisations and individuals agreed that local community empowerment would enable local authorities to take more account of local priorities.
- 5.12 Organisations suggested that the new Community Empowerment Bill could provide a major driver in engaging with communities in discussions about local priorities. A number of organisational respondents also highlighted joint ways of working with communities which would be helpful, including co-production and participatory budgeting.
- 5.13 Some individual respondents suggested that there was scope for some funding to be devolved to a more local level than local authorities. A small number expressed concerns that local authorities were too large to reflect local priorities, and that often local people did not feel a connection to the local authority area. Others felt that local authorities could deal with some overarching issues (for efficiencies and economies of scale) but that some local issues would be best dealt with at a smaller, community level. These respondents suggested that funding could be devolved to community councils (or similar organisations) who could take responsibility for very localised services.

“There is justification for more, smaller organizations, who raise their own funds and have a much more interactive role with their community, who have more power to act, along with the associated visible fiscal responsibility.”

(Individual)

“Give community councils proper budgets and control over local spending and you'll have a much more engaged community who will see local elections as being of equal importance to national government elections. Smaller administrative areas would be required - local devolution if you like.”

(Individual)

- 5.14 A small number of organisational respondents also pointed to examples of more community involvement at local level working well in Europe, where some countries have smaller municipalities with local responsibilities. Many individuals felt that there should be more accessible and engaging ways for local people to participate in decisions about local spending, through participatory budgeting or similar approaches.

“There should be some means whereby council put forward expenditure proposals to the public. Currently councils simply tell the public this is how we are spending.

(Individual)

“Why not set aside a proportion of local taxes and ask people how it should be spent?”

(Individual)

“Why not have a proportion of nominated destinations of tax revenue or capital spend for, say, 10% of local taxation to specific general areas, such as education, or the NHS, or potholes (roads maintenance) which can be altered at will by individuals from one taxation period to the next?”

(Individual)

- 5.15 Equalities and third sector organisations stressed that in thinking about empowerment, it was important to ensure that everyone had the chance to participate in decision making, particularly including those who experience inequalities and disadvantage. A small number of organisations with a business focus also highlighted that it was important that businesses were considered to be part of local communities.

“A fair and just system of raising and spending local tax must... ensure that all members of local communities (including communities of interest within them) have a fair chance at determining spend.”

(Independent Living in Scotland)

Other issues

- 5.16 Respondents also highlighted three other issues which could help to improve the reflection of local priorities within local taxation systems.
- 5.17 Firstly, a number of individual and organisational respondents who supported a land value tax suggested that this tax in itself could help to better connect local priorities with local taxation.

“Any move towards greater local retention of the domestic property tax receipts will help bond the community with the local government infrastructure. However, this is especially true where the tax is mainly based on land value rather than building value. Expenditure that improves land value (local infrastructure, services, etc) will, to the extent that the local community values it, be recovered through increases in land value.”

(School of Economic Science)

- 5.18 Secondly, a small number of equalities and third sector organisations highlighted that there was a need for a rights based approach to service delivery – with clear information on the services councils provide, those they have discretion over, and those they won't provide. A number of individual respondents also suggested that clearer information would be useful.
- 5.19 Thirdly, a small number of organisations indicated that it was important to reduce public spending in the future. One organisation felt that it was important to embrace a preventative approach to reduce public spending (and achieve better outcomes). Another organisation was keen to see reductions in public spending through a system of charging individuals for the services that they used.

6. Further Information

Introduction

6.20 This chapter explores responses to the final theme within the call for evidence, which focused on further information. Within this theme, the call for evidence asked for information about any events, networks or other ways in which the Commission could keep the conversation about local taxation going.

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

6.21 Just a quarter of organisations and a third of individuals responded to this question. Local government bodies were most likely to respond, with almost half commenting. Suggestions included:

- ongoing, clear and early communication progress;
- maintaining an ongoing focus on the government's priorities of eliminating poverty and inequality, in all aspects of the Commission's work;
- ongoing engagement with local authorities through COSLA, the Scottish Local Government Partnership, SOLACE, CIPFA and Local Authority Directors of Finance;
- engagement with the Scottish branch of the Institute of Revenues Rating and Valuation, the Scottish Cities Alliance, Homes for Scotland, community planning partnerships, regional forums and other relevant stakeholders;
- holding events with interested stakeholders – as discussions progress, and once the Commission has produced an options appraisal, report and recommendations;
- holding community engagement events – with some areas such as North Ayrshire and Angus particularly keen to co-host a community engagement event; and
- providing a copy of the report of the findings of the Commission to all elected members electronically.

6.22 Many individuals suggested that a large scale consultation or debate was required, alerting everyone in Scotland to the potential changes and options available. Many felt that political interest and democratic involvement had increased recently in Scotland as a result of the referendum on independence, and that it was important to build on this through stimulating debate on local taxation. Individuals suggested that this could involve:

- a series of local events run by local authorities, community groups and individuals;
- opportunities to participate through online and social media surveys;
- surveys of all public sector workers (as email addresses will be easily accessible);
- information provision through TV, newspapers and mail drops;
- an email subscription list to keep interested people informed;

- engagement with new media such as Common Space, Bella Caledonia and The National Newspaper; and
- engagement with new political groups such as Common Weal, Scottish Left Project and Radical Independence.

6.23 More widely, other groups and individuals suggested:

- detailed consideration within the Commission on how Scottish Water might best be involved in the ongoing discussion around tax reform;
- including updates on the work of the Commission in the Scottish Land and Estates e-bulletin;
- networking through Scottish Property Tax Reform or the Citizens Advice Bureaux networks; and
- linking discussion on land reform and tax reform at national level.

6.24 A number of respondents simply highlighted that they would be pleased to answer any questions or attend further discussions about local taxation in the future.

Appendix One - List of Organisational Responses

A total of 80 organisations responded to the call for evidence. However, one of these organisations submitted a response significantly after the closing date. This was included within the qualitative analysis, but not within the quantitative analysis.

Seventy-seven organisations provided permission for the Commission on Local Tax Reform to publish their responses. These were:

Aberdeen City Council
Aberdeen City Council Liberal Democrat Group
Aberdeenshire Council
Action for Land Taxation and Economic Reform (ALTER)
Angus Council
Argyll and Bute Council
Army Families Federation
British Hospitality Association
Centre for Scottish Public Policy
Changing Communities
Chartered Institute of Taxation
Child Poverty Action Group
Church of Scotland
Chartered Institute of Public Finance and Accounting (CIPFA) and CIPFA
Directors of Finance Section (Joint response)
Citizen's Advice Scotland
Coalition for Economic Justice
Comhairle nan Eilean Siar
Common Weal
Convention of Scottish Local Authorities (COSLA)
Devolve
East Ayrshire Council
East Dunbartonshire Council SNP
East Lothian Council
Edinburgh Labour Group
Electoral Reform Society Scotland
Falkirk Labour Group
Federation of Small Businesses
Fife Council
Glasgow Labour Group
Green Group of Edinburgh Councillors
Green Party
Historic Houses Association
Homes for Scotland
Institute of Chartered Accountants of Scotland (ICAS)
Independent Living in Scotland (ILiS)
Inclusion Scotland
Institute of Revenues and Ratings and Valuations (IRRV)
Labour Land Campaign

Land Research Trust
Learning Disability Alliance Scotland
Low Incomes Tax Reform Group (LITRG)
National Carer's Organisations (Joint response)
NHS Health Scotland
North Ayrshire Council
North Lanarkshire Council
Policy Scotland
Radical Independence Campaign - Dundee
Reform Scotland
Renfrewshire Council
Royal Institution of Chartered Surveyors (RICS)
Scottish Action Against Council Tax (SAACT)
School of Economic Science
Scottish Assessor's Association
Scottish Association of Landlords
Scottish Borders Council
Scottish Cities Knowledge Centre
Scottish Empty Homes Partnership
Scottish Green Party Councillors
Scottish Land and Estates
Scottish Land Revenues Group
Scottish Licensed Trade Association
Scottish Local Government Partnership (SLGP)
Scottish Property Federation
Scottish Retail Consortium
Scottish Socialist Party
Scottish Water
Scottish Women's Convention
Scottish Council for Voluntary Organisations (SCVO)
Scottish Federation of Housing Associations (SFHA)
Shelter
Society of Local Authority Chief Executives (SOLACE)
Society of Local Authority Lawyers and Administrators in Scotland (SOLAR)
South Lanarkshire Council
Scottish Trades Union Congress (STUC)
UNISON
Wealthy Nations Institute
West Lothian Council

In addition, 124 individuals responded to the call for evidence.

Appendix Two – Demographic Information for Individual Respondents

Sex

Of 62 respondents:

- 48 were male
- 14 were female

Age

Of 68 respondents:

- 3 were aged 16 to 34
- 12 were aged 35 to 44
- 11 were aged 45 to 54
- 20 were aged 55 to 64
- 22 were aged 65 plus

Economic Activity

Of 62 respondents:

- 30 were working full time
- 28 were retired
- 4 were working part time

Household Composition

Of 65 respondents:

- 12 were single person households
- 44 were couples with no dependent children under 16
- 9 were couples with dependent children under 16

Household Income

Of 48 respondents:

- 2 had an income of £10,399 or less
- 4 had an income of £10,400 to £15,599
- 10 had an income of £15,600 to £25,999
- 11 had an income of £26,000 to £36,399
- 8 had an income of £36,400 to £49,399
- 5 had an income of £49,400 to £62,399
- 3 had an income of £62,400 to £77,999
- 5 had an income of £78,000 or more

Housing Tenure

Of 55 respondents:

- 33 owned their home outright
- 16 owned their home with a mortgage
- 4 rented from a private landlord
- 2 rented from a council or housing association

Council Tax Band

Of 48 respondents:

- Band A – 3
- Band B – 3
- Band C – 4
- Band D – 10
- Band E – 8
- Band F – 9
- Band G – 7
- Band H – 4

Ethnic Origin

Of 51 respondents:

- 35 identified as white Scottish
- 11 identified as white British
- 3 identified as white Irish
- 2 identified as 'other'

Geography

Of 64 respondents:

- 27 lived in an urban area
- 15 lived in a rural area
- 22 lived in an area with both rural and urban parts