Local Government and Communities Committee

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

Submission from East Lothian Council Labour Group

I am writing to you on behalf of East Lothian Council Labour Group in response to the Scottish Government’s Council Tax Reform Proposals. As one of the roles of the Committee is to consider and report on Local Government issues amongst other areas we are submitting our response to highlight the impact that we believe these proposals will have on East Lothian Council.

There are two areas of real concern to us, which are the central policy direction of local taxation and breaking the link to local spending.

The SPICE paper on Scottish Government Proposals for Council Tax Reform states the reforms of Bands E-H will generate £100million in revenues. It also indicates that East Lothian Council will raise an additional income of £2.8million as a result of the changes. It is of real concern to us that local taxation raised in East Lothian will be used to pay for centrally determined policies. We believe that this is not the role or the purpose of local taxation.

We oppose the decision to claw back and re-direct the £2.8million of revenues that will be raised by East Lothian Council to fund educational attainment across Scotland. We strongly believe that this breaks the link between local democracy, local taxation and accountability to local communities for spending those resources in their local areas. For the first time in its history and, indeed, the history of local taxation in Scotland, Council Tax raised in East Lothian will effectively be used to fund expenditure by central government.

We do not believe that the re-direction of these funds to raise educational attainment is being done in either a fair or equitable way. Only 95% of schools will receive funds through the formula that is being proposed by the Scottish Government. Some Local Authorities like East Lothian Council will not see the full revenues raised in East Lothian come back to East Lothian.

The Scottish Government had a range of options at its disposal, including its own substantial tax raising powers, and should have drawn on these in order to raise funds for raising educational attainment instead of using local taxation.

Like other Councils we have maintained a Council Tax freeze for the past nine years. This has placed huge financial constraints on East Lothian Council during a time were the demand for local services has been increasing.
The National Records of Scotland (NRS) highlight East Lothian Council as one of the fastest growing Local Authorities in Scotland. The NRS project that the East Lothian population will be 23.3% higher in 2037 than it was in 2012. In contrast the equivalent figure for the entire country is just 8.8%. With an increase in demand for local services re-directing revenues raised by East Lothian Council is wholly the wrong direction to pursue.

We cannot stress our concerns strongly enough on these proposals. We would ask the Committee to robustly present our concerns.

Cllr Shamin Akhtar
Secretary of East Lothian Council Labour Group