Local Government and Communities Committee

Consideration of the Council Tax (Substitution of Proportion) (Scotland) Order 2016

Submission from the Scottish Local Government Partnership

1. Overall, do you support the principles of the Government's plans to reform Council Tax?

   The Scottish Local Government Partnership (SLGP) is supportive of Council Tax reform, however, the amendments proposed by the Scottish Government in the draft SSI, being limited to the multiplier, do not fully address the deficiencies in the existing Council Tax arrangements.

   The SLGP believes that the Council Tax changes being proposed to nationally redistribute funds raised by the changes across council areas breaks the fundamental link between local taxation and local spending priorities by using Council Tax revenue to fund national priorities. The proposal to redistribute funds raised locally between other authorities undermines the principal of local taxation and breaks the link between local taxation and accountability.

   The SLGP supports the full control of council tax income and spending being returned to the local level and that future proposals in relation to local taxation should have no restrictions which weaken the link between local taxation and accountability.

   In summary, the SLGP believes that the proposed decision to take locally raised funds and to reallocate them across other council areas undermine the link between local democracy and the ability of councils to raise and direct local taxation for local priorities.

2. To what extent will the Government's proposed reforms make the system of Council Tax fairer?

   The principal of increased Council Tax charges for those in higher banded properties is a basic amendment to improve the distribution of the Council Tax burden.

   The extension of the Council Tax Reduction scheme and increase in Child Premium goes some way to alleviate the burden of increased charges for those residents in high banded properties with limited ability to pay.

   The SLGP believe that opportunities to further improve the fairness of local property tax system have been missed, specifically by reforming:

   o The outdated valuation banding model with property values dating from 1991 with the opportunity missed to use readily available software to undertake revaluations in a short period.
Discounts, exemptions and disabled relief categories based on status which are not related to ability to pay and have remained relatively unchanged since the introduction of council tax despite significant changes in the composition of households and specifically the increase in the number of single person discounts claimed.

The fact that there are still only 8 bands with the multipliers still not addressing the significant gap in the value of properties between Bands A and H. This missed opportunity further highlights the fact that the proposed changes are only at the margins and do not go far enough in the reform of council tax.

3. To what extent will the changes be straightforward for local authorities to implement?

The SLGP is extremely concerned that the Scottish Government has not yet addressed the issue of the arrangements for joint Council Tax, Water and Wastewater billing and whether the amendment to the multiplier for Council Tax will also apply to Water and Wastewater. If dual multipliers are to be maintained, this will present an additional and significant challenge for software suppliers and be extremely challenging to implement in time available.

Whilst software suppliers have advised that main software amendments should be deliverable it should be noted that they have also indicated that any further changes will be very challenging and will present a risk to council’s ability to issue Direct Debit statements of changes and Council Tax bills within the required timescales.

The changes being proposed will result in additional administration for Councils and it is important that this is recognized and that sufficient funds are made available to support it over the long term.

The SLGP has real concerns that the changes in relation to CTR will result in the historic linkages between the process of Housing Benefit and CTR will be broken resulting in significant increases in the combined administration of them.

Whilst this questions seeks commentary on the ease of implementation within councils we cannot ignore the significant risk to claimants. In addition to the fact that the changes will result in confusion, the requirement to claim for CTR for the first time ever for a number of individuals and the probability that in the future they may have to complete separate forms for housing benefit and CTR as the links start to be broken, will add to public concern.

4. Do you support the Government’s planned changes to Council Tax reductions?

The extension of the Council Tax Reduction scheme to support low income households in Bands E and above is welcomed.
The SLGP believes that the Scottish Government needs to acknowledge and provide financial support to ensure that the CTR system can cope with the anticipated increase in the CTR caseload both in relation to the increases in payments made and the administration. The SLGP believes that the Scottish Government must recognise and fund efforts of local authorities in promoting uptake of Council Tax Reduction, particularly for customers who have not previously qualified for the scheme or for customer groups, such as pensioners, where take-up is traditionally low. This will be critical in ensuring that the protections in place for low income households are delivered.

5. Please add any other comments on any aspect of the proposed reforms.

The SLGP believes that the Scottish Government must undertake a publicity campaign to advise Council Tax payers in Bands E to H of the increase in charges from April 2017, clarifying that the amendments to multipliers are a Scottish Government and not a local authority decision and of its decision to reallocate funds raised in any council area to other council areas to support its national policy. Given that we are required, and do so via the council tax leaflets, to demonstrate accountability for taxes raised locally and the associated spend, and given that the income from the CT bandings increase will be re-distributed, will the government provide the accountability narrative to us all individually or do something at a national level?

The financial impact of the changes in Council Tax bandings on local government settlements are still unknown. It is vital that the proposed distribution methods must be fully consulted upon, and the impacts on councils taken into account in the implementation plans.

Failure to properly address the issue in relation to Water and Wastewater could result in significant issues in relation to fairness. Possible suggestions of reducing charges for lower bandings to maintain the overall sum paid to Scottish Water will result in significant increases in Bands E-H and will particularly be unfair to asset rich cash poor households in this group.