Local Government and Communities Committee

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

Submission from West Dunbartonshire Council

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

The principal of the ending of the Council Tax freeze and the generation of additional Council Tax yield in general is supported.

However by setting a cap the Scottish Government continue to exert an unwarranted level of centralised control over local authorities and the democratic right of local authorities to raise taxes to deliver services needed and wanted by the local community. This is particularly the case when the tendency in recent settlements has been towards more “ring-fencing” or “protection” of elements of Council services. In addition this ability to increase Council Tax by 3% will not afford Councils any additional funding – as it is aligned with a removal of funding aligned to support the previous Council Tax freeze. In the current financial climate the ability of Councils to raise appropriate levels of taxation income should be an important option for elected members to continue to provide services and support communities. This does not mean that Councils shouldn’t be challenged to be more efficient and effective in their use of funds.

The principal of increasing the tax yield by increasing the upper band ratios, whilst not an ideal means to generating additional yield does have a degree of logic in terms of the likely higher financial capacity of people living in more valuable houses to pay more. However this is not always the case and some people may not have high levels of income despite living in a “valuable” house. Again, it is disappointing that this additional yield is planned to be ring-fenced for a particular purpose.

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

The revised approach is likely to be fairer in terms of reflecting ability to pay – as the upper band increases would lead to those that are “better off” being asked to provide more funding to support services, than those that are less well-off, as reflected in the Council Tax bandings as a proxy for wealth.
The approaches being used are not “fairer” in terms of returning democratic accountability to local Councils, as the removal of the freeze being substituted with a cap which offsets lost Scottish Government funding; along with an increase in charges which is then ring-fenced for a specific purpose – does not help Councils in raising required funds to provide services. This will almost certainly result in further reductions in services being provided for residents – may be viewed as being “unfair”. Returning the control of Council Tax to local authorities in an unfettered manner would be a fairer way to operate in a democratic system which, on the face of it, has a role for local communities to decide what services they want and are willing to pay for.

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

The increase in the values of the top bandings should be easy enough to implement, as well any increase applied to Council Tax as a result of the ending of the freeze. Presumably the Scottish Government will come up with a methodology of distribution of the additional yield generated by the increase in values of the top end bandings.

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

The targeted relief for residents on lower income levels in the higher bandings is helpful and appears logical, given the potential significant increases in Council Tax charges for people in these bandings.

In terms of the proposed change around child premium it is unclear as to the logic of this. It seems it will benefit increase for everyone with a child, so it’s not clear if this is “fair” as those on higher incomes (per the proxy of having more valuable homes) are more likely to not need support to be able to afford to maintain their children. Perhaps a means-tested approach to this would be fairer and reduce the anticipated annual cost.

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

Nothing additional

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