

ANGUS COUNCIL

MEETING OF ANGUS COUNCIL – 18 JUNE 2015

ANGUS COUNCIL RESPONSE TO THE COMMISSION ON LOCAL TAX REFORM

REPORT BY THE HEAD OF CORPORATE IMPROVEMENT & FINANCE

ABSTRACT

This report sets out a proposed Angus Council response to a recent call for evidence issued by the Commission on Local Tax Reform. The proposed response is an officer based view and members may wish to amend this prior to its submission to the Commission.

1. RECOMMENDATION(S)

It is recommended that the Council:

- a) note the background to the Commission and its call for evidence as set out in this report;
- b) consider the proposed response attached as Appendix 1 and approve it for submission to the Commission with or without amendment.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes as a whole to the local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016. Local Tax arrangements are fundamental to the operation and financial arrangements of the Council and impact on the extent to which the Council is able to deliver on the plans and key outcomes which have been agreed.

3. PROPOSALS

3.1 Background

As members may be aware there have been numerous reviews of the funding and taxation arrangements for local government services in recent years. In February 2015 the Scottish Government set up a Commission (The Commission on Local Tax Reform) to examine this area again primarily in light of concerns about the current Council Tax system.

The Commission is co-chaired by Marco Biagi MSP, Minister for Local Government and Community Empowerment and Cllr David O'Neill President of COSLA and its membership is drawn from across the political and academic spectrum.

3.2 Commission Remit

The Commission on Local Tax Reform's remit is to:

"identify and examine alternatives that would deliver a fairer system of local taxation to support the funding of services delivered by local government. In doing so, the Commission will consider:

- *The impacts on individuals, households and inequalities in income and wealth*
- *The wider macro-economic, demographic and fiscal impacts, including housing market and land use*
- *The administrative and collection arrangements that apply, including the costs of transition and subsequent operation*
- *Potential timetables for transition, with due regard to the 2017 Local Government elections*

- *The impacts on supporting local democracy, including on the financial accountability and autonomy of Local Government*
- *The revenue raising capacity of the alternatives at both local authority and national levels.*

In conducting its work, the Commission will engage with communities across Scotland to assess public perceptions of the emerging findings and to reflect this evidence in its final analysis and recommendations.

3.3 Call for Evidence

The Commission has recently invited organisations and citizens in Scotland to get involved in its work and the debate on this important issue by issuing a call for evidence. There are 2 methods of engagement at present:-

- A short online survey can be completed via the Commission's website
- A written submission can be made using the Commission's questionnaire (the subject of this report and Appendix)

The Commission may also undertake regional evidence gathering sessions from across the country where local people can get involved in the discussion and debate. Further information on the Commission, its membership and its work can be found at <http://localtaxcommission.scot>.

3.4 Proposed Angus Council Response

Local taxation and the funding of local government services is a challenging and often highly political area and different groups have their own preferences in terms of options for reform. In addition any system of taxation involves compromises so views about what is "best" will vary. The proposed Angus Council response attached as Appendix 1 is an officer view of the issues which tries to look at things from first principles and reflects on the pros and cons of current arrangements. Appendix 1 is therefore based on the perspective of officers who have to work within the current system and who would have to administer any new arrangements which were introduced and may not therefore adequately reflect at present concerns or issues which members may wish to have reflected in the final submission to the Commission. Members of the Council are therefore invited to approve the attached response with or without amendment.

4. **FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report. There could be wide ranging implications for the Council's finances from changes to current arrangements but this will depend on the outcome of the Commission's work and any changes subsequently implemented by a future Scottish Government.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

REPORT AUTHOR: IAN LORIMER

EMAIL DETAILS: Finance@angus.gov.uk

F:\Finance\Divisional Admin\Admin\Ian\Council & Committees\Committee Reports by IL or with IL Comments\2015\Council\Development of Priority Based Budgeting.doc