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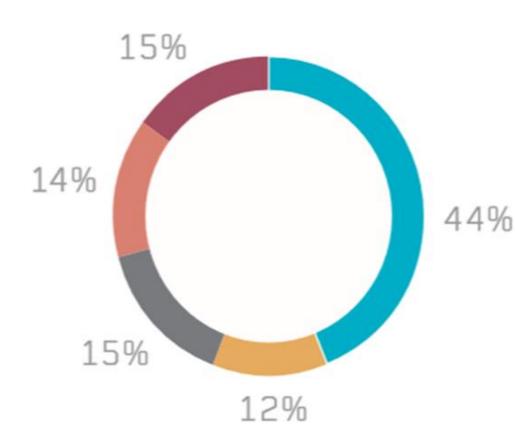


## Local Government Funding

Revenue Funding	2016-17	2017-18
	£ million	£ million
General Revenue Grant	6,848	6,762
Non Domestic Rate Income	2,768	2,665
Specific Revenue Grants	91	211
Total Revenue	9,612	9,527
Capital Funding	607	786
Total Funding	10,314	10,425



### LOCAL GOVERNMENT REVENUE INCOME BY SOURCE



Council Tax accounted for 12% of total local government revenue income in 2013/14

#### 2013-14

General	
Revenue Grant	£7,225,000,000
Council Tax	£1,981,000,000
Non	
Domestic Rates	£2,435,000,000
Customer and	
<b>Client Receipts</b>	£2,327,000,000
Other Income	£2,513,000,000



#### WHAT DOES COUNCIL TAX FUND?



EDUCATION	33%
CULTURAL & RELATED SERVICES	5%
SOCIAL WORK	27%
ROADS & TRANSPORT	5%
ENVIRONMENTAL SERVICES	6%
PLANNING & ECONOMIC DEVELOPMENT	3%
CENTRAL SERVICES	5%
NON-HRA HOUSING	16%
TRADING SERVICES	<b>&lt;1</b> %
	<10



# Equalisation

- Distribution of General Revenue Grant between 32 Local Authorities
- Formula Based
- Takes account of list of factors population, deprivation, rurality and .....
- Each Local Authority's domestic property tax base



### Net Revenue Expenditure per Head Population by Local Authority, 2015-16

Dundee City1,935Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059/est Dunbartonshire2,071Inverclyde2,076	Í	£0 £1,000	£2,000	£3,000	£4,000
Renfrewshire1,720West Lothian1,720South Lanarkshire1,736Angus1,737East Lothian1,756East Ayrshire1,790Moray1,799Falkirk1,799Clackmannanshire1,821Aberdeenshire1,823Stirling1,825Perth & Kinross1,835North Lanarkshire1,844Midlothian1,869South Ayrshire1,872Scotland1,881cast Dunbartonshire2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Vest Dunbartonshire2,071Invercivel2,076umfreis & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Edinburgh, City of	1,4	74	1	
West Lothian         1,729           South Lanarkshire         1,736           Angus         1,737           East Lothian         1,756           East Ayrshire         1,790           Moray         1,799           Falkirk         1,799           Clackmannashire         1,821           Aberdeenshire         1,823           Stirling         1,825           Perth & Kinross         1,835           North Lanarkshire         1,844           Midlothian         1,969           South Ayrshire         1,811           ast Dunbartonshire         1,910           Dundee City         1,935           Fife         1,990           Scotlish Borders         2,007           Karpshire         2,033           Highland         2,052           Glasgow City         2,059           fest Dunbartonshire         2,076           umfries & Galloway         2,149           Argyil & Bute         3,303           Orkney Islands         3,558	Aberdeen City		1,604		
South Lanarkshire         1,736           Angus         1,737           East Lothian         1,756           East Ayrshire         1,790           Moray         1,799           Fakirk         1,799           Clackmannashire         1,821           Aberdeenshire         1,823           Stirling         1,825           Perth & Kinross         1,835           North Lanarkshire         1,844           Midlothian         1,869           South Ayrshire         1,910           Dundee City         1,935           Fife         1,990           Scottiah Borders         2,0017           East Remrewshire         2,026           North Ayrshire         2,026           North Ayrshire         2,059           fest Dunbartonshire         2,076           umfries & Gallowy         2,076           umfries & Gallowy         2,149           Argyil & Bute         2,033           Eilean Siat         3,303	Renfrewshire		1,720		
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East Lothian1,756East Ayrshire1,790Moray1,799Falkirk1,799Clackmannashire1,821Aberdeenshire1,823Stirling1,825Perth & Kinross1,835North Lanarkshire1,844Midlothian1,869South Ayrshire1,910Dundee City1,935Fift1,990Scotland2,017East Renfrewshire2,026North Ayrshire2,059Glasgow City2,059Jest Dunbartonshire2,071Inverciyde2,071Inverciyde2,071Inverciyde2,071Elean Siar2,071Eilean Siar3,303Orkney Islands3,558	South Lanarkshire		1,736		
East Ayrshire1,790Moray1,799Falkirk1,799Clackmannanshire1,821Aberdeenshire1,823Stirling1,825Perth & Kinross1,835North Lanarkshire1,844Midlothian1,869South Ayrshire1,872Scotland1,881ast Dunbartonshire1,910Dundee City1,935Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,0259Glasgow City2,059Jest Dunbartonshire2,071Inverciyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Angus		1,737		
Moray         1,799           Falkirk         1,799           Clackmannanshire         1,821           Aberdeenshire         1,823           Stirting         1,825           Perth & Kinross         1,835           North Lanarkshire         1,844           Midlothian         1,869           South Ayrshire         1,872           Scotland         1,872           Scotland         1,910           Dundee City         1,935           Fife         2,017           East Renfrewshire         2,026           North Ayrshire         2,026           North Ayrshire         2,025           Glasgow City         2,059           Jest Dunbartonshire         2,071           Inverciyde         2,076           umfries & Galloway         2,149           Argyll & Bute         2,439	East Lothian		1,756		
Falkirk1,799Clackmannanshire1,821Aberdeenshire1,823Stirling1,825Perth & Kinross1,835North Lanarkshire1,844Midlothian1,869South Ayrshire1,910Dundee City1,935Fife1,990Scottish Borders2,026North Ayrshire2,026North Ayrshire2,026Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,059Jest Dunbartonshire2,071Inverciyde2,071Inverciyde2,076umfries & Galloway2,149Argyll & Bute3,303Orkney Islands3,558	East Ayrshire		1,790		
Clackmannanshire1.821Aberdeenshire1.823Stirling1.825Perth & Kinross1.835North Lanarkshire1.844Midlothian1.869South Ayrshire1.872Scotland1.881asst Dunbartonshire1.910Dundee City1.935Fife2.017East Renfrewshire2.026North Ayrshire2.033Highland2.059Jest Dunbartonshire2.071Invercityde2.071Invercityde2.076umfries & Galloway2.149Argyll & Bute3.303Orkney Islands3.558	Moray		1,799		
Aberdeenshire1,823Stirling1,825Perth & Kinross1,835North Lanarkshire1,844Midlothian1,869South Ayrshire1,872Scotland1,872Scotland1,910Dundee City1,935Fife2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Inverclyde2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Falkirk		1,799		
Stirling         Instal           Perth & Kinross         1,825           North Lanarkshire         1,835           North Lanarkshire         1,844           Midlothian         1,869           South Ayrshire         1,872           Scotland         1,881           Sast Dunbartonshire         1,910           Dundee City         1,935           Fife         2,017           East Renfrewshire         2,026           North Ayrshire         2,026           North Ayrshire         2,033           Highland         2,059           Glasgow City         2,059           Glasgow City         2,071           Inverciyde         2,076           umfries & Galloway         2,149           Argyll & Bute         2,439           Eilean Siar         3,303           Orkney Islands         3,558 <th>Clackmannanshire</th> <th></th> <th>1,821</th> <th></th> <th></th>	Clackmannanshire		1,821		
Perth & Kinross1,835North Lanarkshire1,844Midlothian1,869South Ayrshire1,872Scotland1,881ast Dunbartonshire1,910Dundee City1,935Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Josef Dunbartonshire2,071Inverciyde2,071Inverciyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Aberdeenshire		1,823		
North Lanarkshire1,844Midlothian1,869South Ayrshire1,872Scotland1,881iast Dunbartonshire1,910Dundee City1,935Fife2,017East Renfrewshire2,026North Ayrshire2,033Highland2,059Josef Dunbartonshire2,071Invercityde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,558	Stirling		1,825		
Midlothian1,869South Ayrshire1,872Scotland1,881ast Dunbartonshire1,910Dundee City1,935Fife2,017East Renfrewshire2,026North Ayrshire2,033Highland2,059Josef Dunbartonshire2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,558	Perth & Kinross		1,835		
South Ayrshire1,872Scotland1,872Scotland1,910Dundee City1,935Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,059Glasgow City2,059Inverclyde2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	North Lanarkshire		1,844		
Scotland1,881iast Dunbartonshire1,910Dundee City1,935Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Inverclyde2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Midlothian		1,869		
ast Dunbartonshire1,910Dundee City1,935Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Inverclyde2,071Inverclyde2,076umfries & Galloway2,149Eilean Siar3,303Orkney Islands3,558	South Ayrshire		1,872		
Dundee City1,935Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Vest Dunbartonshire2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Scotland		1,881		
Fife1,990Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Vest Dunbartonshire2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	East Dunbartonshire		1,910		
Scottish Borders2,017East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Jest Dunbartonshire2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Dundee City		1,935		
East Renfrewshire2,026North Ayrshire2,033Highland2,052Glasgow City2,059Vest Dunbartonshire2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Fife		1,990		
North Ayrshire2,033Highland2,052Glasgow City2,059Jose College2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	Scottish Borders		2,017		
Highland2,052Glasgow City2,059/est Dunbartonshire2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	East Renfrewshire		2,026		
Glasgow City2,059/est Dunbartonshire2,071Inverclyde2,076umfries & Galloway2,149Argyll & Bute2,439Eilean Siar3,303Orkney Islands3,558	North Ayrshire		2,033		
Vest Dunbartonshire Inverclyde umfries & Galloway Argyll & Bute Eilean Siar Orkney Islands Inverclyde 2,071 2,076 2,076 2,076 2,076 2,076 2,076 2,076 2,076 3,303 3,558	Highland		2,052		
Inverclyde umfries & Galloway Argyll & Bute Eilean Siar Orkney Islands Orkney Islands	Glasgow City		2,059		
umfries & Galloway     2,149       Argyll & Bute     2,439       Eilean Siar     3,303       Orkney Islands     3,558	West Dunbartonshire		2,071		
Argyll & Bute     2,439       Eilean Siar     3,303       Orkney Islands     3,558			2,076		
Eilean Siar     3,303       Orkney Islands     3,558	Dumfries & Galloway		2,149		
Orkney Islands 3,558	Argyll & Bute		2,43	39	
	Eilean Siar			3,303	
Shetland Islands 3,981	Orkney Islands			3,	558
	Shetland Islands				3,981



## Tax on Business Properties

- Business Rates or Non Domestic Rates or NDR
- Rates in some form date back to 1600s. Non-domestic rates (NDR) continued – broadly <u>comparable between Scotland & England</u>.
- NDR taxes a property's <u>rental value</u>, as determined at periodic revaluations (latest in 2017), by independent Assessors appointed by councils. Ratepayers can appeal valuations via independent legal processes.
- <u>Exempt property</u> includes agriculture, offshore installations, public roads.
- SG sets a <u>national poundage</u> (p in the £) and a 'large business supplement', and funds reliefs such as empty property, charity and Small Business Bonus.
- Councils are responsible for billing & collection, with powers under Community Empowerment Act to apply (and fund) further reductions .

### Tax on Domestic Properties



# Council Tax- what it is

- Comprises both property and personal elements:
  - Charge based on the relative value of residential property;
  - Discounts for some households to reflect personal circumstances.
- Dwellings split into 8 Council Tax bands (A to H) based on market value as at 1st April 1991.
- Responsibility for setting council tax levels rests with each Council who set Band D charge (Scottish average presently £1173)
- Tax had been frozen for 9 years and increases currently capped at 3% (by political agreement)

- Collected by Local Government.
- Means tested schedule of Reductions to Household Liabilities

### **Council Tax in Scotland**

	Charges as a proportion of Band D charge	Proportion of Properties	Av. Tax 2017/18
Α	0.67	21%	£782
В	0.78	23%	£912
С	0.89	16%	£1043
D	1	13%	£1173
E	1.31 (+7.5%)	13%	£1541
F	1.63 (+12.5%)	8%	£1906
G	1.96 (+17.5%)	5%	£2297
Н	2.45 (+22.5%)	1%	£2874



# Council Tax

- **Reach** c.£2 billion paid by c.2.4 million households
- Visibility people have to physically make the effort to pay rather than it being withheld from pay or included in a transaction
- Difficult to evade or avoid- collection rates >96% -Income Tax PAYE 98.5%, self assessment 80.1%
- Low cost to collect: <2% of receipts. Income tax PAYE</li>
   0.7%, 4.5% for Self Assessment
- Stable/predictable receipts compared to pro-cyclical income and consumption taxes



### ...some thoughts

- Is local tax to support local democracy, with different tax rates and levels of service offered to the electorate?
- Local accountability vs. administrative efficiency or 32 local tax systems vs. 1 national tax system.
- Equity between different areas with different abilities to raise tax revenues equalisation
- Can individual local authorities manage revenue risks of different taxes or is devolution of risk (alongside opportunity) an objective?
- Change to the balance of funding for local government could impact upon capacity of Scottish Government to deliver national priorities?
- Tax competition between local authorities?



