

# Local Government, Housing and Planning Committee

## 27th Meeting, 2022 (Session 6), Tuesday 14 November 2023

### Council tax freeze

1. At its meeting on 24 October the Committee agreed its pre-budget scrutiny letter to the Scottish Government. The letter included an invite to the Scottish Government to give evidence to the Committee on the impact of the council tax freeze.

2. The purpose of this paper is to provide information to inform the Committee's evidence session with the Minister for Community Wealth and Public Finance on the impact of the council tax freeze.

### Background

3. The focus of this session is the council tax freeze, but the session was prompted by concern about the impact of the council tax freeze on the Committee's wider work on the Verity House Agreement and New Deal with Local Government more generally.

4. The Verity House Agreement is a partnership agreement between the Convention of Scottish Local Authorities (COSLA) and the Scottish Government "setting out our vision for a more collaborative approach to delivering our shared priorities for the people of Scotland." It was published on 30 June 2023 and forms the first part of the new deal with local government.

5. Under the Verity House Agreement, COSLA and the Scottish Government have agreed three shared priorities—

- tackling poverty;
- just transition to net zero; and
- sustainable public services

6. The Scottish Government committed to completing certain strands of work by the end of September 2023 and the Deputy First Minister wrote to the Committee on 3 October 2023 to update it as follows—

- Improved engagement on budgetary matters:
  - Pre-budget engagement, at both official and political level, is well underway, and will continue, in preparation for the Scottish Budget in December.

- A Fiscal Framework between local and national government, of which regular budget engagement will be a key part:
  - Constructive further discussions took place in July and August, with options for different approaches being considered by COSLA, including at the COSLA Convention on 29 September.
  - Further work is expected up to the Scottish Budget with a view to reaching agreement as soon as possible.
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- A shared programme of activity underneath each of the three priorities:
  - This will focus on the period between now and the next Scottish Council Elections in 2027.
  - Wide-ranging and constructive discussions have taken place between local and national government officials throughout August and are continuing to be taken forward in key areas by policy leads.
  - Early conversations have taken place with Audit Scotland and the Accounts Commission Scotland to explore their role in this work. Further work is expected over the coming months to deliver a robust shared programme with an outcomes and accountability framework as soon as possible.

7. The Minister for Local Government Empowerment and Planning confirmed in oral evidence in September 2023 that the outcomes and accountability framework would be published by February 2024.

8. The Committee expects to consider the Fiscal Framework, the outcomes and accountability framework, and other related areas of work in due course.

9. It should be noted, however, that this progress and projections of progress all took place prior to the council tax freeze announcement.

### **Council Tax Freeze**

10. On 17 October the Scottish Government announced its intention to freeze council tax rates for the coming financial year. This would mean that council tax would be frozen until April 2025. The Scottish Government also committed to fully funding the freeze to ensure councils can maintain their services.

11. The following day (18 October) COSLA expressed considerable disappointment about the announcement. COSLA stated that:

- It had not been made aware of the announcement prior to it being made,
- there had been no agreement from councils to the council tax freeze and moreover that such decisions should be left to local authorities to make.
- the decision flew “in the face of the Verity House Agreement”.
- “... previous council tax freezes have been regressive, having no impact for the poorest in society and eroding the council tax base, compounding councils' ongoing underfunding.”

12. Since the announcement and COSLA's response to it, the Scottish Government has reiterated that its objective is to freeze the council tax and that negotiations are ongoing with COSLA.

13. This announcement, and the response to it, came after the Committee had concluded its evidence taking on pre-budget scrutiny this year. As such, without the opportunity to take any evidence on the decision, the Committee concluded that it could not draw any conclusions on the impact of the council tax freeze on local government budgets and the Verity House Agreement.

14. However, the Committee agreed to invite the Scottish Government and COSLA to give evidence to it at its meeting on 14 November to consider the impact of the decision on local government budgets and more generally on the Verity House Agreement.

15. The Committee will take evidence from the Minister for Community Wealth and Public Finance at this meeting. COSLA was also invited to attend, but is not able to attend. The Committee hopes to hear from COSLA at a future meeting.

### **Focus of the session**

16. At this meeting, the Committee will explore with the Minister the impact of the council tax freeze on:

- the relationship between local and national spheres of Government and in turn the Verity House Agreement;
- progressing the New Deal with Local Government more generally
- local government budgets.

### **Next steps**

17. The Committee views this session as part of its ongoing work on New Deal with Local Government. As noted earlier, the Committee hopes to hear from COSLA in the coming weeks on the impact of the council tax freeze. In addition, on 19 December the Committee will hold a session with academics to get an external perspective on the Verity House Agreement.

18. The Committee will also hold sessions in January on the Scottish Government's budget and its impact on local government.

**Clerks to the Committee,  
November 2023**