

## 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>South Lanarkshire Council</i>	
Forename		
Surname		
Address		
Postcode		
Telephone		
Email		
Do you consider yourself or your organisation as from or representing?		
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
a rural area	an urban area	an area with both urban and rural parts
		<input type="checkbox"/>
		don't know / not applicable
Would you be happy to be approached by the Commission for further discussion about your submission?		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>If you are responding as an individual:</b>		
* Do you agree to your response being made available to the public on the Commission's web site?		<input type="checkbox"/> Yes <input type="checkbox"/> No
* If you have agreed to your response being made available to the public, please tell us if we may also make your name and address available. (Please select one option only)		
<input type="checkbox"/> Yes, make my response, name and address all available		
<input checked="" 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>		
<b>If you are responding as a group or organisation:</b>		
* The name and address of your organisation will be made public on the Commission's web site. Are you content for your response to also be made available?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Which of the following best describes your organisation? (Please select one option only)		
<input type="checkbox"/> Community Group	<input type="checkbox"/> A business	
<input checked="" type="checkbox"/> Local Authority	<input type="checkbox"/> A government department or agency	
<input type="checkbox"/> Other public sector organisation	<input type="checkbox"/> A social enterprise	
<input type="checkbox"/> Third Sector organisation	<input type="checkbox"/> Other (please specify)	
<input type="checkbox"/> Professional body		
Short description of the main purpose of your organisation:		
<i>Provision of local government services</i>		

## Tell us what you think

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

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

### 1. SCOTLAND'S CURRENT SYSTEM OF COUNCIL TAX

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

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

*In respect of the current Council Tax system, the Council believes that it has a number of strengths - especially in relation to ease and cost of collection and stability and certainty of revenue. Property - to an extent - can also be seen as a proxy for wealth and the Council believes that there is a general relationship between property values and ability to pay. It believes that the main issues with it relate more to the reduction in local accountability through the imposition of the Council Tax freeze and the lack of any revaluation since 1991.*

*The Council notes that the Welsh Assembly has retained the Council Tax and has undertaken a property revaluation in 2003 with the bands being reset and revised and the creation of an extra band - Band I for properties valued at £424,001 and above. It has noted that as a result of the increase in property values since 1993, 40% of properties in Wales changed bands - with only 8% moving down - and that overall this led to a 4% rise in local government revenue.*

*It also notes that in Northern Ireland domestic rates have been retained with both a regional and district rate applied to the rateable capital valuation of a property. There the rateable values are based on values on January 1st 2005. There is a maximum capital valuation of £400,000 with any additional value over this being disregarded.*

*The Council believes that the current system would be improved by:-*

- (a) ensuring regular statutory revaluations that were difficult to postpone*
- (b) due to the length of time since the last revaluation that appropriate transition funding is to put in place to "cushion" the impact of the change*
- (c) increasing the number of Council Tax bands and revisions to the banding ratio to provide a more progressive structure. A further option could be to allow councils to set their rates for the higher bands - subject to a limit on the overall banding ratio to increase the potential for increasing local choice and accountability.*
- (d) At present there are 28 different Council Tax discounts and exemptions available covering an extensive range of circumstances. Their award can be based numerous and varied circumstances including, household composition, property condition or indeed the health of the householder. Within SLC the reduced charges resulting from them represents £17mn (12.8% of net income due). The vast majority of the current discounts and exemptions have been in place since the introduction of Council Tax and any review of the local taxation system should include a review of their continued suitability and appropriateness in the current period. In relation to the Single Person Discount, it should also be pointed out that the latest household projections suggest that the number of single person households in South Lanarkshire will rise from 34% of all households now (48,083) to 42% (65,154) by 2037.*
- (e) the ending of the collection of the Water Charge alongside council taxation to avoid the current confusion in people's minds which sees them view the whole bill as relating to 'the cost of the council' and tending not to recognise the separate Scottish Water element - which has been rising whilst the Council Tax has been frozen and this has meant that of the bill they receive 27.5% relates to Scottish Water now compared to 24.8% in 2006-2007.*
- (f) consideration of branding the reformed system as perhaps the "Scottish Local Services Levy".*

## 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?*

*The Council is aware of the various potential local taxation options. In relation to a Local Income Tax, it believes that wealth, as well as income, should be taxed and is concerned that an additional Income Tax is a disincentive to work - which would harm the economy. Local Income Taxes are also a more volatile funding stream for services as their capacity to generate revenue changes as the economy changes. There would also be challenges - as is being experienced at present - in identifying Scottish taxpayers to provide an accurate tax base.*

*It believes that a centrally set Local Income Tax would do nothing to improve local accountability and would result in more centralisation. It would also provide no incentives to councils to focus on promoting growth and development in their area.*

*A Local Income Tax with rates set by Councils - whilst it would increase accountability - would be more complex and expensive to collect and maintain and would also have to resolve the question over whether it relates to where individuals live or where they work. This could create major issues in seeking to identify where people live and work.*

*The Council believes that property based taxes are a more suitable model for funding local services and it has considered the potential around some version of a Land Valuation Tax.*

*It recognises that amongst its positive features would be the relative ease and cost of collection and stability and certainty of revenue. Property - to an extent - can also be seen as a proxy for wealth and the Council believes that there is a general relationship between property values and ability to pay. With no exemptions for neglected or abandoned land, it would provide the incentive for owners to put the land to legitimate use or dispose of it as soon as possible and so incentivise growth and development. It notes that the Scottish Government Land Reform Review Group called for work to be done to consider introducing a Land Valuation Tax.*

*The main issues around it would be around the difficulty of trying to value land separately from what sits on it and the need for some form of tax deferment for those who would suffer hardship due to additional tax liability under the new system until they sell their land.*

## 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?*

*The Council believes that at present - with the Council Tax freeze and with the increasing imposition of national uniform standards and levels of service - the ability of local government to reflect local priorities through the local democratic process is severely limited. The danger of the current situation is that we may be moving from local government to local administration and - in this context - the Council is concerned that, for example, a centrally set Local Income Tax rate would reduce local accountability even further and with centrally set business rates could effectively sever all links between local agreed priorities, accountability and local taxation.*

*It believes that only with greater freedom of councils to raise more of their funding and a willingness to allow local solutions to be developed that reflect locally agreed priorities, will the ability to improve the lives of individuals and the situation in communities be deliverable and generate meaningful citizen-led change.*

*The Council was one of the pilot areas in relation to Participatory Budgeting involving local people in making decisions on the spending and priorities for a defined public budget - in this case in a community safety context - giving people a direct say in how and where public funds can be used to address local needs.*

*The strengths identified by the Council of this approach were its ability to engage local residents, build their capacity and involve them in monitoring and evaluating the delivery of projects*

*Through the South Lanarkshire Community Planning Partnership an initial expression of interest has been made to the Scottish Government seeking its support in exploring in more detail how this and similar approaches could be explored from either an area or thematic based perspective.*

*Our experience to date is that Participatory Budgeting is quite time intensive, and concerns exist about whether this can be justified during the current financial climate - particularly within local authorities - and the additional demands being placed on staff. However, it is seen as having the potential to be an important step in developing and embedding co-production models of service development and delivery and in informing the Partnership's Change agenda.*

#### **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.**



## **South Lanarkshire Council Formal Response to Commission on Local Tax Reform**

On behalf of the Council I would like to thank you for providing the opportunity for us to input into your work on considering ways of delivering a fairer system of local taxation for Scotland.

The Council's Executive Committee considered the issue at its meeting on the 24<sup>th</sup> June 2015 and agreed the attached response to the questions you have posed.

The Council welcomes the principles adopted by the Commission to guide its work in this important area and its intention not to be restricted by the current practices or pre-existing positions regarding any potential alternatives and that it will be independent, open, inclusive and accessible in how it carries out its work.

The Council regrets that the Commission has not also been asked to consider alternatives to non-domestic rates or to take forward the recommendation of the Commission on Strengthening Local Democracy for a fundamental review of structure, boundaries, functions and democratic arrangements for local governance. It believes that it would have been useful if the Commission's remit had also included the wider issues around Local Government finance and the balance of powers between central and local government.

As a result of these limitations in the existing remit, the Council does not believe that the outcome of the work of the Commission is likely to deliver a sustainable framework for the financing of local government nor will it underpin the commitment to delivering improved outcomes for individuals and communities – especially in relation to tackling the key issues of poverty, inequality and sustainable economic growth.

In order to achieve these outcomes, the Council believes that the Commission remit would have to go beyond the role and form of local taxation and cover areas such as:-

- (a) the allocation of resources between public bodies and sectors tasked with delivering improved outcomes at a local level;
- (b) the balance of funding between locally generated income and central government support
- (c) a wider review of the range of revenue streams for local government, including Non Domestic Rates, and to come forward with proposals based on improving local accountability and fairness; and
- (d) review the current formula driven methodology used to allocate funding across services towards a more outcome based approach.

Yours sincerely