

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council: 20 December 2006

Subject: Update on Local Government Finance Review Committee

1. Purpose

- 1.1 The purpose of this report is to update Council on the report by the Local Government Finance Review Committee (LGFRC) titled 'A Fairer Way'.

2. Background

- 2.1 In June 2004, the Scottish Parliament announced proposals to commission an independent review of local government finance and established the LGFRC to conduct this review. The remit of the committee was to review the different forms of local taxation, including reform of council tax, against criteria set by the Executive, to identify the pros and cons of implementing any changes to the local taxation system in Scotland and to make recommendations.

- 2.2 The committee published its findings on 9 November 2006.

3. Main Issues

- 3.1 In January 2005, the committee issued a consultation paper seeking views on the appropriate model for local taxation. The Corporate Services Committee on 30 March 2005, considered the consultation paper and, in general terms, the view of the Committee was to:-

- Retain council tax, albeit on a reformed basis.
- To review the relationship between council tax bands i.e. 75% of our properties are in bands A to C and only 4 bands cover properties valued at over £58,000.
- Modify the council tax benefit scheme so as to improve take up.
- Remove the requirement for local authorities to bill and collect charges on behalf of Scottish Water.

- 3.2 These views were conveyed to the LGFRC and the Council was invited to give oral evidence to the LGFRC in September 2005.

3.3 The LGFRC published its report in November 2006 and the main findings of their review were:-

- A local property tax should replace council tax. The tax would be calculated as a percentage of market value of the property.
- A deferment scheme would be introduced to assist low-income households in 'asset rich' properties.
- Rejection of a local income tax.
- Removal of the statutory requirement upon local authorities to bill and collect water and sewerage charges alongside council tax bills.
- No change to the existing arrangements for National Non Domestic Rates.

3.4 Copies of the full report have been placed in the Members' libraries and can be viewed and downloaded from www.localgovernmentfinancereview.org.

3.5 At present, no date has been identified by the Scottish Executive to issue a formal response to the proposals.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 There are no financial implications at present.

6. Conclusions

6.1 The LGFRC has completed its review of local government finance. The review proposes a local property tax to replace council tax. The Scottish Executive will deliver its response to the recommendations in due course.

7. Recommendations

7.1 **Members are invited to note the publication of the report by the LGFRC.**

David McMillan
Chief Executive
Date: 12 December 2006

Wards Affected: All Wards

Appendix: None

Background Papers: Local Taxation in Scotland – Consultation Paper
Corporate Services Committee 30 March 2005

Report by the Local Government Finance Review
Committee – A Fairer Way. November 2006

Person to Contact: Vincent Gardiner, Manager of Exchequer
Council Offices, Garshake Road, Dumbarton, G82 3PU.
Telephone: (01389) 737192
Email: vincent.gardiner@west-dunbarton.gov.uk