Local Government and Communities Committee

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

Submission from Reform Scotland

Reform Scotland is delighted to respond to the committee’s call for evidence.

Reform Scotland believes that there should be an attitude towards taxation in Scotland that supports devolution of tax beyond Holyrood where appropriate. This recognises that communities across Scotland are different with differing needs and priorities. Therefore, there needs to be a balance between central and local government with a presumption in favour of power being exercised as close to those affected as possible. Power is, in our view, too centralised at present and the top-down, uniform approach this encourages has failed to deliver adequate social and economic progress. This is why decentralising reform, which empowers local communities and people, is the best way forward.

Fiscal autonomy and control over revenue-raising powers are essential to this process of enhancing local accountability and ensuring services are more responsive to the needs and preferences of local people. Currently, local councillors have no real control over local taxation so have little room for manoeuvre. Reform Scotland, therefore, would like to see Council Tax and Non-Domestic Rates being fully devolved to local authorities so that they would have the ability to take local priorities and circumstances more fully into account. This would also allow individual councils to choose the structure of local tax most appropriate for their area.

We are disappointed that the Scottish Government has not taken the opportunity to give local authorities more control over their own taxation. While we are pleased that the council tax freeze has ended, we would prefer to see local authorities given the ability to make their own decisions about bandings and to whom and how their own local tax applies, rather than the Scottish Government deciding on these things.

However well-intentioned it is to increase funding on education to close the attainment gap, the decision to do this by the Scottish Government taking money from the new council tax bands to then re-distribute is wrong. This policy would end the link between local taxation and local people. Council Tax is supposed to be a local tax that is raised by local politicians, accountable to their electorate, to pay for services in their area. This is a vital part of local democracy and should not be weakened.

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