



THE COMMISSION ON LOCAL TAX REFORM

WHAT'S THE FUTURE OF LOCAL TAXATION IN SCOTLAND?

Tell us what you think

We are an independent Commission that brings together expertise and experience from across Scotland to look at ways of delivering a fairer system of local taxation in Scotland. The Commission is chaired by Marco Biagi MSP, Minister for Local Government and Community Empowerment, and Councillor David O'Neill, President of the Convention of Scottish Local Authorities. The Commission will present its findings in late 2015. You can find out more information about our membership and remit at www.localtaxcommission.scot

We want to begin our work by hearing your views and suggestions about what happens now, and what the future might be.

This call for evidence is only our first step in listening to you. Any information that you give us now will help start the debate, but we also want this to be an ongoing conversation. Over the next few months we will be setting up different ways in which you can meet us or tell us what you think. A good way to find out about these is by signing up to our newsletter by following @localtaxscot on Twitter.

How to Respond

We will use your information to develop our work, and so what you tell us is really important. For that reason, we want to hear from you by **22 JUNE 2015**, or sooner if you can. *However, let us know if you need more time.* Please also feel free to share any other information with us.



You can complete and return this form electronically to:
evidence@localtaxcommission.scot



You can also respond online via our website:
<http://localtaxcommission.scot/initial-call-for-evidence/>



Alternatively you can post a copy of this form to:

The Commission on Local Tax Reform
Verity House
19 Haymarket Yards
Edinburgh, EH12 5BH

If you are responding as an individual we would be grateful if you could also provide some other information at the end of this form. This will help us develop an overall picture of the information we have. This is optional and will be used anonymously and remain strictly confidential.

If you have any queries please contact info@localtaxcommission.scot or call us on 0131 474 9332.

RESPONDENT INFORMATION

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

* I am responding as:	<input type="checkbox"/> An individual
	<input checked="" type="checkbox"/> An organisation/group
Name of Organisation (if appropriate)	<i>Reform Scotland</i>
Forename	<i>Geoff</i>
Surname	<i>Mawdsley</i>
Address	<i>7-9 North St David Street, Edinburgh</i>
Postcode	<i>EH2 1AW</i>
Telephone	<i>0131 524 9500</i>
Email	<i>Geoff.Mawdsley@reformscotland.com</i>
Do you consider yourself or your organisation as from or representing?	
<input type="checkbox"/> a rural area	<input type="checkbox"/> an urban area
<input type="checkbox"/> an area with both urban and rural parts	<input checked="" type="checkbox"/> don't know / not applicable
Would you be happy to be approached by the Commission for further discussion about your submission?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If you are responding as an individual:	
* Do you agree to your response being made available to the public on the Commission's web site?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
* If you have agreed to your response being made available to the public, please tell us if we may also make your name and address available. (Please select one option only)	
<input checked="" type="checkbox"/>	Yes, make my response, name and address all available
<input type="checkbox"/>	Yes, make my response available, but not my name and address
<input type="checkbox"/>	Yes, make my response and name available, but not my address
<i>If you are responding as an individual we would be grateful if you could provide some additional information at the end of this form. This is absolutely optional but will help us get an overall picture of the information we receive.</i>	
If you are responding as a group or organisation:	
* The name and address of your organisation will be made public on the Commission's web site. Are you content for your response to also be made available?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Which of the following best describes your organisation? (Please select one option only)	
<input type="checkbox"/> Community Group	<input type="checkbox"/> A business
<input type="checkbox"/> Local Authority	<input type="checkbox"/> A government department or agency
<input type="checkbox"/> Other public sector organisation	<input type="checkbox"/> A social enterprise
<input type="checkbox"/> Third Sector organisation	<input checked="" type="checkbox"/> Other (please specify)
<input type="checkbox"/> Professional body	<i>Charity - think tank</i>
Short description of the main purpose of your organisation:	
<i>Reform Scotland is a public policy institute or 'think tank' which was established as a separate Scottish charity, completely independent of any political party or any other organisation and funded by donations from individuals, charitable trusts and corporate organisations. Its objective is to set out policies in Scotland that deliver increased economic prosperity and more effective public services based on the</i>	

traditional Scottish principles of limited government, diversity and personal responsibility.

Tell us what you think

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

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

1. SCOTLAND'S CURRENT SYSTEM OF COUNCIL TAX

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

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

Reform Scotland cannot comment on the fairness or effectiveness of council tax as a form of taxation as this is not an area we have researched. However, we do disagree with the centrally-imposed freeze on council tax which has effectively removed control over this local tax from local authorities.

Although council tax is collected and spent locally, local authorities cannot change the rate, nor do they have control over how and to whom the tax applies - as those rules are also set by the Scottish Government. We believe that local authorities should have complete control over the tax - including the rates and bands. This would allow individual councils, should they choose, to retain, reform or replace it with another form of local taxation. Crucially, this would be a decision about a local tax made by a local authority for its local area, taking into account local circumstances and priorities.

As a result, 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 and therefore local councillors making decisions on local taxation are fully accountable to the local people affected by those decisions. At present, it is far from clear who is accountable for spending decisions made by local authorities - is it the councillors making those decisions, or ministers for removing their ability to raise additional income?

2. REFORM OF LOCAL TAXATION

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

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

Local authorities need far more control over their own expenditure and, as a result, this must extend beyond simply council tax, or a replacement for council tax.

Devolution and decentralising power should not end at Holyrood. The principle behind Devo Plus, which Reform Scotland advocates, is that all tiers of government should be responsible for raising the majority of what they spend, including local government.

Although there are two so-called local taxes in Scotland, council tax and non-domestic rates, the latter is set and controlled centrally, while the former is controlled centrally and the freeze means that councils also have no control over the rate.

As a result of these issues, in Scotland today 0% of tax revenue is under full local control. It is worth highlighting that according to the OECD's fiscal decentralisation database, in countries of a similar size to Scotland, such as Denmark, Finland and Norway, substantially more tax income is controlled locally. While we appreciate there is a limit to what powers the Scottish Government can devolve to local authorities since the Scottish Government itself does not have a great deal of control over tax revenue, we do believe that progress can be made.

Reform Scotland believes that council tax and non-domestic rates should be devolved to local authorities in full. This would allow local authorities to vary how and to whom the tax applies based on their own circumstances. Currently, there are net winners and losers in the central redistribution of Non-domestic rate revenue. To ensure that devolving business rates did

not create a situation where some councils suddenly receive more money and others less, Reform Scotland recommends that, in the first year of the operation, the Scottish Government grants to each council should be based on the grant they received the previous year, less the business rates collected from the council area in that previous year. Councils would then receive the revenue raised from business rates in their area, with the remaining part of their revenue grant adjusted to ensure no council was better or worse off. Each council would then have to decide whether to retain the business rates inherited or to seek to increase or reduce business rates for their area.

Councils would have an incentive to provide an attractive economic environment, but the decision would be up to them. For example, a council could seek to increase business rates which might have the effect of increasing income in the short term but is likely to lead to poorer economic performance and lower income from business rates in the longer term. However, the increase in local financial accountability is more likely to give councils an incentive to design business taxation policies and broader local economic development strategies to support the growth of local businesses, encourage new business start-ups and attract businesses to invest since this will benefit the council directly by increasing its income from business taxes.

In addition to devolving these taxes, once further devolution to Holyrood has occurred, we believe there is merit in devolving further taxes, as well as some welfare powers to local authorities.

3. LOCAL PRIORITIES

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

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

Local priorities cannot in anyway 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. Bby devolving council tax and non-domestic rates in full, local priorities and circumstances will be more fully taken into account. This will not lead to a postcode lottery when it comes to local taxation as local councillors will quite clearly be accountable for the decisions they make. If those decisisions are unpopular, local people will be able to vote them out.

4. FURTHER INFORMATION

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

This is an additional point that we would like to make which doesn't fit in any of the other answer boxes:

Reform Scotland believes that it would be useful for future editions of Government Expenditure and Revenue Scotland to separate out Scottish Government income and expenditure from local authorities' income and expenditure to allow the figures to be compared. For example, 'sales, rents, fees and charges' contribute roughly the same amount as council tax and non-domestic rates, but don't feature in GERS. It should be possible to set out clearly the total income streams for both the Scottish and local authority levels as well as total expenditure streams.

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

Commission on Local Tax Reform
Verity House
19 Haymarket Yards
Edinburgh EH12 5BH
0131 474 9200
email: info@localtaxcommission.scot
twitter: [@localtaxscot](https://twitter.com/localtaxscot)

ADDITIONAL OPTIONAL INFORMATION IF YOU ARE RESPONDING AS AN INDIVIDUAL

You do not have to provide this information but if you do it will help us build up a picture of the responses that we are receiving. All information that you provide will be used anonymously and will remain strictly confidential. It will not be made available to any other third party.

Are you male or female? Male Female Prefer Not to Say

What was your age at your last birthday? Please select your age

Do you have a physical or mental condition lasting or expected to last 12 months or more? Yes No Prefer Not to Say

Which of the following best describes you? Please select an option
Other

What kind of household do you live in? Please select an option

What is your household's total income from all sources over the last 12 months? *Please select one answer only*
Per week Per Year

Do you own your home, or rent it? Please select an option

If you know it, please tell us the Council Tax Band of this accommodation. Please select an option

What is your ethnic group? Choose one section from A to F, then check one box which best describes your ethnic background or group.

A WHITE

- Scottish
- Other British
- Irish
- Gypsy / Traveller
- Polish
- Other

B MIXED OR MULTIPLE

- Any mixed or multiple ethnic groups (please specify)

C ASIAN, ASIAN SCOTTISH OR ASIAN BRITISH

- Pakistani, Pakistani Scottish, Pakistani British
- Indian, Indian Scottish, Indian British
- Bangladeshi, Bangladeshi Scottish, Bangladeshi British
- Chinese, Chinese Scottish, Chinese English
- Other

D AFRICAN

- African, African Scottish, African British
- Other

E CARIBBEAN OR BLACK

- Caribbean, Caribbean Scottish or Caribbean English
- Black, Black Scottish or Black English
- Other

F OTHER ETHNIC ORIGIN

- Arab, Arab Scottish or Arab English
- Other

This document is available, on request, in easy to read, audio and large print formats, and in community languages. Please contact:

Aby otrzymać niniejszy dokument w innej wersji językowej, na kasecie lub w wersji z powiększonym drukiem, prosimy o kontakt:

اس دستاویز کی مزید کاپیاں آڈیو کیسٹ پر اور بڑے حروف کی چھپائی میں اور کیوٹی کی زبانوں میں طلب کیے جانے پر دستیاب ہیں، برائے مہربانی اس پتہ پر رابطہ کریں:

এই ডকুমেন্ট-এর (দলিঙ্গ) অভিন্নতা কপি, অডিও এবং বড় ছাপার আকার আকারে এবং সম্প্রদায়ের ভাষায় অনুরোধের মাধ্যমে পাওয়া যাবে, অনুগ্রহ করে যোগাযোগ করুন:

Gheibhear lethbhreacan a bharrachd ann an cruth ris an èistear, ann an clò mòr agus ann an cànan coimhearsnachd. Cuir fios gu:

इस दस्तावेज़/कागज़ात की और प्रतियाँ, माँगे जाने पर, ऑडियो टैप पर और बड़े अक्षरों में तथा कम्प्यूनिटी भाषाओं में मिल सकती हैं, कृपया संपर्क करें:

ਇਸ ਦਸਤਾਵੇਜ਼/ਕਾਗਜ਼ਾਤ ਦੀਆਂ ਹੋਰ ਕਾਪੀਆਂ, ਮੰਗੇ ਜਾਣ 'ਤੇ, ਆੱਡਿਓ ਟੇਪ ਉੱਪਰ ਅਤੇ ਵੱਡੇ ਅੱਖਰਾਂ ਵਿਚ ਅਤੇ ਕੰਮਿਊਨਿਟੀ ਭਾਸ਼ਾਵਾਂ ਦੇ ਵਿਚ ਮਿਲ ਸਕਦੀਆਂ ਹਨ, ਕ੍ਰਿਪਾ ਕਰਕੇ ਸੰਪਰਕ ਕਰੋ:

此文件有更多備份，如果需要，語音版本和大字體版本及少數種族語言版本也可提供，請聯絡：

يمكن أن تطلب النسخ الأخرى من هذا المستند كالتسجيل الصوتي والخط المكبر ونسخ بلغات أخرى، يرجى الإتصال على:

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