

## Notice of Meeting and Agenda Finance & Resources Policy Board

Date	Time	Venue
Wednesday, 27 January 2016	14:00	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM  
Head of Corporate Governance

### Membership

Councillor Derek Bibby: Councillor Audrey Doig: Councillor Christopher Gilmour: Councillor Jim Harte: Councillor Jacqueline Henry: Councillor Brian Lawson: Councillor Paul Mack: Councillor Kenny MacLaren: Councillor Mags MacLaren: Councillor Alexander Murrin: Councillor Allan Noon: Councillor Tommy Williams:

Councillor Michael Holmes (Convener): Councillor Eddie Grady (Depute Convener)

### Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at [www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx](http://www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx)

For further information, please either email [democratic-services@renfrewshire.gov.uk](mailto:democratic-services@renfrewshire.gov.uk) or telephone 0141 618 7112.

### Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.



## Items of business

### Apologies

Apologies from members.

### Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

- |          |   |                |
|----------|---|----------------|
| <b>1</b> | <b>Procurement Sub Committee</b>  | <b>5 - 18</b>  |
|          | Minutes of the meetings of the Procurement Sub Committee held on 11 November and 2 December 2015.           |                |
| <b>2</b> | <b>Investment Review Board</b>  | <b>19 - 22</b> |
|          | Minute of the meeting of the Investment Review Board held on 25 November 2015.                              |                |
| <b>3</b> | <b>Joint Consultative Board (Non-Teaching)</b>  | <b>23 - 30</b> |
|          | Minutes of meetings of the Joint Consultative Board (Non-Teaching) held on 29 October and 10 December 2015. |                |
| <b>4</b> | <b>Revenue Budget Monitoring to 13 November 2015</b>  | <b>31 - 42</b> |
|          | Joint report by the Chief Executive and Director of Finance & Resources.                                    |                |
| <b>5</b> | <b>Revenue Budget Monitoring Overview to 13 November 2015</b>   | <b>43 - 56</b> |
|          | Report by the Director of Finance & Resources.  |                |
| <b>6</b> | <b>Capital Budget Monitoring to 13 November 2015</b>  | <b>57 - 62</b> |
|          | Report by the Director of Finance & Resources.  |                |
| <b>7</b> | <b>Capital Budget Monitoring Overview to 13 November 2015</b>   | <b>63 - 70</b> |
|          | Report by the Director of Finance & Resources.  |                |
| <b>8</b> | <b>Revenues Collection Statement</b>  | <b>71 - 74</b> |
|          | Report by the Director of Finance & Resources.  |                |

<b>9</b>	<b>Benefits Administration - Welfare Reform and Performance Statement</b>	<b>75 - 80</b>
	Report by the Director of Finance & Resources.	
<b>10</b>	<b>Commission on Local Tax Reform</b>	<b>81 - 178</b>
	Report by the Director of Finance & Resources.	
<b>11</b>	<b>Initial Open Data Strategy</b>	<b>179 - 208</b>
	Report by the Chief Executive.	
<b>12</b>	<b>Paisley &amp; Renfrew Common Good Funds 2016/17</b>	<b>209 - 214</b>
	Report by the Director of Finance & Resources.	
<b>13</b>	<b>Applications to Renfrew Burgh and Renfrewshire Council Citizens Funds</b>	<b>215 - 218</b>
	Report by the Director of Finance & Resources.	
<b>14</b>	<b>Civic Hospitality</b>	<b>219 - 222</b>
	Report by the Director of Finance & Resources.	

## Minute of Meeting

### Procurement Sub-Committee

Date	Time	Venue
Wednesday, 11 November 2015	14:30	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

#### PRESENT

Councillors Bibby, Gilmour, Harte, Henry, Holmes, K MacLaren, M MacLaren, Murrin and Williams.

#### CONVENER

Councillor Holmes, Convener, presided.

#### IN ATTENDANCE

D Amos, Head of Policy & Commissioning, F Hughes, Procurement Manager, K Scott, Category Manager and K Thomson, Category Manager - Community Resources (all Chief Executive's); J Lynch, Head of Property Services and R Devine, Senior Committee Services Officer (both Finance & Resources).

#### APOLOGIES

Councillors Grady and Mack.

#### DECLARATIONS OF INTEREST

There were no declarations of interest intimated prior to the commencement of the meeting.

**1(a) CONTRACT AUTHORISATION REPORT - FRESH BREAD AND ROLLS AND OTHER FRESH BAKERY PRODUCE**

There was submitted a joint report by the Chief Executive and the Director of Community Resources relative to the award of a framework agreement for the supply and delivery of fresh bread and rolls and other fresh bakery produce.

The report indicated that the Council in collaboration with East Renfrewshire Council had a framework agreement with D McGhee and Sons Limited for this provision which was due to expire on 13 December, 2015.

The report advised that three suppliers had noted an interest, and at the deadline for the return of tenders one bid had been received. Following evaluation the bid, from D McGhee and Sons Limited met all the mandatory requirements as outlined in the report. Details of the criteria and ratings used to evaluate the bids were contained in the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award a framework agreement to D McGhee and Sons Limited for the Supply and Delivery of Fresh Bread and Rolls and other Fresh Bakery Produce;

(ii) That it be noted that the framework agreement would cover the period from 14 December 2015 to 31 December, 2017 with an option to extend for a further two periods of one year; and

(iii) That it be noted that the contract value across both councils was estimated to be £728,000 excluding VAT over the maximum four-year period with spend pertaining to Renfrewshire Council being £488,000.

**1(b) CONTRACT AUTHORISATION REPORT - DEMOLITION OF 21-31 HALLHILL ROAD, SPATESTON, JOHNSTONE**

There was submitted a joint report by the Chief Executive and the Director of Development & Housing Services relative to the award of a standard building contract with quantities (SBC/Q/Scot 2011) for the demolition of 21-31 Hallhill Road, Johnstone utilising Renfrewshire Council's Framework Agreement for Demolition Works.

The report indicated that the contract was tendered as a mini-competition under Lot 2 of the Framework Agreement for Demolition Works. All three suppliers on the Framework were invited to tender. At the deadline for the return of tenders, three bids had been received and were evaluated against a set of award criteria which was based on a price/quality ratio of 70:30. Details of the scores relative to the award criteria of each tenderer were contained within the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for the demolition of 21-31 Hallhill Road, Johnstone to Reigart Contracts Limited;

(ii) That it be noted that the value of the contract was £382,0472.08; and

(iii) That it be noted that the contract period was 10 weeks, with the start date subject to the completion of the new build shops including the tenants fit-out programme, with the start date to be confirmed in the Council's letter of acceptance.

**1(c) CONTRACT AUTHORISATION REPORT - EXTENSION AND REFURBISHMENT OF MOSSVALE/ST JAMES' PRIMARY SCHOOL**

There was submitted a joint report by the Chief Executive and the Director of Development & Housing Services relative to the award of a standard building contract with quantities (SBC/Q/Scot (2011)) for the extension and refurbishment of Mossvale/St James' Primary School.

The report indicated that at the deadline for the return of tenders, three bids had been received, one of which failed to meet the minimum requirements. The remaining two submissions were evaluated against a set of award criteria based on a price/quality ratio of 50:50. Details of the scores relative to the award criteria of each tenderer were contained within the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for the extension and refurbishment of Mossvale/St James' Primary School (Reference RC1505\_408 (ITT8542)) to Clark Contracts Limited;

(ii) That it be noted that the spend under the contract was anticipated to be £3,899,407.71 excluding VAT;

(iii) That it be noted that the contract was anticipated to commence on 6 December, 2015 for a period of 66 weeks, with work commencing on site on 25 January, 2016 and completion no later than 28 April, 2017; and

(iv) That it be noted that once the work was complete, there would be a 12 month defect period.

**1(d) CONTRACT AUTHORISATION REPORT - CROWN COMMERCIAL SERVICE (CCS) FUEL CARDS AND ASSOCIATED SERVICES**

There was submitted a joint report by Chief Executive and the Director of Community Resources relative to the award of the contract for fuel cards and associated services under the CCS Framework for Fuel Cards and Associated Services RM1027, from 26 November, 2015 to 13 May, 2018.

The report indicated that CCS provided commercial services putting in place national contracts for central government and the wider public sector to utilise in order to make savings.

The report advised that a direct award could be made from the Fuel Cards and Associated Services Framework RM1027.

The report intimated that Allstar Business Solutions Limited provided the best coverage of fuel stations for the Renfrewshire area with no transaction charge, and fuel pricing would be set weekly at Platts pricing - market based price information on the oil industry - rather than fuel pumps.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for fuel cards and associated services to Allstar Business Solutions Limited from 26 November, 2015 to 13 May, 2018; and

(ii) That it be noted that spend under the call-off contract would be approximately £1.1million.

**1(e) CONTRACT AUTHORISATION REPORT - LEAD CONSULTANCY AND DESIGN TEAM SERVICES FOR NEW BUILD SOCIAL HOUSING (JOHNSTONE CASTLE AND DARGAVEL VILLAGE, BISHOPTON)**

There was submitted a joint report by the Chief Executive and the Director of Development & Housing Services relative to the award of the contract for Lead Consultancy and Design Team Services for new build social housing projects at Johnstone Castle and Dargavel Village, Bishopton sites.

The report advised that the contract was advertised in terms of two lots, Lot 1 Johnstone Castle and Lot 2 Dargavel Village, Bishopton, it being noted that the land transfer process in relation to Lot 2 was still in progress and was expected to conclude by December 2015. At the deadline for the return of tenders, 15 submissions had been received with all 15 contractors bidding for both Lots. All 15 submissions were evaluated against a set of award criteria based on a price/quality ratio of 40:60. Each Lot was then evaluated separately. Details of the scores relative to each award criteria were contained within the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract, both Lot 1 Johnstone Castle and Lot 2 Dargavel Village, Bishopton, for Lead Consultancy and Design Team Services for New Build Social Housing (Johnstone Castle and Dargavel Village, Bishopton) RC1507\_4513\_ITT9384, to Anderson Bell Christie (Partnership), subject to the transfer of land being successful;

(ii) That it be noted that spend under this contract was anticipated to be in the region of £624,000, with an anticipated breakdown per lot as noted below;

a. Lot one: Johnstone Castle - £290, 250

b. Lot two: Darvage Village, Bishopton - £328,950

and that it be noted this estimated spend was based on the rates tendered in line with the RIBA Plan of Work 2013 stages; and

(iii) That the contract would commence in December 2015 or alternatively on the date confirmed in the Council's letter of acceptance and that it be noted that the current programme showed construction commencing in September 2016 with completion in March 2018.



**1(f) CONTRACT AUTHORISATION REPORT- QUANTITY SURVEYOR/CLERK OF WORK SERVICES FOR NEW BUILD SOCIAL HOUSING (JOHNSTONE CASTLE AND DARGAVEL VILLAGE BISHOPTON)**

There was submitted a joint report by the Chief Executive and the Director of Development & Housing Services relative to the award of the contract for Quantity Surveyor/Clerk of Work Services for new build social housing projects at Johnstone Castle and Dargavel Village, Bishopton sites.

The report advised that the contract was advertised in terms of two lots, Lot 1 Johnstone Castle and Lot 2 Dargavel Village, Bishopton, it being noted that the land transfer process in relation to Lot 2 was still in progress and was expected to conclude by December 2015. At the deadline for the return of tenders, five submissions had been received with all five contractors bidding for both Lots. All five submissions were evaluated against a set of award criteria based on a price/quality ratio of 40:60. Each Lot was then evaluated separately. Details of the scores relative to each award criteria were contained within the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract, both Lot 1 Johnstone Castle and Lot 2 Dargavel Village, Bishopton, for Quantity Surveyor/Clerk of Work Services for New Build Social Housing (Johnstone Castle and Dargavel Village, Bishopton) RC1507\_4524\_ITT9437, to Reid Associates (Partnership), subject to the transfer of land being successful;

(ii) That it be noted that spend under this contract was anticipated to be in the region of £202,405, with an anticipated breakdown per lot as noted below;

a. Lot one: Johnstone Castle - £102,942.50

b. Lot two: Dargavel Village, Bishopton - £99,462.50

and that it be noted this estimated spend was based on the rates tendered in line with the RIBA Plan of Work 2013 stages; and

(iii) That the contract would commence in December 2015 or alternatively on the date confirmed in the Council's letter of acceptance and that it be noted that the current programme showed construction commencing in September 2016 with completion in March 2018.

**1(g) CONTRACT AUTHORISATION REPORT - LIFT REPLACEMENT AND UPGRADES: SHELTERED HOUSING**

There was submitted a joint report by the Chief Executive and the Director of Development & Housing Services relative to the award of a Standard Building Contract with Contractors Design (SBCC/D/Scot 2011) for Lift Replacement and Upgrades: Sheltered Housing.

The report indicated that at the deadline for the return of tenders, seven bids had been received, one of which failed to meet the bid selection criteria. The remaining six submissions were evaluated against a set of award criteria based on a price/quality ratio of 70:30. Details of the scores relative to the award criteria of each tenderer were contained within the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for Lift Replacement and Upgrades: Sheltered Housing (RC1507\_4499(ITT9335) to Consult Lift Services Limited;

(ii) That it be noted that the value of the contract was £210,468,30 excluding VAT; and

(iii) That it be noted that the contract was expected to commence in January 2016 for a period of three years, and that the date of commencement would be confirmed in the letter of acceptance.

**1(h) CONTRACT AUTHORISATION REPORT - SCOTTISH PROCUREMENT SP-15-005-01 LIQUID FUELS**

There was submitted a joint report by the Chief Executive and the Director of Community Resources relative to the award of a contract for Liquid Fuels utilising Lot 103 – Heating Oils, Central Region and Lot 203 – Automotive Fuels, Central Region, of Scottish Procurement's Liquid Fuels contract SP-15-005-1 from 14 October, 2015 to 31 October, 2017 with an option to extend for a further two 12- month periods.

The report indicated that national contracts for commercial utilities for water services, electricity, gas and fuel were tendered by Scottish Procurement for the public sector in order to achieve economies of scale. Scottish Procurement's call-off for Lots 103 and 104 was under the Crown Commercial Service Liquid Fuels Framework Agreement RM 1013.

The report advised that Scottish Procurement had carried out a call-off against the Crown Commercial Services Framework which resulted in estimated savings compared to previous rates and volumes from utilising the contract would be approximately £19,000 per annum.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for Liquid Fuels to Ceritas Energy t/a Scottish Fuels from 14 October, 2015 to 13 October, 2017 with an option to extend for a further two 12 month periods; and

(ii) That it be noted that spend under the call-off contract would be approximately £6million over the four years of the contract if the extension period was utilised.

**1(i) CONTRACT AUTHORISATION REPORT - MINI-COMPETITION FOR DEMOLITION WORK: JOHNSTONE CASTLE (ELM DRIVE)**

There was submitted a joint report by the Chief Executive and the Director of Development & Housing Services relative to the award of a contract for demolition works

at Elm Drive, Johnstone Castle.

The report indicated that a mini-competition had been run in terms of Lot 2 – Low Complexity Demolition of Renfrewshire Council's Framework for Demolition.

The report advised that at the deadline for the return of submissions, three tender bids had been received. All three submissions were evaluated against a set of criteria which was based on a price/quality ratio of 70:30. Details of the scores relative to the award criteria of each tenderer were contained within the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for Demolition Works at Johnstone Castle (Elm Drive), reference RC1509\_4768\_ITT9933 to JCJ (Demolition and Construction) Limited;

(ii) That it be noted that spend under the contract would be approximately £346,087.50; and

(iii) That it be noted that the anticipated contract commencement date was 11 January, 2016, or alternatively on the date confirmed in the Letter of Acceptance, and would be completed within 20 weeks of the start date.

**1(j) CONTRACT AUTHORISATION REPORT - PROVISION OF SPECIALIST SERVICES IN SUPPORTED ACCOMMODATION AND RELATED SPECIALIST SERVICES TO WOMEN AND THEIR CHILDREN AFFECTED BY DOMESTIC ABUSE**

There was submitted a joint report by the Chief Executive and the Director of Children's Services relative to the award of the contract for the provision of specialist services in supported accommodation and related specialist support services to women and their children affected by domestic abuse.

The report advised that approval had been granted in November 2014 to enter into a negotiated contract with Renfrewshire Women's Aid in accordance with Schedule 5, clause C.1 (e) and clause 12.2 (b) of the Council's Standing Orders relating to Contracts as the Head of Policy and Commissioning had confirmed that the services required by service users would be best provided by the existing provider and that therefore there was only one suitable source that could be identified, that the requirement of the contract was unique, or, after research, that only one suitable source of supply could be identified.

The report also indicated that tender documentation was issued to Renfrewshire Women's Aid and on its submission, was assessed by representatives from the Corporate Procurement Unit, Officers from Renfrewshire Council's Criminal Justice team and officers from the Renfrewshire Health and Social Care Partnership, and was considered acceptable on both technical and commercial grounds.

The report intimated that the budget for the current requirement was £221,708 per annum. The negotiated amount for the new service was £221,708 and that amount would remain fixed for the duration of the contract.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for the Provision of Specialist Services in Supported Accommodation and related Specialist Support Services to Women and their Children Affected by Domestic Abuse to Renfrewshire Women's Aid, a charity registered with the Office of the Scottish Charity Regulator;

(ii) That it be noted that the proposed contract start date was 1 December, 2015 for an initial three-year period with the option to extend the contract for up to two extensions of one year each where such option(s) would be taken at the sole discretion of the Council; and

(iii) That the total value of the contract, including the maximum option period, in the sum of £1,108,540, excluding VAT, be approved.

**1(k) CONTRACT AUTHORISATION REPORT - GROUND MAINTENANCE EQUIPMENT**

There was submitted a joint report by the Chief Executive and the Director of Community Resources relative to the award of contracts for the purchase of various grounds maintenance equipment under the Council's Vehicle Replacement Programme for 2015/16.

The report indicated that Scotland Excel had established a Framework Agreement for Grounds Maintenance Equipment. All 32 Local Authorities in Scotland had the opportunity to utilise this Agreement. Details of the Grounds Maintenance equipment were contained in Appendix 1 to the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award contracts up to the following values with the suppliers noted below for the provision of grounds maintenance equipment as detailed in Appendix 1 to the report, it being noted that all contracts were individual direct awards under the Scotland Excel Framework for Grounds Maintenance:-

- Fairways GM Limited: up to £361,084,30;
- Fraser C Robb: up to £70,000;
- Hamilton Brothers Engineering Limited: up to £58,100; and

(ii) That it be noted that the delivery dates for the Grounds Maintenance Equipment were detailed in Appendix 1.

**1(l) CONTRACT AUTHORISATION REPORT - STRATEGIC REVIEW OF STREET LIGHTING - LED LANTERN REPLACEMENT 2016/17**

There was submitted a joint report by the Chief Executive and the Director of Community Resources relative to the award of the contract for the strategic review of street lighting - LED lantern replacement 2016/17.

The report advised that at the deadline for the return of submissions, three tender bids had been received. All three submissions were evaluated against a set of criteria which was based on a price/quality ratio of 70:30. Details of the scores relative to the award criteria of each tenderer were contained within the report.

**DECIDED:**

- (i) That the Head of Corporate Governance be authorised to award the contract for the Strategic Review of Street Lighting – LED Lantern Replacement 2016/17 to Lightways Contractors Limited to the value of £1,700,688.88; and
- (ii) That it be noted that the contract would commence on 14 January, 2016, for 63 weeks with a completion date of 31 March, 2017.



## Minute of Meeting

### Procurement Sub-Committee

Date	Time	Venue
Wednesday, 02 December 2015	14:00	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

#### PRESENT

Councillors Bibby, Audrey Doig, Gilmour, Grady, Harte, Henry, Holmes, Lawson, Mack, Murrin and Noon.

#### CHAIR

Councillor Holmes, Convener, presided.

#### IN ATTENDANCE

D Amos, Head of Policy & Commissioning, F Hughes, Procurement Manager, B Lambert, Senior Procurement Specialist, D Taggart Procurement Category Manager and S Gibb, Assistant Category Manager (all Chief Executive's); and J Lynch, Head of Property Services and P Shiach, Committee Services Officer (both Finance & Resources).

#### APOLOGIES

Councillors K MacLaren, M MacLaren and Williams.

#### DECLARATIONS OF INTEREST

There were no declarations of interest intimated prior to the commencement of the meeting.

**1(a) CONTRACT AUTHORISATION REPORT - BUILDING MANAGEMENT SYSTEMS (BMS) INSTALLATION AND BUREAU SERVICE**

There was submitted a joint report by the Chief Executive and the Director of Finance & Resources relative to the award of a NEC3 Term Service Short Contract for a Building Management Service (BMS) and Bureau Service.

The report advised that at the deadline for the return of tenders three bids had been received. The bids were evaluated against a set of award criteria which was based on a price/quality ratio of 70:30. Details of the scores relative to the award criteria of each tenderer were contained within the report.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for Building Management Systems (BMS) Installation and Bureau Service, reference RC1507\_4332\_ITT8994, to Advanced Energy Management Services Limited;

(ii) That it be noted that the spend under the contract was anticipated to be approximately £362,350 excluding VAT; and

(iii) That it be noted that it was anticipated that the contract would commence on 11 January, 2016, or alternatively on the date confirmed in the Council's letter of acceptance and run for a period of three years, with two possible one-year extension periods.

**1(b) CONTRACT AUTHORISATION REPORT - SUPPLY OF PREPARED MEALS TO SUPPORT THE PROVISION OF THE COMMUNITY MEALS SERVICE**

There was submitted a joint report by the Chief Executive and the Head of Adult Services relative to the award of a contract for the provision of prepared meals through direct award using Lot 1 of the Scotland Excel Framework Agreement for Community Meals.

The report indicated that the contract exercise had been conducted in accordance with Renfrewshire Council's Standing Order 27.5 and in accordance with the Public Contracts (Scotland) Regulations 2012.

The report advised that the Head of Policy & Commissioning was satisfied that a direct award could be made to Apetito Limited using the Scotland Excel scoring. Of the three suppliers accepted on to Lot 1 – Bulk Delivery to a Central Distribution Point, Apetito scored the highest with a final score of 95.42% against scores of 85.56% and 43.31% by ICare (GB) Limited and MacLean's Bakery (Benbecula) Limited respectively.

**DECIDED:**

(i) That the Head of Corporate Governance be authorised to award the contract for the supply of prepared meals to support the provision of the community meals service to Apetito Limited;



(ii) That it be noted that the proposed contract start date was 15 December, 2015 and that the contract would be for an initial period of one year with the option to extend the contract for up to one year, with such option to be taken up at the Council's sole discretion; and

(iii) That it be noted that the estimated value of the contract, including the extension period based on historic consumption was approximately £720,000 excluding VAT.



## Minute of Meeting Investment Review Board

Date	Time	Venue
Wednesday, 25 November 2015	13:00	CMR 2, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

### PRESENT

Councillors Bibby, Grady, Holmes, J MacLaren, and A Noon.

### CHAIR

Councillor Holmes, Convener, presided.

### IN ATTENDANCE

A MacArthur, Head of Finance, R Conway, Finance Manager Corporate Accounting and R Devine, Senior Committee Services Officer (all Finance & Resources).

### ALSO IN ATTENDANCE

A Galbraith, Investment Consultant and D Millar, Senior Investment Analyst, Hymans Robertson LLP, and M Connor, Senior Portfolio Manager and J Gordon, Regulatory Controls Manager, Standard Life Wealth Limited.

### DECLARATIONS OF INTEREST

There were no declarations of interest intimated prior to the commencement of the meeting.

## 1 MINUTE OF PREVIOUS MEETING

There was submitted the Minute of the meeting of the Investment Review Board held on 3 June, 2015.

**DECIDED:** That the Minute be noted.

## 2 REVIEW OF INVESTMENT PRINCIPLES

There was submitted a report by the Director of Finance & Resources relative to the Statement of Investment Principles in relation to the Paisley and Renfrew Common Good Funds.

The report indicated that the Council had arranged for the investments of the Paisley and Renfrew Common Good Funds to be managed by Standard Life Wealth Limited, and had agreed with the manager a number of principles which governed decisions regarding these investments. These principles covered a range of issues such as which benchmark should be employed to assess the manager's performance, and restrictions which the manager required to observe when choosing sectors or classes of asset in which to invest. The Statement of Investment Principles had last been reviewed during November 2014 and was due for review.

The report indicated that there were no proposed changes to the Statement previously approved other than the updating of job titles. It was highlighted that the proposed Statement of Investment Principles, a copy of which was appended to the report, contained a typographical error and required to be amended by inserting the words 'relating to the' after the word 'issues' in the first sentence of paragraph 12.

**DECIDED:** That the Statement of Investment Principles, as amended, be approved.

## 3 INFORMATION SESSION

There was submitted a report by A Galbraith, Hymans Robertson LLP, which made reference to UK and Overseas equities during the period 1st July 2010 to 16 November, 2015; equities versus bonds; UK, US, Eurozone and Japan's gross domestic product between quarter one 2008 and quarter three of 2015; Global Equities, value versus growth, for the period quarter two 2006 to quarter three 2015; and Headline CPI inflation and Core CPI inflation during the period December, 2012 to September 2015.

A Galbraith, Investment Consultant commented on economic and market conditions relative to economic growth, in terms of the global perspective; the performance of equities and bonds over the period to 16 November, 2015; and provided information in relation to the general performance, asset allocation and performance by asset class of the Paisley and Renfrew Common Good Funds.

There followed a question and answer session during which reference was made to factors influencing the performance of equities during Quarters two and three, the resultant impact on the Funds and the strategy employed by the investment managers which was biased towards a higher global equity allocation.

**DECIDED:** That the information be noted.

**4 PAISLEY AND RENFREW COMMON GOOD FUNDS - REVIEW OF INVESTMENT AND INCOME PERFORMANCE**

There was submitted a report by the Director of Finance & Resources relative to the performance of the Paisley and Renfrew Common Good Funds for the six-month period ending 30 September, 2015. A performance review report by Hymans Robertson LLP was appended thereto.

M Connor, Senior Portfolio Manager, presented a report in relation to the performance of the Paisley and Renfrew Common Good Funds to 30 September, 2015. The report provided information relative to the portfolio manager; world markets; investment guidelines and restrictions; asset attribution in relation to the three months to 30 September, 2015; and commodities and inflation, together with an economic and market summary.

There followed a question and answer session during which Mr Connor confirmed that in the absence of specified target percentage proportions for UK Equities and International Equities it was not anticipated that the actual proportions within the Fund portfolios would be significantly different from the current ratios. There was also discussion regarding the requirement for the Funds to meet demanding income targets.

It was proposed that a report be submitted to the next meeting of the Board relative to the rationale for adoption of the specified target percentage proportions for UK Equities and International Equities. This was agreed.

**DECIDED:**

(a) That a report be submitted to the next meeting of the Board relative to the rationale for adoption of the specified target percentage proportions for UK Equities and International Equities; and

(b) That the reports be otherwise noted.

**5 DATE OF NEXT MEETING**

It was noted that the next meeting of the Investment Review Board would be held in Renfrewshire House at 1pm on Wednesday, 1 June, 2016.



## Minute of Meeting

### Joint Consultative Board (Non Teaching)

Date	Time	Venue
Thursday, 29 October 2015	15:00	CMR 2, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

#### PRESENT

Representing Renfrewshire Council Management : Councillors Audrey Doig, Glen, Noon and Williams. Representing Trade Unions: Stephen Hicks and Thomas McCarthy (UNISON);and Stephen McAllister (UNITE).

#### IN ATTENDANCE

P McConnachie, Business Resources Manager (Community Resources); M Armstrong Senior Human Resources Adviser, R Cree, Principal Human Resources & Organisational Development Adviser, C Donnelly, Human Resources & Organisational Development Manager; S Fanning, Senior Health & Safety Officer; and R Devine, Senior Committee Services Officer (all Finance & Resources).

#### APPOINTMENT OF CHAIRPERSON

It was proposed and agreed that Stephen McAllister chair the meeting.

**DECIDED:** That Stephen McAllister chair the meeting.

#### APOLOGIES

J Boylan and M Ferguson (UNISON).

#### DECLARATIONS OF INTEREST

There were no declarations of interest intimated prior to the commencement of the meeting.

## 1 MINUTE OF PREVIOUS MEETING

There was submitted the Minute of the meeting of the Joint Consultative Board: Non-Teaching held on 3 September, 2015.

Concern was expressed that the report, referred to in Item 2 of the Minute, detailing the levels of overtime being worked by employees at the Community Resources Underwood Road depot was not available. In the absence from the meeting of an officer from the relevant Service capable of providing the information, concern was also expressed in respect of the lack of representation, by officials, of Council Services at meetings of the JCB Non Teaching. It was agreed that a communication be issued to all Directors demanding that all Council Services be represented by an appropriately senior officer at future meetings of the JCB Non Teaching.

### **DECIDED:**

(a) That the concern expressed in connection with the non-availability of the report referred to in item 2 of the Minute be noted

(b) That the concern expressed in respect of the lack of representation, by officials, of Council Services at meetings of the JCB Non Teaching be noted and that a communication be issued to all Directors demanding that all Council Services be represented by an appropriately senior officer at future meetings of the JCB Non Teaching; and

(c) That that otherwise the Minute be noted.

## 2 DEVELOPMENTS IN HEALTH AND SAFETY

There was submitted a report by the Head of HR & Organisational Development relative to developments with regard to health and safety issues. The report detailed policies and guidance that were currently being revised and outlined training courses which had been undertaken since the last meeting of the Board. In particular, it was noted that policies and guidance in relation to control of contractors; statutory inspections; CDM 2015; manual handling operations; and tobacco/smoke free were being revised. The health and safety section continued to assist Services to retain accreditation to BS OHSAS 18001;2007. Details of the next audit schedule were provided.

The report indicated that information and participative campaigns continued to be delivered across the Council as part of the Healthy Working Lives Gold award programme. The report also advised that the Council had received a silver RoSPA Occupational Health & Safety Award.

**DECIDED:** That the report be noted.

## 3 AGENCY WORKERS

There was submitted a report by the Head of HR & Organisational Development relative to the number of agency staff employed within the Council as at September, 2015, and detailing the capacity and Service in which they were engaged.



Clarification was sought in respect of the data provided within the report. Concern was expressed regarding the absence from the meeting of an officer, from the relevant Service, capable of providing the requested clarification.

**DECIDED:** That the concern expressed, regarding the absence from the meeting of an officer from the relevant Service, capable of providing clarification in respect of the data provided within the report be noted and that the content of the report be otherwise noted.

#### 4 **DETAILS OF GREVIANCES**

There was submitted a report by the Head of HR & Organisational Development relative to details of grievances received.

The report provided information on grievances at both the informal and formal stages. The report indicated that there were a total of five grievances as at 29 October, 2015.

**DECIDED:** That the information provided be noted.

#### 5 **SUPPORTING ATTENDANCE**

There was submitted a report by the Head of HR and Organisational Development relative to the quarterly absence management statistics for the period ending 22 June, 2015.

The report provided statistics on the number of employee days lost through absence by Service, and provided a comparison for the period ending 22 June 2014. Information was also provided in relation to absence statistics by Service and category of staff, together with comparisons on how Services had performed against targets. An analysis of the reasons for absences and trends during the period was also provided in the report, together with a summary of supporting attendance activity undertaken.

**DECIDED:** That the report be noted.

#### 6 **DATE OF NEXT MEETING**

It was noted that the next meeting of the JCB Non-Teaching would be held at 3 pm on Thursday 10 December, 2015.



## Minute of Meeting

### Joint Consultative Board (Non Teaching)

Date	Time	Venue
Thursday, 10 December 2015	15:00	CMR 2, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

#### PRESENT

Representing Renfrewshire Council Management - Councillors Harte, Noon and Williams.  
Representing Trade Unions – S Hicks, J McGinlay and T McCarthy (UNISON); and G Hamilton (UNITE).

#### IN ATTENDANCE

J Trainer, Acting Head of Early Years and Inclusion (Childrens Services); F Carlin, Head of Planning & Development, K Anderson, Amenity Services Manager - Waste and K Carr, Site Services Manager (all Community Resources); C Donnelly, Head of HR, Organisational Development & Workplace Strategy; S Fanning, Senior Health & Safety Officer; R Laouadi, Principal Human Resources Adviser; and D Low, Senior Committee Services Officer (all Finance & Resources).

#### APPOINTMENT OF CHAIR

It was proposed and agreed that Councillor Harte chair the meeting.

**DECIDED:** That Councillor Harte chair the meeting.

## **APOLOGIES**

Councillors Audrey Doig and Glen, J Boylan and M Ferguson (UNISON) and S McAllister (UNITE).

## **DECLARATIONS OF INTEREST**

There were no declarations of interest intimated prior to the commencement of the meeting.

## **ADDITIONAL ITEM**

The Convener intimated that there was an additional item of business in relation to the report of the Fatal Accident Inquiry into the Glasgow bin lorry crash, which had not been included in the notice calling the meeting. The Convener being of the opinion that the item, which was dealt with at item 9 of this Minute, was urgent, authorised its consideration.

### **1 MINUTE OF PREVIOUS MEETING**

There was submitted the Minute of the meeting of the Joint Consultative Board: Non-Teaching held on 29 October, 2015.

**DECIDED:** That that Minute be noted.

### **2 DEVELOPMENTS IN HEALTH & SAFETY**

There was submitted a report by the Head of HR, Organisational Development & Workplace Strategy relative to developments with regard to health and safety issues. The report detailed policies and guidance that were currently being revised and outlined training courses which had been undertaken since the last meeting of the Board. In particular, it was noted that policies and guidance in relation to control of contractors; risk assessments; statutory inspections; CDM 2015; manual handling operations; and tobacco/smoke free were being revised.

The report stated that the Health & Safety section continued to support event organisers to ensure safe, controlled and enjoyable events were delivered locally and that a comprehensive events document, incorporating multi-agency input, had been developed. In addition, the Board was informed that the outcome of the employee wellbeing survey, referred to within the report, which had been undertaken as part of the Healthy Working Lives Gold award programme, would be submitted to a future meeting of the Board.

**DECIDED:** That the report be noted.

### **3 DETAILS OF GREVIENCES**

There was submitted a report by the Head of HR, Organisational Development &

Workplace Strategy relative to details of grievances received.

The report provided information on grievances at both the informal and formal stages. The report indicated that there were a total of seven grievances as at 30 November, 2015.

**DECIDED:** That the information provided be noted.

#### 4 **AGENCY WORKERS**

There was submitted a report by the Head of HR, Organisational Development & Workplace Strategy relative to the number of agency staff employed within the Council as at October 2015, and detailing the capacity and Service in which they were engaged.

**DECIDED:** That the report be noted.

#### 5 **WASTE SERVICES - UNDERWOOD ROAD, PAISLEY**

Concerns were expressed by the trade union representatives in respect of the level of overtime, shift imbalances and the lack of protective clothing for refuse collection employees based at Underwood Road, Paisley.

In response, the Amenity Services Manager – Waste provided information relative to the various reasons for overtime levels at the Underwood Road depot, confirmed that both refuse collection shifts should be equally staffed and advised that proper footwear and protective clothing had been ordered.

In response to a trade union request, it was noted that consultation would take place with the unions in relation to the closure of amenity sites.

**DECIDED:**

(a) That a report be submitted to the next meeting of the Joint Consultative Board: Non-Teaching detailing the areas where overtime had occurred:

(b) That confirmation be given at the next meeting that all reuse collection employees based at Underwood Road, Paisley had been provided with proper footwear and protective clothing; and

(c) That it be noted that consultation would take place with the unions in relation to the closure of amenity sites.

#### 6 **STAFF DEVELOPMENT**

The trade unions requested that the staff development programme agreed at the SMT and Leadership Board be rolled out in the first instance to home care staff. In response, the Head of HR, Organisational Development & Workplace Strategy confirmed that the trades unions would continue to be engaged with the staff development process and that it was the intention of the process that employees at all levels would be developed.

**DECIDED:** That once the detailed implementation plan had been developed and agreed,

an update report update would be submitted to a future meeting of the Board.

## **7 CITY OF CULTURE BID 2021**

The UNISON representatives intimated that UNISON had a wide range of experience relating to the competition process arising from the bid processes for Derry/Londonderry's UK City of Culture award and Liverpool's European City of Culture award. He suggested that, taking into account this experience, UNISON be involved in the decision making structure for the Paisley 2021 UK City of Culture bid.

**DECIDED:** That Unison's offer to be involved in the decision making structure for the Paisley 2021 UK City of Culture bid be investigated further.

## **8 TIMETABLE OF MEETINGS**

There was submitted a report by the Director of Finance & Resources relative to the proposed timetable of meetings of the Joint Consultative Board: Non-Teaching during 2016.

It was proposed that meetings of the Board be held at 3pm on 10 February, 27 April, 8 June, 15 September, 26 October and 8 December, 2016

**DECIDED:** That the timetable of meetings for 2016 of the Joint Consultative Board: Non-Teaching, detailed in the report, be approved.

## **9 FATAL ACCIDENT INQUIRY: GLASGOW BIN LORRY CRASH**

The Amenity Services Manager-Waste advised that Renfrewshire Council would be examining the report of the Fatal Accident Inquiry into the Glasgow bin lorry crash and, in particular, looking at the recommendations for Glasgow City Council and identifying the implications for Renfrewshire Council.

**DECIDED:** That the position be noted.




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**To:** Finance and Resources Policy Board

**On:** 27 January 2016

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**Report by:** Chief Executive and Director of Finance and Resources

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**Heading:** Revenue Budget Monitoring to 13 November 2015

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## 1. Summary

- 1.1 Gross expenditure is £151,000 (0.6%) under budget and income is in line with the budget resulting in a **net underspend position** for the services reporting to this Policy Board. This is summarised over the relevant services in the table below:

Division / Department	Current Reported Position	% variance	Previously Reported Position	% variance
Finance and Resources	£97,000 Underspend	0.5%	Breakeven	-
Chief Execs.	£54,000 Underspend	2.5%	Breakeven	-
Miscellaneous	Breakeven	-	Breakeven	-

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## 2. Recommendations

- 2.1 Members are requested to note the budget position
- 2.2 Members are requested to note that since the last report there have been net budget realignments of £294,061 primarily related to the transfer of IT budgets to Finance and Resources, an adjustment to salary budgets for the impact of the Living Wage, the transfer of Advice Works from Social Work and the reallocation of previously agreed savings.

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3. **Finance and Resources**

<b>Current Position:</b>	<b>Net underspend £97,000</b>
<b><i>Previously Reported:</i></b>	<b><i>Breakeven</i></b>

The underspend has arisen due to levels of staff turnover and an over-recovery of licensing income.

3.1 **Projected Year End Position**

It is anticipated that Finance and Resources will achieve an underspend of £175,000 by the year end due to levels of staff turnover and an over-recovery of licensing income.

4. **Chief Executive**

<b>Current Position:</b>	<b>Net underspend £54,000</b>
<b><i>Previously Reported:</i></b>	<b><i>Breakeven</i></b>

The underspend has arisen due to levels of staff turnover.

4.1 **Projected Year End Position**

It is anticipated that the Chief Executive's will achieve an underspend of £115,000 by the year end due to levels of staff turnover.

5. **Miscellaneous Services**

<b>Current Position:</b>	<b>Breakeven</b>
<b><i>Previously Reported:</i></b>	<b><i>Breakeven</i></b>

There are no significant variances to report.

5.1 **Projected Year End Position**

It is anticipated that Miscellaneous Services will achieve an underspend of £200,000 by the year end due to additional one-off income.



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## Implications of the Report

1. **Financial** – Net revenue expenditure will be contained within available resources.
2. **HR & Organisational Development** - none
3. **Community Planning** – none
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** - none.
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** - none

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**Author:** David Forbes, Extension 6424



**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : FINANCE AND RESOURCES**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5)	Budget Variance (7)	
		£000's	£000's	£000's	£000's	£000's	£000's	%
Employee Costs		38,198	19,825	17,483	2,251	19,734	91	0.5%
Property Costs		5,027	491	331	160	491	0	0.0%
Supplies & Services		2,604	1,187	1,976	(789)	1,187	0	0.0%
Contractors and Others		11,156	433	585	(152)	433	0	0.0%
Transport & Plant Costs		29	17	14	3	17	0	0.0%
Administration Costs		16,393	1,886	1,804	82	1,886	0	0.0%
Payments to Other Bodies		3,219	2,153	2,473	(320)	2,153	0	0.0%
CFCR		2,880	0	0	0	0	0	0.0%
Capital Charges		746	50	15	35	50	0	0.0%
<b>GROSS EXPENDITURE</b>		<b>80,252</b>	<b>26,042</b>	<b>24,681</b>	<b>1,270</b>	<b>25,951</b>	<b>91</b>	<b>0.3%</b>
<b>Income</b>								
		(42,339)	(2,323)	(2,203)	(180)	(2,383)	60	2.6%
<b>NET EXPENDITURE</b>		<b>37,913</b>	<b>23,719</b>	<b>22,478</b>	<b>1,090</b>	<b>23,568</b>	<b>151</b>	<b>0.6%</b>
								<b>underspend</b>

£000's

Bottom Line Position to 13 November 2015 is an underspend of  
Anticipated Year End Budget Position is an underspend of

**0.6%**  
**1.3%**

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : FINANCE AND RESOURCES**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5)	Budget Variance (7)	
		£000's	£000's	£000's	£000's	£000's	£000's	%
Finance and Resources		6,221	17,670	19,180	(1,607)	17,573	97	0.5%
Chief Executives		1,575	2,190	2,170	(34)	2,136	54	2.5%
Miscellaneous		30,117	3,859	1,128	2,731	3,859	0	0.0%
<b>NET EXPENDITURE</b>		<b>37,913</b>	<b>23,719</b>	<b>22,478</b>	<b>1,090</b>	<b>23,568</b>	<b>151</b>	<b>0.6%</b>
								<b>underspend</b>
								<b>underspend</b>
								<b>breakeven</b>
								<b>underspend</b>

Bottom Line Position to 13 November 2015 is an underspend of £000's 151 0.6%  
Anticipated Year End Budget Position is an underspend of £000's 490 1.3%

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : FINANCE AND RESOURCES : FINANCE AND RESOURCES**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5) £000's	Budget Variance (7)	
		£000's	£000's	£000's	£000's	£000's	£000's	%
Employee Costs		26,592	15,557	16,192	(672)	15,520	37	0.2%
Property Costs		2,335	220	59	161	220	0	0.0%
Supplies & Services		2,346	675	1,464	(789)	675	0	0.0%
Contractors and Others		271	271	423	(152)	271	0	0.0%
Transport & Plant Costs		29	18	15	3	18	0	0.0%
Administration Costs		8,896	1,569	1,487	82	1,569	0	0.0%
Payments to Other Bodies		2,242	1,304	1,397	(93)	1,304	0	0.0%
CFCR		0	0	0	0	0	0	0.0%
Capital Charges		1,961	35	0	35	35	0	0.0%
<b>GROSS EXPENDITURE</b>		<b>44,672</b>	<b>19,649</b>	<b>21,037</b>	<b>(1,425)</b>	<b>19,612</b>	<b>37</b>	<b>0.2%</b>
		(38,451)	(1,979)	(1,857)	(182)	(2,039)	60	3.0%
<b>Income</b>		<b>6,221</b>	<b>17,670</b>	<b>19,180</b>	<b>(1,607)</b>	<b>17,573</b>	<b>97</b>	<b>0.5%</b>
<b>NET EXPENDITURE</b>								<b>underspend</b>

£000's

Bottom Line Position to 13 November 2015 is an underspend of 97 0.5%  
Anticipated Year End Budget Position is an underspend of 175 2.8%

RENFREWSHIRE COUNCIL  
REVENUE BUDGET MONITORING STATEMENT 2015/2016  
1st April 2015 to 13 November 2015

**POLICY BOARD : FINANCE AND RESOURCES : FINANCE AND RESOURCES**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5)	Budget Variance (7)		
		£000's	£000's	£000's	£000's	£000's	£000's	%	
Finance		235	2,321	2,165	119	2,284	37	1.6%	underspend
Development		418	9,663	10,896	(1,233)	9,663	0	0.0%	breakeven
Cost of Collection of Rates		99	36	(11)	47	36	0	0.0%	breakeven
Cost of Collection of Council Tax		1,150	585	249	336	585	0	0.0%	breakeven
Private Sector Housing Benefit		1,688	466	1,033	(567)	466	0	0.0%	breakeven
Finance Miscellaneous		821	1,197	1,443	(246)	1,197	0	0.0%	breakeven
Personnel Services		(246)	890	956	(66)	890	0	0.0%	breakeven
Legal and Democratic Services		778	1,554	1,594	(100)	1,494	60	3.9%	underspend
<b>TOTAL FINANCE AND RESOURCES</b>		<b>4,943</b>	<b>16,712</b>	<b>18,325</b>	<b>(1,710)</b>	<b>16,615</b>	<b>97</b>	<b>0.6%</b>	<b>underspend</b>
Joint Valuation Board		1,278	958	855	103	958	0	0.0%	breakeven
<b>NET EXPENDITURE</b>		<b>6,221</b>	<b>17,670</b>	<b>19,180</b>	<b>(1,607)</b>	<b>17,573</b>	<b>97</b>	<b>0.5%</b>	<b>underspend</b>

£000's

Bottom Line Position to 13 November 2015 is an underspend of 97 0.5%

Anticipated Year End Budget Position is an underspend of 175 2.8%

**POLICY BOARD : FINANCE AND RESOURCES : CHIEF EXECUTIVES**

Bottom Line Position to 13 November 2015 is an underspend of	54
Anticipated Year End Budget Position is an underspend of	115
	£000's

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : FINANCE AND RESOURCES : CHIEF EXECUTIVES**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5)	Budget Variance (7)	
		£000's	£000's	£000's	£000's	£000's	£000's	%
Core Activities		(212)	884	861	0	861	23	2.6%
CE Funded Projects		727	410	405	5	410	0	0.0%
Policy and Commissioning		1,060	896	904	(39)	865	31	3.5%
<b>NET EXPENDITURE</b>		<b>1,575</b>	<b>2,190</b>	<b>2,170</b>	<b>(34)</b>	<b>2,136</b>	<b>54</b>	<b>2.5%</b>
Bottom Line Position to 13 November 2015 is an underspend of							<b>54</b>	<b>2.5%</b>
Anticipated Year End Budget Position is an underspend of							<b>115</b>	<b>7.3%</b>



**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : FINANCE AND RESOURCES : MISCELLANEOUS**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5) £000's	Budget Variance (7)	
		£000's	£000's	£000's	£000's	£000's	£000's	%
Employee Costs		8,600	2,560	(359)	2,919	2,560	0	0.0%
Property Costs		2,628	271	271	0	271	0	0.0%
Supplies & Services		105	431	431	0	431	0	0.0%
Contractors and Others		10,870	155	155	0	155	0	0.0%
Transport & Plant Costs		0	0	0	0	0	0	0.0%
Administration Costs		7,369	307	307	0	307	0	0.0%
Payments to Other Bodies		292	416	604	(188)	416	0	0.0%
CFCR		2,880	0	0	0	0	0	0.0%
Capital Charges		(1,215)	15	15	0	15	0	0.0%
<b>GROSS EXPENDITURE</b>		<b>31,529</b>	<b>4,155</b>	<b>1,424</b>	<b>2,731</b>	<b>4,155</b>	<b>0</b>	<b>0.0%</b>
<b>Income</b>								
		(1,412)	(296)	(296)	0	(296)	0	0.0%
<b>NET EXPENDITURE</b>		<b>30,117</b>	<b>3,859</b>	<b>1,128</b>	<b>2,731</b>	<b>3,859</b>	<b>0</b>	<b>0.0%</b>

£000's

Bottom Line Position to 31 January 2014 is breakeven of 0.0%  
Anticipated Year End Budget Position is breakeven of 0.7%

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : FINANCE AND RESOURCES : MISCELLANEOUS**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5)	Budget Variance (7)	
		£000's	£000's	£000's	£000's	£000's	£000's	%
Corporate & Democratic Core		28,299	703	(2,222)	2,925	703	0	0.0%
Central Overheads		4,600	2,417	2,611	(194)	2,417	0	0.0%
Capital Accounting		(1,440)	(25)	(25)	0	(25)	0	0.0%
Welfare Fund Grants		70	756	756	0	756	0	0.0%
Community Infrastructure		0	8	8	0	8	0	0.0%
Temporary Interest		(1,412)	0	0	0	0	0	0.0%
<b>NET EXPENDITURE</b>		<b>30,117</b>	<b>3,859</b>	<b>1,128</b>	<b>2,731</b>	<b>3,859</b>	<b>0</b>	<b>0.0%</b>

£000's  
0  
200

Bottom Line Position to 13 November 2015 is breakeven of  
Anticipated Year End Budget Position is an underspend of

0.0%  
0.7%




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**To:** Finance and Resources Policy Board

**On:** 27 January 2016

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**Report by:** Director of Finance and Resources

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**Heading:** Revenue Budget Monitoring – Council Overview to 13 November 2015

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**1. Summary**

1.1 This report provides an overview of the budget performance for all Services for the period to 13 November 2015.

1.2 The report confirms an overall budget underspend for all services of £0.151m (0.1%). This is summarised over General Fund Services, and the Housing Revenue Account in the table below:

Division / Department	Current Reported Position	% variance	Previously Reported Position	% variance
General Fund Services	£151,000 Underspend	0.1%	Breakeven	-
HRA	Breakeven	-	Breakeven	-

1.3 The budget performance to date suggests a projected year end underspend of £1.182m (0.3%) which is summarised in the table below:

Division / Department	Anticipated Year End Position	% variance	Previously Reported Position	% variance
General Fund Services	£1,182,000 Underspend	0.3%	Breakeven	-
HRA	Breakeven	-	Breakeven	-

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## 2. **Recommendations**

2.1 Members are requested to note the budget position

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## 3. **Service Commentaries**

3.1 Budget Monitoring reports will be considered by each Policy Board for services reporting directly to those Boards.

3.2 In terms of the Financial Regulations budgets have been approved on a service basis and Directors are expected to manage their spending needs within the bottom line of the budget approved. A brief commentary on budget variances by service is provided below and a Service overview is attached for information.

### 3.3 **Education and Children** (*Education and Children Policy Board*)

**Current Position:** **Breakeven**

***Previously Reported:*** ***Breakeven***

The breakeven position at this stage in the year relates mainly to the net effect of overspends and underspends in the following areas of service:-

- The overspend of £62,000 within Central Admin relates to additional staffing costs.
- £59,000 of an overspend in Additional Support for Learning relates to additional staffing costs.
- £169,000 of an underspend in Pre Fives relates to payments to partner nurseries and pre-five officer salaries.
- £266,000 of an overspend in Primary Schools is related to an overspend on teachers' salaries partly offset by an underspend on transport costs.
- £267,000 of an underspend in Secondary Schools is mainly due to underspends in transport costs and teachers' salaries.

- £49,000 of an overspend in Special Schools relates to teachers' salaries including the central cover budget.

### **Projected Year End Position**

It is anticipated at this stage that Education and Children's Services will achieve a breakeven position at year end subject to any unforeseen demand pressures emerging over the rest of the year.

3.4

### **Leisure Services**

**Current Position:** Breakeven

***Previously Reported:*** Breakeven

There are no significant variances to report.

### **Projected Year End Position**

It is anticipated at this stage that Leisure Services will achieve a breakeven position at the year end.

3.5

### **Community Resources** (*Environment Policy Board*)

**Current Position:** Breakeven

***Previously Reported:*** Breakeven

The breakeven position at this stage in the year relates mainly to the net effect of over and underspends in the following areas of service:-

- An overspend of £19,000 on Refuse Collection is mainly due to lower income from trade waste and special uplifts and a small overspend on employee costs which are partly offset by underspends on supplies and services and transport costs.
- The £18,000 underspend on School Crossing Patrols is due to lower than budgeted employee costs.
- An overspend of £24,000 on Land Services is due to lower recreational and cemetery income.
- £24,000 of an underspend on Renfrewshire Wardens is due to underspends on employee costs and administration costs.

### **Projected Year End Position**

It is currently projected that Community Resources will breakeven at year end. This forecast position will be reviewed on an ongoing basis during the financial year, particularly with regard to recycling performance and the level of tonnages received for recycling or disposal, and the costs of roads maintenance throughout the winter maintenance period from October 2015 to March 2016.

## **3.6 Development & Housing Services - Other Housing (*Housing & Community Safety Policy Board*)**

**Current Position:** Breakeven  
**Previously Reported:** Breakeven

At this stage in the financial year the Other Housing account reflects a breakeven position with no significant variances to report on any of the budget categories.

### **Projected Year End Position**

It is anticipated at this stage that the Other Housing year end position will be an underspend of £292,000 as a result of an improved outturn position on the Council's Housing Benefit subsidy position and reduced Housing Strategy costs.

## **3.7 Development & Housing Services – Planning & Regeneration (*Planning and Property Policy Board*)**

**Current Position:** Breakeven  
**Previously Reported:** Breakeven

At this stage in the financial year the Planning Division account reflects a breakeven position with no significant variances to report on any of the budget categories.

### **Projected Year End Position**

It is projected that the Planning division will achieve a breakeven position by the year end.

3.8 **Property & Construction Services** (*Planning and Property Policy Board*)

**Current Position:** Breakeven  
**Previously Reported:** Breakeven

The current breakeven position mainly reflects overspends in Property Costs, Supplies and Services and Contractors and Others costs which have been offset by an over-recovery in income.

The overspends on the Property Services account at this stage in the financial year, reflect the increased levels of systems and professional support required to service the significant capital schemes currently being led by the Property Services division and will be offset by increased fee income.

**Projected Year End Position**

It is anticipated that Property & Construction Services will achieve a breakeven position at year end.

3.9 **Development & Housing Services – Economic Development** (*Economy & Jobs Policy Board*)

**Current Position:** Breakeven  
**Previously Reported:** Breakeven

At this stage in the financial year the account reflects a breakeven position with no significant variances to report on any of the budget categories.

**Projected Year End Position**

It is projected that the Economic Development division will achieve a breakeven position by the year end.

**Adult Services** (*Social Work, Health and Well-being Policy Board*)**Current Position:** Breakeven**Previously Reported:** Breakeven

The breakeven position within Adult Services at this stage in the year relates mainly to the net effect of overspends and underspends in the following areas of service:-

- The underspend of £22,000 within Older People services reflects pressures within the care at home service which are mitigated by an underspend in the external care home placement budget reflecting higher than anticipated turnover levels.

In addition to pressures within the care at home service, there continues to be an under recovery of income from the Council's residential Care Homes due to the current levels of under occupancy.

- £53,000 of an overspend in Physical Disabilities is due to increases in the purchase of equipment to support service users to stay in their own homes reflecting the shift in the balance of care to the community and their associated needs.
- An underspend of £155,000 within Learning Disabilities is mainly due to the time taken to recruit to new posts within the Learning Disability day services, the majority of which have now been filled. This underspend offsets an overspend on the Adult Placement budget reflecting increased changes in the budget profile in relation to the funding of SDS packages.
- A £30,000 overspend on Mental Health is mainly due to higher than anticipated payroll costs.
- £94,000 of an overspend in Addictions relates to higher than anticipated payroll costs.

**Projected Year End Position**

The Adult Services budget is, at this stage, reporting a year projected breakeven position.



3.11 **Finance and Resources** (*Finance and Resources Policy Board*)

**Current Position:** Net underspend £97,000  
**Previously Reported:** Breakeven

The underspend has arisen due to levels of staff turnover and an over-recovery of licensing income.

**Projected Year End Position**

It is anticipated that Finance and Resources will achieve an underspend of £175,000 by the year end due to levels of staff turnover and an over-recovery of licensing income.

3.12 **Chief Executive's Department** (*Finance and Resources Policy Board*)

**Current Position:** Net underspend £54,000  
**Previously Reported:** Breakeven

The underspend has arisen due to levels of staff turnover.

**Projected Year End Position**

It is anticipated that the Chief Executive's will achieve an underspend of £115,000 by the year end due to levels of staff turnover.

3.13 **Miscellaneous Services** (*Finance and Resources Policy Board*)

**Current Position:** Breakeven  
**Previously Reported:** Breakeven

There are no significant variances to report.

**Projected Year End Position**

It is anticipated that Miscellaneous Services will achieve an underspend of £200,000 by the year end due to additional one-off income.

It is anticipated that Council Tax income for 2015-16 will be over recovered by £400,000 against budget due to increased yield.

### 3.14 **Trading Operations**

These are the subject of separate reports submitted to the relevant Policy Boards. An overview is attached for information which confirms an actual breakeven position in line with the budgeted surplus for the General Fund. It is projected that the Building Services trading operation will deliver a £468,000 surplus in line with budget. In line with agreed policy this surplus will be returned to the General Fund or the HRA based on the level of Housing related turnover and the reported position reflects this policy.

### 3.15 **Housing Revenue Account** (*Housing & Community Safety Policy Board*)

<b>Current Position:</b>	<b>Breakeven</b>
<b><i>Previously Reported:</i></b>	<b><i>Breakeven</i></b>

The net underspend, arising from the minor under and overspends on employee costs and contractors costs respectively, has been offset by an increase in Capital Funded from Current Revenue (CFCR).

The additional expenditure in CFCR relates to the agreed strategy of using underspends within the HRA and Capital Funded from Current Revenue to reduce new debt and to smooth debt repayments to support the sustainable delivery of the Business Plan and has resulted in a breakeven position on the HRA at this stage in the financial year.

#### **Projected Year End Position**

At this stage in the financial year, it is projected that the HRA will achieve a breakeven position at the year end. Projected underspends will be offset by a corresponding increase in the planned CFCR contribution.

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### **Implications of the Report**

1. **Financial** – Net revenue expenditure will be contained within available resources.
2. **HR & Organisational Development** – none

3. **Community Planning** – none
  4. **Legal** – none
  5. **Property/Assets** – none
  6. **Information Technology** - none.
  7. **Equality & Human Rights** The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
  8. **Health & Safety** – none
  9. **Procurement** – none
  10. **Risk** – none
  11. **Privacy Impact** - none
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**Author:** David Forbes, Extension 6424



**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW**

Description (1)	£000's	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5)	Budget Variance (7)	
		£000's	£000's	£000's	£000's	£000's	£000's	%
Employee Costs		233,748	130,455	128,119	2,216	130,335	120	0.1%
Property Costs		103,033	62,502	60,615	2,042	62,657	(155)	-0.2%
Supplies & Services		17,185	10,186	11,905	(1,314)	10,591	(405)	-4.0%
Contractors and Others		101,258	48,454	48,306	159	48,465	(11)	0.0%
Transport & Plant Costs		13,165	7,392	7,066	179	7,245	147	2.0%
Administration Costs		67,095	4,983	3,828	1,179	5,007	(24)	-0.5%
Payments to Other Bodies		55,958	29,393	29,372	(296)	29,076	317	1.1%
CFCR		2,876	0	33	(33)	0	0	0.0%
Capital Charges		51,679	13,095	24	13,071	13,095	0	0.0%
<b>GROSS EXPENDITURE</b>		<b>645,997</b>	<b>306,460</b>	<b>289,268</b>	<b>17,203</b>	<b>306,471</b>	<b>(11)</b>	<b>0.0%</b>
Income		(266,215)	(120,907)	(114,059)	(7,010)	(121,069)	162	0.1%
<b>NET EXPENDITURE</b>		<b>379,782</b>	<b>185,553</b>	<b>175,209</b>	<b>10,193</b>	<b>185,402</b>	<b>151</b>	<b>0.1%</b>

£000's

0.1%

Bottom Line Position to 13 November 2015 is an underspend of

0.3%

Anticipated Year End Budget Position is an underspend of

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW**

Description (1)	£000's	Revised Annual Budget (2)	£000's	Revised Period Budget (3)	£000's	Actual (4)	£000's	Adjustments (5)	£000's	Revised Actual (6) = (4 + 5)	£000's	Budget Variance (7)	
												£000's	%
Education and Children		192,951		93,372		93,684		(312)		93,372		0	0.0%
Leisure Services		12,665		6,642		6,499		143		6,642		0	0.0%
Environmental Services		56,772		27,432		27,704		(272)		27,432		0	0.0%
Finance & Resources		6,220		17,671		19,180		(1,606)		17,574		97	0.5%
Other Housing		5,735		5,616		5,475		141		5,616		0	0.0%
Planning & Economic Development		8,457		3,513		7,169		(3,656)		3,513		0	0.0%
Chief Executives		1,574		2,191		2,170		(33)		2,137		54	2.5%
Miscellaneous		30,117		3,859		1,128		2,731		3,859		0	0.0%
Property & Construction Services		2,667		1,969		1,619		350		1,969		0	0.0%
Social Work		63,681		27,133		27,133		0		27,133		0	0.0%
Trading Accounts (Surplus)/Deficit		(1,082)		(521)		1,291		(1,812)		(521)		0	0.0%
<b>SUB -TOTAL GENERAL SERVICES</b>		<b>379,757</b>		<b>188,877</b>		<b>193,052</b>		<b>(4,326)</b>		<b>188,726</b>		<b>151</b>	<b>0.1%</b>
Housing Revenue Account (HRA)		0		(3,324)		(17,843)		14,519		(3,324)		0	0.0%
<b>NET EXPENDITURE</b>		<b>379,757</b>		<b>185,553</b>		<b>175,209</b>		<b>10,193</b>		<b>185,402</b>		<b>151</b>	<b>0.1%</b>

	£000's	
<b>Bottom Line Position to 13 November 2015 is an underspend of</b>	<b>151</b>	<b>0.1%</b>
<b>Anticipated Year End Budget Position is an underspend of</b>	<b>1,182</b>	<b>0.3%</b>

**RENFREWSHIRE COUNCIL**

## REVENUE BUDGET MONITORING STATEMENT 2015/2016

1st April 2015 to 13 November 2015

**POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW : TRADING OPERATIONS**

Description (1)	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Budget Variance (7)		
					£000's	%	
Employee Costs	12,457	7,654	7,099	506	49	0.6%	underspend
Property Costs	683	408	323	79	6	1.5%	underspend
Supplies & Services	5,533	3,517	3,787	(262)	(8)	-0.2%	overspend
Contractors and Others	3,152	1,708	1,750	(15)	(27)	-1.6%	overspend
Transport & Plant Costs	2,702	1,576	1,449	115	12	0.8%	underspend
Administration Costs	2,083	1,305	310	995	0	0.0%	breakeven
Payments to Other Bodies	7	4	(15)	19	0	0.0%	breakeven
CFR	0	0	0	0	0	0.0%	breakeven
Capital Charges	241	148	0	148	0	0.0%	breakeven
GROSS EXPENDITURE	26,858	16,320	14,703	1,585	32	0.2%	underspend
Income	(27,940)	(16,842)	(13,409)	(3,401)	(32)	-0.2%	under-recovery
NET EXPENDITURE	(1,082)	(522)	1,294	(1,816)	0	0.0%	breakeven

£000's

**0.0%**

Bottom Line Position to 13 November 2015 is breakeven of

0.0%

**Anticipated Year End Budget Position is breakeven of**

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2015/2016**  
**1st April 2015 to 13 November 2015**

**POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW : TRADING OPERATIONS**

Description (1)	Revised Annual Budget (2)	Revised Period Budget (3)	Actual (4)	Adjustments (5)	Revised Actual (6) = (4 + 5)	Budget Variance (7)		
						£000's	%	
Building & Works Trading Catering Trading Transport Trading Roads Trading	0	(289)	1,727	(2,016)	(289)	0	0.0%	breakeven
	(452)	(214)	(143)	(71)	(214)	0	0.0%	breakeven
	(505)	(320)	(374)	54	(320)	0	0.0%	breakeven
	(125)	301	84	217	301	0	0.0%	breakeven
NET EXPENDITURE	(1,082)	(522)	1,294	(1,816)	(522)	0	0.0%	breakeven

£000's

Bottom Line Position to 13 November 2015 is breakeven of

0.0%

Anticipated Year End Budget Position is breakeven of

0.0%






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**To: FINANCE & RESOURCES POLICY BOARD**

**On: 27 JANUARY 2016**

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**Report by: Director of Finance and Resources**

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**Heading: Capital Budget Monitoring Report**

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**1. Summary**

- 1.1 Capital expenditure to 13<sup>th</sup> November totals £0.538m compared to anticipated expenditure of £0.524m for this time of year. This results in an over-spend position of £0.014m for those services reporting to this board, and is summarised in the table below:

<b>Division</b>	<b>Current Reported Position</b>	<b>% Variance</b>	<b>Previously Reported Position</b>	<b>% Variance</b>
Corporate Issues (Non Property)	£0.014m o/spend	3% o/spend	£0.006m o/spend	1% o/spend
<b>Total</b>	<b>£0.014m o/spend</b>	<b>3% o/spend</b>	<b>£0.006m o/spend</b>	<b>1% o/spend</b>

- 1.2 The expenditure total of £0.538m represents 24% of the resources available to fund the projects being reported to this board. Appendix 1 provides further information on the budget monitoring position of the projects within the remit of this board.
- 

**2. Recommendations**

- 2.1 It is recommended that Members note this report.

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3.           **Background**

3.1           This report has been prepared by the Director of Finance and Resources in conjunction with the Chief Executive.

3.2           This capital budget monitoring report details the performance of the Capital Programme to 13<sup>th</sup> November 2015, and is based on the Capital Investment Programme which was approved by members on 12<sup>th</sup> February 2015, adjusted for movements since its approval.

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4.           **Budget Changes**

4.1           Since the last report there have been no budget changes.

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## Implications of the Report

1. **Financial** – The programme will be continually monitored, in conjunction with other programmes, to ensure that the available resources are fully utilised and that approved limits are achieved.
2. **HR & Organisational Development** – none.
3. **Community Planning** –  
**Greener** - Capital investment will make property assets more energy efficient.
4. **Legal** – none.
5. **Property/Assets** – none.
6. **Information Technology** – none.
7. **Equality & Human Rights** – The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none.
9. **Procurement** – none.
10. **Risk** – none.
11. **Privacy Impact** – none.

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### **List of Background Papers**

- (a). Capital Investment Programme 2015/16 & 2016/17 – Council, 12<sup>th</sup> February 2015.

The contact officers within the service are:

- Geoff Borland (Finance & Resources)
- Gillian Dickie (Finance & Resources)

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**Author:** *Geoff Borland, Principal Accountant, 0141 618 4786, geoffrey.borland@renfrewshire.gov.uk.*

## Appendix 1

### CAPITAL PROGRAMME 2015/16 - BUDGET MONITORING REPORT TO 13 NOVEMBER 2015 (£000s)

POLICY BOARD Department	Council Approved Programme	Current Programme	Share of Available Resources	Year to Date Budget to 13-Nov-15	Spent to 13-Nov-15	Variance to 13-Nov-15	% variance	Unspent Cash Flow For Year	% Cash Spent
<b>Finance &amp; Resources</b> Corporate Projects (Non Property)	3,945	2,248	2,248	524	538	-14	-3%	1,710	24%
<b>TOTAL</b>	3,945	2,248	2,248	524	538	-14	-3%	1,710	24%





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**To: FINANCE & RESOURCES POLICY BOARD**

**On: 27 JANUARY 2016**

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**Report by: Director of Finance and Resources**

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**Heading: Capital Budget Monitoring Report - Overview**

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**1. Summary**

1.1 This report provides an overview of the performance of the Housing and Non-Housing Capital Programmes for the period to 13<sup>th</sup> November 2015.

1.2 The Council Approved Programme figures reflect the Capital Investment Strategy which was approved by Council on 12<sup>th</sup> February 2015 for both Housing Services and Non Housing Services. The Private Sector Housing programme was approved by the Housing and Community Safety Policy Board on 10<sup>th</sup> March 2015. The Current Programme figures reflect adjustments to the approved Capital Programme since approval.

1.3 Members will be aware that from 1<sup>st</sup> April 2004, it is the duty of the Council, under s35 (1) of the Local Government (Scotland) Act 2003, to determine and keep under review the maximum amount which it can afford to allocate to capital expenditure. In addition, the Council must also keep under review its Capital Financing Requirement (CFR) i.e. the level of resources that are used to fund capital expenditure over the longer term (rather than at point of spend). It is also the duty of the Council to have regard to the Prudential Code in setting its capital expenditure limit and its capital expenditure requirement.

1.4 The limit on capital expenditure which the Council has set for 2015-16 is shown in the table overleaf. The limit is based on the resources available to fund the capital programmes, split between Housing and Non Housing Services, but excludes PSHG as this is not considered to be capital.

	<b>Approved Limit £m</b>	<b>Actual Expenditure £m</b>
Non Housing	54.357	17.724
Housing	14.332	8.025
<b>Total</b>	<b>68.689</b>	<b>25.749</b>

- 1.5 The CFR which the Council has set for 2015-16 is shown in the table below, and is split between Housing & Non Housing Services. In addition, the projected out-turn at 31<sup>st</sup> March 2016 is also shown. Any significant increase in the capital expenditure limit which is not funded at point of spend will result in an increase in the CFR.

	<b>Approved CFR to 31 March 2016 £m</b>	<b>Projected CFR to 31 March 2016 £m</b>
Non Housing	211	210
Housing	154	154
<b>Total</b>	<b>365</b>	<b>364</b>

- 1.6 55% of the available resources for Housing and 32% for Non Housing have been spent to 13<sup>th</sup> November 2015. Monitoring procedures are in place to ensure the programmes are managed flexibly and spending is contained within the approved limits.

---

## 2. Recommendations

- 2.1 It is recommended that Members note this report.

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## 3. Background

- 3.1 Individual reports have been presented to each Policy Board on the spending performance of the relevant departmental programmes and this information is summarised in Appendix 1.
- 3.2 The capital monitoring information available as at 13<sup>th</sup> November 2015 is summarised for both the Housing & Non-Housing programmes on Appendix 2.



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4. **Housing Services Programme**

- 4.1 The programme approved by Council on 12<sup>th</sup> February 2015 totalled £14.423m. The programme currently stands at **£14.623m**, reflecting resources brought forward from 2014/15 and subsequent re-profiling into 2016/17 based on planned expenditure timescales.
- 4.2 Of the £14.623m programme, £3.922m is legally committed at the 13<sup>th</sup> November 2015 which equates to 27% of the available resources.
- 4.3 Capital expenditure at 13<sup>th</sup> November 2015 totals **£8.025m** compared to anticipated expenditure of £8.559m. The minor under-spend relates to a number of rolling programmes and reflects a timing issue, with the programme still expected to fully spend to budget.

The table below summarises the position:

Division	Current Reported Position	% Variance	Previously Reported Position	% Variance
Housing Programme	£0.534m u/spend	6% u/spend	£0.030m u/spend	0% u/spend

- 4.4 The actual capital expenditure of **£8.025m** is 55% of the available resources, and compares with 44% for the equivalent time in 2014/15.
- 4.5 Capital income of £1.687m has been received in the period to 13<sup>th</sup> November 2015 representing 54% of the estimated capital income for the year. This compares with 77% in 2014/15.

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5. **Non Housing Services Programme**

5.1 The programme approved by Council on the 12<sup>th</sup> February 2015 totalled £49.373m. The current programme totals **£47.654m**, a decrease of £1.719m, being the net effect of projects re-profiled from 2014/15 to 2015/16 of £8.060m, projects re-profiled from 2015/16 to 2016/17 of £11.800m and new funding in 2015/16 of £2.021m which primarily relates to grant funding anticipated to be received in 2015/16 for the Strathclyde Partnership for Transport programme.

5.2 Capital expenditure to 13<sup>th</sup> November 2015 totals **£17.724m** compared to anticipated expenditure of £17.654m, and therefore shows an over-spend of £0.070m.

The table below summarises the position:

Division	Current Reported Position	% Variance	Previously Reported Position	% Variance
Non Housing Programme	£0.070m o/spend	0% o/spend	£0.468m u/spend	3% u/spend

5.3 The actual cash spent to 13<sup>th</sup> November 2015 was **£17.724m**, or 32% of the available resources, and compares with a 45% spend for the equivalent time in 2014/15. It is anticipated that the available resources will be fully utilised by the 31 March 2016.

5.4 Capital income totalling £11.045m has been received to 13<sup>th</sup> November 2015. This represents 38% to date of the total anticipated income, and compares with 58% for the equivalent period in 2014/15. The outstanding income mainly relate to the balance of the general capital grant from the Scottish Government and grants from other bodies.

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6. **Private Sector Housing Grant Programme**

- 6.1 The overall budget provision for this programme is included within the revenue budget. However, in order to monitor the performance of the individual programmes, it is included within the capital budget monitoring procedures.
- 6.2 The programme approved by the Housing and Community Safety Policy Board on 10<sup>th</sup> March 2015 was £2.766m. The programme currently stands at **£2.909m**; the increase of £0.143m primarily relates to the carry forward of budget from 2014/15 in the Owners in Council House scheme.
- 6.3 Expenditure to 13<sup>th</sup> November 2015 totals **£0.573m** compared to anticipated expenditure of £0.549m, and therefore shows an over-spend of £0.024m. The remaining programme is expected to spend by 31 March 2016, and expenditure will be contained within the overall resources.

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## Implications of the Report

1. **Financial** – The programme will be continually monitored, in conjunction with other programmes, to ensure that the available resources are fully utilised and that approved limits are achieved.
2. **HR & Organisational Development** – none.
3. **Community Planning** –  
**Children and Young People** - none.  
**Community Care, Health & Well-being** - none.  
**Empowering our Communities** - none.  
**Greener** - Capital investment will make property assets more energy efficient.  
**Jobs and the Economy** - none.  
**Safer and Stronger** - none.
4. **Legal** – none.
5. **Property/Assets** – none.
6. **Information Technology** – none.
7. **Equality & Human Rights** – none.
8. **Health & Safety** – none.
9. **Procurement** – none.
10. **Risk** – none.
11. **Privacy Impact** – none.

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## List of Background Papers

- (a). Capital Investment Programme 2015/16 & 2016/17 – Council, 12<sup>th</sup> February 2015.
- (b). Housing Revenue Account Budget and Rent Levels 2015/16 and Housing Capital Investment Plan 2015/16 to 2017/18 – Council, 12<sup>th</sup> February 2015.

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**Author:** *Geoff Borland, Principal Accountant, 0141 618 4786, geoffrey.borland@renfrewshire.gov.uk.*

# Appendix 1

## CAPITAL PROGRAMME 2015/16 - BUDGET MONITORING REPORT TO 13 NOVEMBER 2015 (£000s)

POLICY BOARD	Department	Council Approved Programme	Current Programme	Share of Available Resources	Year to Date Budget to 13-Nov-15	Spent to 13-Nov-15	Variance to 13-Nov-15	% variance	Unspent Cash Flow For Year	% Cash Spent
Finance & Resources	Corporate Projects (Non Property) TOTAL	3,945	2,248	2,248	524	538	-14	-3%	1,710	24%
		3,945	2,248	2,248	524	538	-14	-3%	1,710	24%
Education	Education Services Social Work Services(Child Care & Criminal Justice) TOTAL	23,847	14,078	14,078	6,526	6,530	-4	0%	7,547	46%
		0	34	34	0	0	0	0%	34	0%
		23,847	14,111	14,111	6,526	6,530	-4	0%	7,581	46%
Social Work, Health & Well-Being	Social Work Services(Adult Social Care) TOTAL	0	519	519	25	25	0	0%	495	5%
		0	519	519	25	25	0	0%	495	5%
Housing & Community Safety	Housing & Property (Housing - HRA) Housing & Property (Housing - non HRA) TOTAL	14,423	14,623	14,623	8,559	8,025	534	6%	6,598	55%
		2,766	2,909	2,909	549	573	-24	-4%	2,337	20%
		17,189	17,532	17,532	9,107	8,597	510	6%	8,935	49%
Environmental	Community Resources	10,142	15,023	15,023	7,310	7,274	36	0%	7,749	48%
		10,142	15,023	15,023	7,310	7,274	36	0%	7,749	48%
Planning & Property	Development & Housing(THI/LGAN) Corporate Projects(Property) TOTAL	829	1,299	1,299	478	498	-20	-4%	801	38%
		4,830	6,427	6,427	2,290	2,301	-11	0%	4,126	36%
		5,659	7,726	7,726	2,767	2,798	-31	-1%	4,928	36%
Sport, Leisure & Culture	Leisure Services TOTAL	2,938	4,799	4,799	0	46	-46	100%	4,752	1%
		2,938	4,799	4,799	0	46	-46	100%	4,752	1%
Economy & Jobs	Development & Housing Services TOTAL	2,843	3,228	3,228	502	512	-10	-2%	2,715	16%
		2,843	3,228	3,228	502	512	-10	-2%	2,715	16%
TOTAL ALL BOARDS		66,563	65,187	65,187	26,762	26,321	441	2%	38,865	40%
Made up Of:										
PSHG Non-Housing Programme  PROGRAMME TOTAL	Housing Programme   TOTAL	14,423	14,623	14,623	8,559	8,025	534	6%	6,598	55%
		2,766	2,909	2,909	549	573	-24	-4%	2,337	20%
		49,373	47,654	47,654	17,654	17,724	-69	0%	29,930	37%
		66,563	65,187	65,187	26,762	26,321	441	2%	38,865	40%

**RENFREWSHIRE COUNCIL**  
**2015/16 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO PERIOD 13 NOVEMBER 2015 (62% OF FINANCIAL YEAR 2015/16)**

	2015/16			
	Housing Services	Non Housing Services	PSHG Programme	Total
<b>A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME</b>	£'000	£'000	£'000	£'000
1a. Supported Borrowing				0
1b. Prudential Borrowing	9,650	24,969		34,619
2a. General Capital Grant		17,734	1,453	19,187
2b. Specific Capital Grant		262		262
3a. Usable Capital Receipts	3,101	11,207		14,308
3b. Usable Capital receipts b/fwd from 2014/15				0
3c. Usable Capital receipts c/fwd to 2016/17				0
3d. Resources c/fwd to 2016/17				0
3e. Capital Receipts to be used to repay debt				0
4a. Contribution from Developer/Owners				0
5. Contribution From Current Revenue (CFOR)	1,872	1,323	1,456	4,651
6. Total Resource Availability	<b>14,623</b>	<b>55,495</b>	<b>2,909</b>	<b>73,027</b>
<b>B. CAPITAL PROGRAMME</b>				
7. Resources Available	14,623	55,495	2,909	73,027
8. Current Programme	14,623	47,654	2,909	65,187
9. Legally Committed at 13/11/15	3,922	24,168	615	28,705
				44%
<b>C. ACTUAL EXPENDITURE VS PROJECTED</b>				
10. Resource Availability	14,623	55,495	2,909	73,027
11. Cash Spent as at 13/11/15	8,025	17,724	573	26,321
12. Cash to be Spent by 31/03/16	6,598	37,771	2,337	46,706
				36%
<b>D. ACTUAL RECEIPTS VS PROJECTED</b>				
13. Current Programme (total receipts expected)	3,101	28,941	1,453	33,496
14. Actual Cash Received to 13/11/15	1,687	11,045	573	13,304
15. Receipts available to augment capital programme to 13/11/15	1,687	11,045	573	13,304
16. Receipts to be received by 31/03/16	1,414	17,896	881	20,191
				40%



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**To:** Finance and Resources Policy Board

**On:** 27 January 2016

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**Report by:** Director of Finance and Resources

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**Heading:** Revenues Collection Statement

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**1. Summary**

- 1.1 The report details the collection performance as at 28<sup>th</sup> November 2015 for Council Tax and Non Domestic Rates. It also gives details of the total sums collected for the last year.
- 

**2. Recommendations**

- 2.1 It is recommended that the Board note the content of the enclosed collection statement.
- 

**3. Background**

**3.1 Council Tax**

3.1.1 The billable sum for 2015/16 is £68,385,334

3.1.2 The Council Tax Reduction awarded is £12,629,496 amounting to 15.59% of the billable sum, which is 0.94% less than at the same point last year.

3.1.3 The sums collected to date for 2015/16 amount to £53,970,130 which is 78.92% of the billable sum. This is a decrease in cash collection, as a proportion of net charges billed, of 0.1% compared with the same position for 2014/15.

3.1.4 As previously reported to the Board, there has been an increase in the number of new build properties compared with the same period last year. The collection rate position has improved since last reported on 11 November 2015 and it is expected that this will continue during the second half of the year as payments for the new properties accumulate.

## 3.2 **Non Domestic Rates**

3.2.1 The Non Domestic Rates (NDR) charges billed for 2015/16 amount to £94,065,295.

3.2.2 The cash receipts to date amount to £67,580,348 which is 71.84% of the sums billed. This represents an increase of 0.42% in cash collected compared to the same position during 2014/15.



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## Implications of the Report

1. **Financial** – The level of collection of Local Taxation continues to provide funding for the delivery of Council services throughout Renfrewshire.

2. **HR & Organisational Development** - None

3. **Community Planning** –

**Empowering our Communities** – The collection of Local taxes through electronic payments (e.g. Direct Debit, Website and Telephone) is increasing and provides an extensive range of payment opportunities for the public.

**Jobs and the Economy** – An efficient and effective billing and administrative process is vital in ensuring the recovery of income to the council in order to support the provision of local services.

4. **Legal** – None

5. **Property/Assets** – None

6. **Information Technology** - None

7. **Equality & Human Rights** - None

8. **Health & Safety** None

9. **Procurement** – None

10. **Risk** - None

11. **Privacy Impact** – None

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**Author:** Emma Shields, Ext 6880

## Appendix 1

### RENFREWSHIRE COUNCIL

#### REVENUES COLLECTION STATEMENT AS AT 28<sup>TH</sup> NOVEMBER 2015

COUNCIL TAX		
	2014/15 £m	2015/16 £m
Projected Yield	77.358	77.434
Gross Charges	79.886	81.015
Less rebates	13.097	12.629
Net Charges Billed	<u>66.789</u>	<u>68.386</u>
Cash Collected	63.706	53.970
Rebate Grant	13.097	12.629
	<u>76.803</u>	<u>66.599</u>
Cash collected as % of Net Charges	95.38%	78.92%
Income as % of Projected Yield	99.28%	86.01%

NON DOMESTIC RATES		
	2014/15 £m	2015/16 £m
Projected Yield	90.774	92.184
Gross Charges	112.076	114.545
Less reliefs	19.586	19.792
Net Charges Billed	<u>92.627</u>	<u>94.065</u>
Cash Collected	90.900	67.580
Cash collected as % of Net Charges	98.14%	71.84%
Cash collected as % of Projected Yield	100.14%	73.31%



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**To:** Finance and Resources Policy Board

**On:** 27 January 2016

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**Report by:** Director of Finance and Resources

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**Heading: BENEFITS ADMINISTRATION – WELFARE  
REFORM AND PERFORMANCE STATEMENT**

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**1. Summary**

- 1.1. This report details the processing performance in relation to Housing Benefit and the Scottish Welfare Fund, as at the end of November 2015. The report provides an update on the funding and expenditure position in relation to Discretionary Housing Payments and the Scottish Welfare Fund.

**2. Recommendations**

- 2.1 The Finance and Resources Board note the content of this report.
- 

**3. Background**

**3.1 Service Information**

- 3.1.1 The Service continues to successfully balance a significant work load along with managing the impact of the ongoing effect from the welfare reform agenda.

### 3.2 Speed of Processing – Housing/Council Tax Benefit

3.2.1 As detailed in Table 1 below, processing speed for New Claims remains well within target. In relation to New Claims processed within 14 days of all information received, this measure is also within target for the period and year to date.

3.2.2 Processing of Changes in Circumstance (CIC) is within target for the period and year to date.

*(Supplementary processing information is attached in Appendix 1 for member's reference)*

**Table 1 – Performance Summary**

<b>Performance measure</b>	<b>4 Week Reporting Period 9 October 2015 to 5 November 2015</b>	<b>Year to date position</b>	<b>Annual Target</b>
New Claims – processing time	19.49 days	21.95 days	24 days
New Claims - % processed within 14 days of all information received	95.65%	94.20%	92%
Changes in Circumstance – processing time	10.45 days	6.35 days	10 days

### 3.3 Discretionary Housing Payments

3.3.1 The total budget for Discretionary Housing Payments is shown in table 2 below. The budget position has been adjusted to reflect the additional resources of £180,000 provided by the Council, approved at the Finance and Resources Board on 26 August 2015

3.3.2 Members may wish to note the application and award details shown in table 3 below. The table shows a larger proportion of decisions made compared with application volumes. This effect is due to the process put in place by the Service this year that; customers affected by the bedroom tax do not have to reapply for a DHP if they had made an application last year.

3.3.4 The Service will continue to carefully monitor all DHP expenditure and will make awards in line with the Council's policy and supporting guidance.

**Table 2 – DHP Budget**

<b>Funding Source</b>	<b>amount</b>
DWP	£366,294
Scottish Government	£1,532,060
Renfrewshire Council	£180,000
<b>Total budget for the year</b>	<b>£2,078,354</b>

**Table 3 – DHP Performance Summary**

<b>Measure</b>	<b>1 April 2015 to 30 November 2015</b>
Volume of DHP applications received	1,563 applications
Volume of DHP decisions made	3,606 decisions
Number of DHP awards	3,295 awards (3,174 customers)
Average processing time (target 29 days)	21.5 days
<b>Total amount committed/paid</b>	<b>£1,195,962</b>

### **3.4 The Scottish Welfare Fund**

- 3.4.1 The Service had spent/committed 60% of its total budget for the Scottish Welfare Fund (SWF) by the end of November 2015, this equates to 65% of the funding provided by Scottish Government.
- 3.4.2 The performance data relating to the fund is presented in table 4 below. The table has been updated to reflect the budget position, including the additional resources of £100,000 provided by the Council, approved at the Finance and Resources Board on 26 August 2015
- 3.4.3 The Service continues to make awards in 2015/16, in line with Scottish Government guidance.
- 3.4.4 The Service will continue to monitor all SWF expenditure and anticipates that the full budget will be exhausted by year end.

**Table 4 – SWF Performance Summary**

<b>Measure</b>	<b>1 April 2015 to 30 November 2015</b>
Number of Crisis Grant applications received	5,388
Number of Crisis Grant Awards	4,552
<b>Total amount paid for Crisis Grants</b>	<b>£292,592</b>
<b>Average Processing time (2 working days target)</b>	<b>1 day</b>
Number of Community Care Grant applications received	1,458
Number of Community Care Grant Awards	959
<b>Total amount paid for Community Care Grant</b>	<b>£457,354</b>
<b>Average processing time (15 working days target)</b>	<b>10 Days</b>
<b>Total amount paid/committed from the fund</b>	<b>£749,946</b>
<b>Funding from Scottish Government</b>	<b>£1,148,857</b>
<b>Funding from Renfrewshire Council</b>	<b>£100,000</b>
<b>Total Budget</b>	<b>£1,248,857</b>

The table above reflects expenditure in 2015/16 for applications received in that year. Note that figures are adjusted each month to reflect awards previously made, but not fulfilled.

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## Implications of the Report

1. **Financial** - an efficient, effective Benefit Service assists council tenants meet their financial obligations in terms of rent and council tax and ensures overpayments are minimised and DWP subsidy maximised
2. **HR & Organisational Development** - None
3. **Community Planning –**  
**Community Care, Health & Well-being** – An effective Benefits service is vital to the quality of life of many of our citizens as it provides vital support for low income households in order to sustain tenancies and meet their rent obligations
4. **Legal** – None
5. **Property/Assets** – None
6. **Information Technology** - None
7. **Equality & Human Rights**- The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required, following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - None
9. **Procurement** - None
10. **Risk** - None
11. **Privacy Impact** - None.

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**Author:** Emma Shields, Ext 6880

# Housing Benefit Statement – Appendix

## Supplementary KPIs – Finance & Resources Policy Board

### APPEALS

Where a claimant disputes a Benefits decision and also disputes a revision decision they can formally make an Appeal. The Benefits Service will prepare a detailed submission which is then considered by the Independent Tribunals Service. Preparation of a submission is a very involved process and requires significant data gathering.

<b>Target processing speed (number of days)</b>	60		
<b>Result: last 3 months (days)</b>	Sept: 56 days	Oct: 51 days	Nov: 42 days
<b>Average (12 months to date)</b>	55 days		
<b>Average Appeals Completed (12 months to date)</b>	11 Appeals per month		

**Comment:-**

The Service continues to manage Appeals processing within target.

### REVISIONS

Where a claimant disputes a benefits decision in the first instance they can request for it to be looked at again. This is known as a Revision. The process involves a Senior Benefit Assessor reviewing the decision thoroughly to decide whether the decision should stand.

<b>Target</b>	28 days		
<b>Result last report</b>	July: 24	August: 34	September: 28
<b>Result Last 3 months</b>	September: 28	October: 29	November: 28

**Comment:-** The service continues to process Revisions within target.

### ACCURACY

The Service proactively monitors the accuracy of benefits decisions made through a robust audit checking programme. The Service targets to audit 3% of all calculations and measures the percentage where correct benefit has been paid to the customer

	Target %	Actual %
<b>Volume of Audits</b>	3%	7%
<b>Accuracy – November 15</b>	95%	94%
<b>Accuracy – Year to Date</b>	95%	96%

**Comment:-**

The Service has set a stretching target for Accuracy this year and is achieving this year to date.





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**To:** Finance & Resources Policy Board

**On:** 27 January 2016

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**Report by:** Director of Finance & Resources

---

**Heading:** Commission on Local Tax Reform

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**1. Summary**

- 1.1 The Commission on Local Tax Reform recently published its final report following a period of evidence taking, investigation and quantitative analysis.
  - 1.2 The report outlines options for local tax raising, concluding that the current Council Tax system must end. No single option however is recommended, this being for political parties to determine. The Commission does recommend that any replacement tax should be progressive, stable, efficient and locally empowering. The Commission also acknowledges that distribution of local government funds will need to be reviewed and adjusted in the event of a new tax being introduced.
  - 1.3 The Commission outlines an expectation that the development of policies in relation to local tax will be put to the electorate in the Scottish Parliamentary election in May 2016.
- 

**2. Recommendations**

- 2.1 The Board is asked to note the publication of the final report of the Commission on Local Tax Reform (full report attached).
-

### 3. **Background**

- 3.1 The Commission on Local Tax Reform was established in February 2015, with a remit 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 would 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.
- 3.2 The Commission engaged with experts and a range of organisations to understand all aspects of the present Council Tax system, ranging from payment and administration to the impact on the services that it funds; actively sought the views of the public through a programme of listening events across Scotland, and issued a call for detailed written evidence and by an open access survey. The Commission also worked with Heriot-Watt and Stirling Universities to complete a comprehensive programme of quantitative analysis to understand the relationships between house and land values, the property stock and household incomes.
- 3.3 The predominant view of the Commission was that a replacement tax should be progressive, be based on domestic property and if proved feasible, also include income. The Commission found that the current council tax system was regressive, as proportionally more tax is paid by lower income households than higher income. It suggested that a wholly property based tax could not meet a fairness test.
- 3.4 In terms of collecting any new tax, the current collection infrastructure within councils could provide a basis for collecting a property based tax (and administering any reliefs); however there would be significant challenges in collecting a locally determined income tax.
- 3.5 Any changes agreed to the system of tax would require a transition period, both for new administration systems to be developed and the necessary legislation to be put in place; but also to avoid sudden tax changes for taxpayers.

- 3.6 The Commission reaffirmed that an effective local tax system is fundamental to delivering financial accountability for local government and supporting local democratic choice. It also confirmed that tax income for local authorities needs to be stable and predictable, as it does for tax payers; who also need to be assured that the tax they are levied reflects their ability to pay.
- 

## Implications of the Report

1. **Financial** – Council tax provides a significant proportion of the Council's income. Any reform or replacement of Council Tax could have a significant impact on the overall financial position and financial stability of the Council. The Council is also responsible for collecting Council Tax and retains the risk of non-payment.
2. **HR & Organisational Development** – *n/a*
3. **Community Planning** –  
**Children and Young People** – *n/a*  
  
**Community Care, Health & Well-being** – *n/a*  
  
**Empowering our Communities** – *n/a*  
  
**Greener** – *n/a*  
  
**Jobs and the Economy** – *n/a*  
  
**Safer and Stronger** – *n/a*
4. **Legal** – *n/a*
5. **Property/Assets** – *n/a*

6. **Information Technology** – any replacement for council tax will have significant implications for council tax collection systems and processes.
7. **Equality & Human Rights** -
  - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – *n/a*
9. **Procurement** – *n/a*
10. **Risk** – any replacement system of taxation would present a risk to both the councils current processes and potentially the councils financial stability.
11. **Privacy Impact** – *n/a*

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#### List of Background Papers

none

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**Author:** Alastair MacArthur, Head of Finance 0141 618 7363



# The Commission on Local Tax Reform

Volume 1 –  
Just Change: A New Approach  
to Local Taxation



December 2015



THE COMMISSION ON  
LOCAL TAX REFORM







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# Introduction

01





Marco Biagi MSP



Councillor David O'Neill



It has been our privilege to chair the Commission on Local Tax Reform to consider alternatives to the present Council Tax. In presenting this report, we would like to express our sincere thanks to the experts who gave us the benefit of their wise counsel, the people who engaged with us in our oral evidence sessions, those organisations and individuals who responded to our call for written evidence, the many people who participated in our public listening events across Scotland and the thousands who responded to our online survey. We are indebted to you all.

Other bodies have considered alternative means of local taxation, but the Commission on Local Tax Reform is the first to have a membership of representatives from four political parties and from local and central government working alongside experts in public finance, law, housing, welfare and equalities. This alone is a unique and bold statement of intent and we are determined that this work will effect change.

Our approach was evidence based and open minded. All Commissioners sought to explore and understand issues such as why different opinions are held by the public, what the data shows, the experiences of local tax reform in other countries and why some systems of taxation might be more difficult to administer than others.

This report sets out the factual position associated with different systems of local taxation. We do not advocate a single preferred alternative as that ultimately must be a political choice, but we do expect that Scotland will be offered alternative systems of local taxation in the Scottish Parliamentary election in May 2016. Our intention is that this report serves to inform the design of those alternatives – by any political party – and most importantly, also helps the public understand the implications of the choices they are offered.



Marco Biagi MSP, Minister for Local  
Government and Community Empowerment



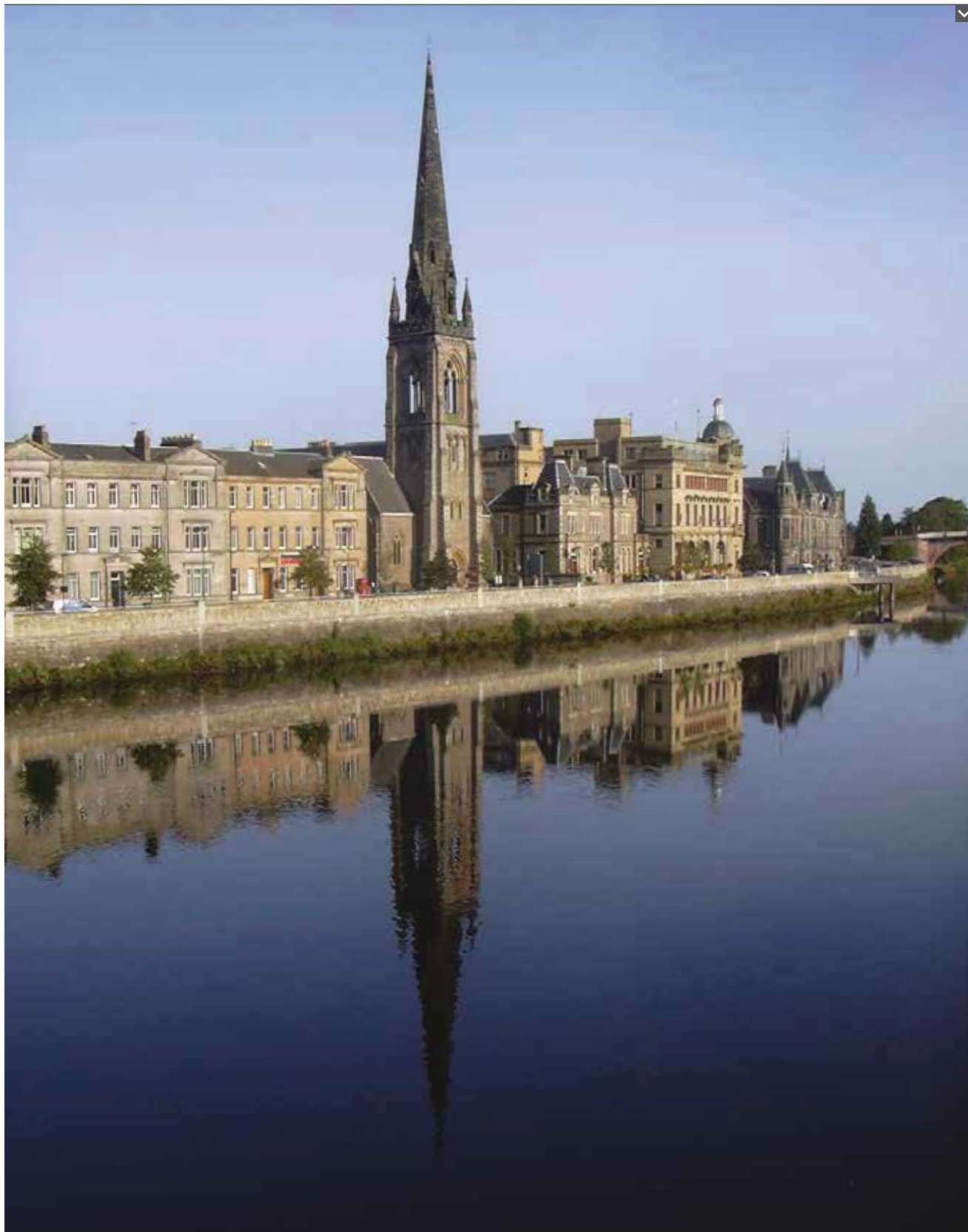
Councillor David O'Neill,  
President of COSLA



# The Case for Change

02

- 2.1 Since its introduction in 1993, the design of the Council Tax has remained almost completely unchanged. The most striking consensus from all of the evidence that we received is that this cannot go on, and we have come to agree that local tax now therefore needs substantial reform.
- 2.2 The reason for this is simple – some people are paying more than they should. This is not a new realisation, yet previous attempts at reform over the past 25 years have failed. These failures have real consequences for households and communities across Scotland. The opportunity for reform cannot be missed again.
- 2.3 Even by its own test of charging households amounts based on the value of the property they live in, the present Council Tax system falls short. People in the most expensive homes pay no more than 3 times the tax on the lowest value homes, even though we estimate those homes, on average, are now worth around 15 times as much. That means people in less expensive homes are paying a higher proportion of their property's value in Council Tax than those in the most expensive homes. And all charges are based on not what the property is worth now, but what it was worth in 1991. For newly built homes, an estimate must be made of what it would have been worth in 1991.
- 2.4 Council Tax is based on the value of the property occupied by the household, so the connection between how much a household has in income and how much it pays in tax will always be looser than if the tax were to be based directly on income. Many reasons can be advanced for taxing property rather than, or alongside income, but in the case of the present Council Tax, the evidence shows that the amount being charged is simply too disproportionate to income to be justified. Paying Council Tax bills costs middle income households 4% of their income on average, compared to 2% for the average highest income households.
- 2.5 Households can have their Council Tax bill reduced on grounds of their income and needs through the Council Tax Reduction scheme, but those households have to have very low incomes indeed. Households with modest incomes or with incomes that vary week-to-week need more help.



- 2.6 The present Council Tax has therefore rightly become discredited in the eyes of the public, and in our participation sessions across Scotland, it was made clear to us that people expect a change.
- 2.7 For eight consecutive years Council Tax bills have been frozen. But this cannot go on forever. Local tax and the funding of local services should be a central part of local democracy, with voters able to make choices about how much tax they should pay and for what level of public service.
- 2.8 History, however, shows that replacing or reforming a tax is not easy. People need to understand why the amount they pay might vary. The challenges of moving to a new approach must be understood and overcome.
- 2.9 In this report, we show that local taxation can be fairer, whilst delivering the scale of revenues needed to maintain the public services that are often the very cornerstones of our society. We show that local tax reform could connect voters better to Local Government. And by showing that the present Council Tax simply fails the test of being proportionate to the ability to pay – however that is measured – we present an unarguable case for change.



# Taxation and Funding for Public Services

- Receipts from the present Council Tax contribute to all local authorities' spending – they are not a charge for a specific service.
- Council Tax contributes only 12% of Local Government funding – most council expenditure is funded by national taxation.
- Amongst all the taxes we pay, Council Tax is especially visible – every household gets a bill.

## Purpose and History of Local Taxation

- 3.1 The revenues from the present Council Tax contribute towards the funding of public services delivered by local authorities. The majority of Local Government expenditure is used to provide education, social care and support for housing costs. Councils are also responsible for a wide range of other services including environmental and waste services, roads and transport, local planning and economic development, and local culture and recreational services. None of this could happen without the funding from taxation.
- 3.2 Whilst local taxation can be traced back to the 1579 Poor Law, the current framework has more recent roots. Rates on domestic property were charged throughout the 20th century until 1989, when they were replaced by the Community Charge or “Poll Tax”. This was based on the principle of a service charge, with each adult equally liable to pay. Although it included a means tested rebate system, at least 20% of the standard charge was paid by everyone. The Community Charge was widely perceived as unfair and vigorously opposed by many in Scotland and across the UK, with many participating in a campaign of non-payment. This led to the rapid development of the Council Tax, the design and structure of which has remained largely unchanged since its introduction in 1993.
- 3.3 For the last eight years, local authorities and the Scottish Government have agreed to keep Council Tax rates at 2007-08 levels. The Scottish Government has provided local authorities with an additional £70 million of funding from the Scottish block grant in each year of this freeze. While views differed, we heard a growing perception that this policy cannot go on indefinitely and that it acts as a barrier to different tax and spending choices being offered in local elections.

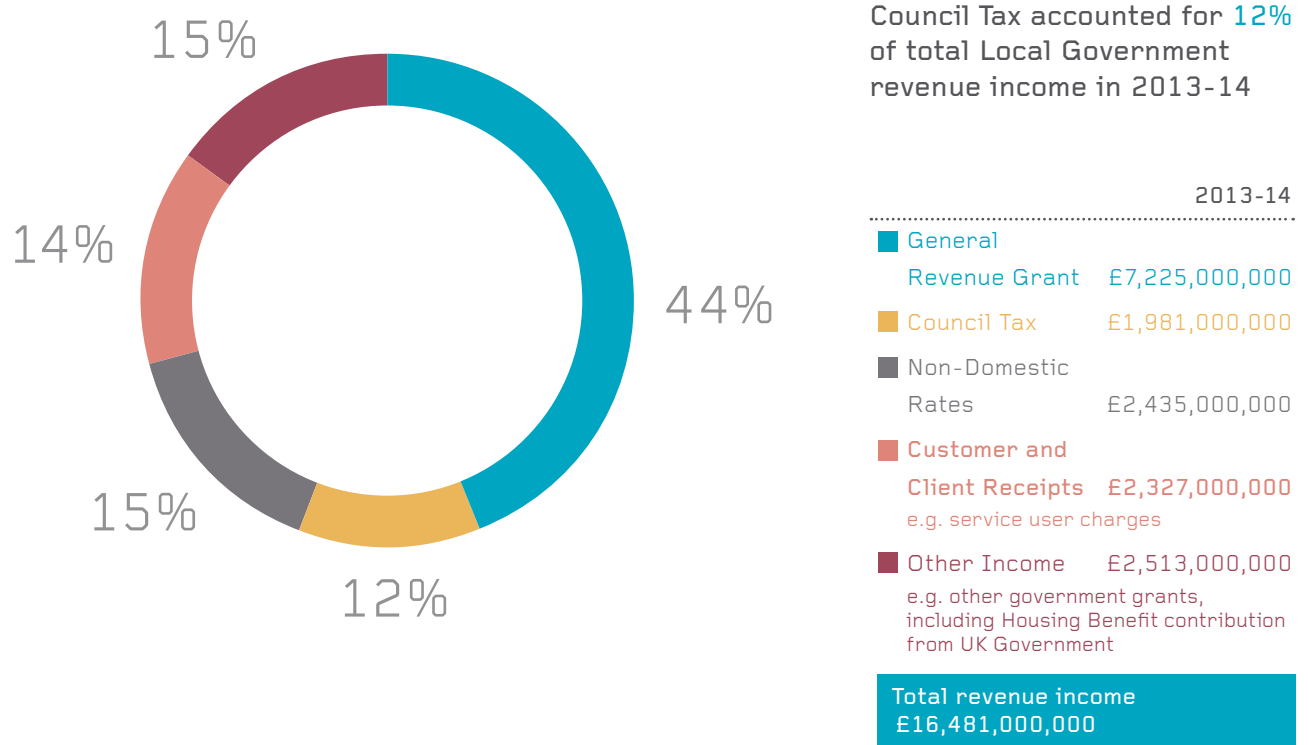
## Council Tax and Local Government Funding

- 3.4 Contrary to the views frequently expressed to us at our public participation events, Council Tax makes a relatively small contribution to overall local authority spending. Instead, it is the General Revenue Grant from the Scottish Government that makes up the largest component of Local Government funding as set out in Figure 3.1.
- 3.5 The introduction of the Scottish Rate of Income Tax (SRIT) in April 2016 will not in itself change this. Nor will replacing the present Council Tax with a new system of local taxation that raises broadly the same amount of money. The principal source of funding for the delivery of local services would continue to be the grant from the Scottish Government, funded in part by receipts from the SRIT and by its own block grant from the UK Government. Thus, the General Revenue Grant will continue to be drawn from receipts of all national taxes applied across Scotland and the UK.
- 3.6 The size of contribution that locally set taxes make towards Local Government funding – often referred to as the “balance of funding” – has varied over the years. In the late 1980s, for example, prior to the introduction of the Community Charge, the balance of funding was almost 50:50 between central government and local funding, derived principally from domestic and business rates. The research conducted for us by Policy Scotland at the University of Glasgow indicates that local taxes presently contribute well over a third of local expenditure in many countries in the Organisation for Economic Co-operation and Development (OECD).
- 3.7 Across Scotland today, total Local Government revenue is around £16.5 billion, of which Council Tax contributes around £2 billion or just 12%. We found this is not widely understood, with many assuming that Council Tax contributes far more towards the funding of local services. Some challenged whether it was appropriate for locally-elected representatives to have so little control over the funding of the services they have to deliver.
- 3.8 While the £2 billion raised by Council Tax is less than the amounts raised from other sources, it is still a large sum that plays a critical role and which Local Government could not conceivably forego. Council Tax is the source of tax revenue with the most local control, with every council in principle able to vary the rate up or down based on its own choices. However, a consequence of Council Tax being such a low proportion of all Local Government revenues is that for a particular council to achieve a modest percentage rise in overall spending, a disproportionately large increase in Council Tax would be required – this is known as the “gearing effect”.
- 3.9 Although the wider system of Local Government finance is beyond our remit, these issues, and the level of public understanding associated with them, are very relevant to how local taxation can be reformed in a way that will be broadly supported by the public.





**FIGURE 3.1**  
**LOCAL GOVERNMENT REVENUE INCOME BY SOURCE**



## How Taxes are Paid

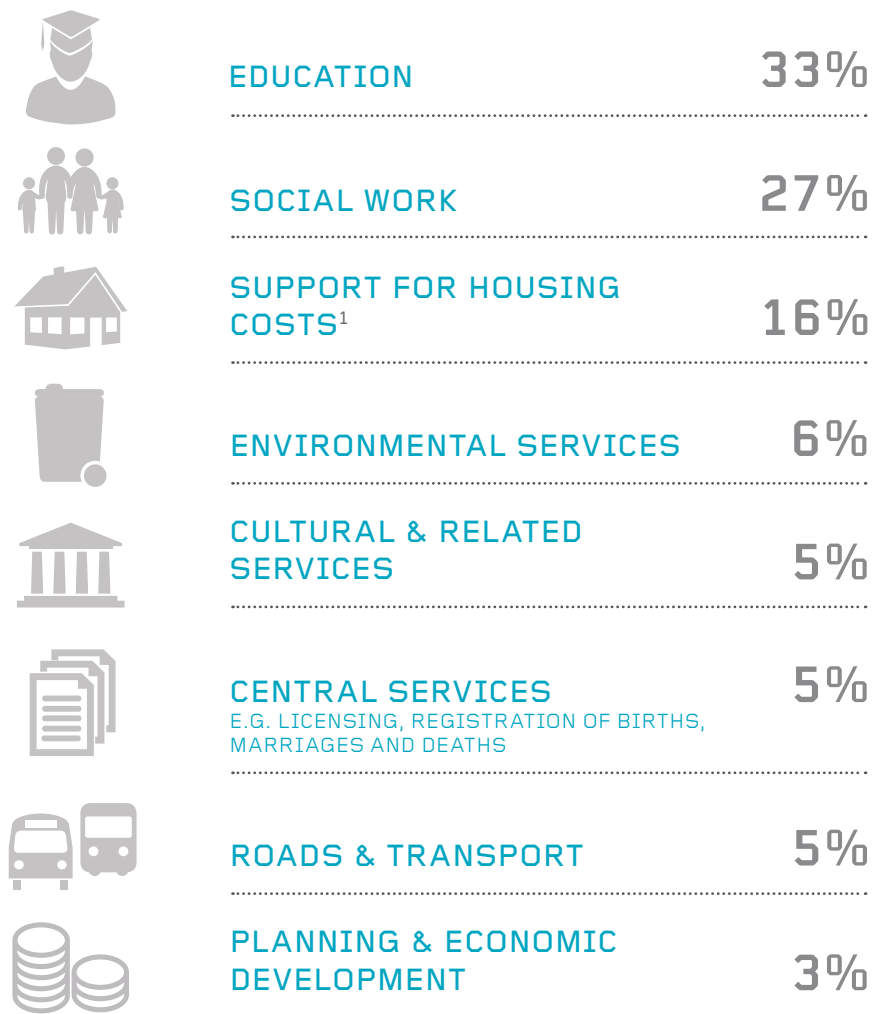
- 3.10 Usually, individuals do not have to make a special effort to pay taxes. For example, VAT is included in the purchase price of the item or service being taxed. For most people, income tax is withheld from salaries by employers under the PAYE system.
- 3.11 Council Tax is different – it is not part of a price or deducted from a salary. It is a tax that people have to make the physical effort to pay. It is therefore visible – every household gets a Council Tax bill, even if in receipt of Council Tax reduction.

## Taxes and User Charging

- 3.12 Taxes – both national and local – are general contributions rather than charges for the use of a particular service. For example, taxes on tobacco are not specifically for the funding of healthcare. Instead, the receipts are pooled with all other tax receipts and contribute to the funding of all public expenditure. Spending on services delivered by Local Government in Scotland is shown in Figure 3.2.
- 3.13 We heard some opinions suggesting that a local tax should relate to the public services an individual or household consumes – an example sometimes cited being large households that generate more rubbish should be charged more. This highlights the distinction between a tax – whose receipts are pooled and used to fund services generally – and a charge for a specific service.
- 3.14 This is important – there are some public services people can choose to use or not, but in many cases, people may not have that choice. We heard compelling evidence that described how some public services can be the difference between thriving versus just surviving, between enjoying fundamental human rights and human dignities or suffering without them.
- 3.15 We have also heard evidence that there are particular groups who, for differing reasons, are more likely to make use of public services. When spending on public services is reduced, leading to a removal or reduction in the provision of services, there is a disproportionately greater impact on certain groups of people. A system of charging for public services would mean that those groups – often the most vulnerable in society in the need of the most support – would bear the cost of the services they need. Such a scenario would be cause for concern because their need to use particular services is not related to their ability to pay for them.



**FIGURE 3.2**  
**LOCAL GOVERNMENT EXPENDITURE IN SCOTLAND 2013-14**



<sup>1</sup> This includes Housing Benefit payments but does not include expenditure on direct provision of housing. This is recorded separately through the Housing Revenue Account (HRA).

There is a small amount of expenditure (estimated at less than 1%) on provision of "trading services". This relates to a small number of services that councils charge for on either a cost-neutral or for-profit basis. This expenditure is more than offset by income from these services, returning a profit for Local Government overall.

- 3.16 For these reasons, our analysis focuses on alternative tax – rather than charging – systems. But it means we also recognise the importance of a tax being seen as fair and legitimate in allowing sufficient revenue to be raised in ways that minimise the need for local authorities to charge for services that individuals cannot choose to do without. Receipts from fees and charges are and will remain a significant source of funding for Local Government, but we heard evidence of both positive and negative impacts of their uses in different contexts.
- 3.17 We therefore strongly believe that any replacement to the present Council Tax should not be a system of charges for specific services, but should continue to be a tax that contributes towards the general funding of local services.





# Our Approach

- We engaged with experts and a range of organisations to understand all aspects of the present Council Tax system, ranging from payment and administration to the impact on the services that it funds.
- We actively sought the views of the public through a programme of listening events across Scotland, a call for detailed written evidence and by an open access survey.
- Working with Heriot-Watt and Stirling Universities, we completed the most comprehensive programme of quantitative analysis ever attempted to understand the relationships between house and land values, the property stock and household incomes.

## Our Principles

- 4.1 We agreed a set of values to underpin and guide our work and meetings, and the conduct of our public engagement and evidence gathering. These prevailed throughout our work, including in the preparation of this report which has the evidence we have collected at its heart.

### Figure 4.1 The Principles We Used to Guide our Work

In pursuing the remit, Commissioners will be:

- \* **Ambitious:** taking a long-term view and not being restricted by the current practices or pre-existing positions regarding any potential alternatives.
- \* **Open:** listening to all views through widespread engagement, accessible public reporting, and by encouraging interaction with their work.
- \* **Independent:** fulfilling their role autonomously outwith the formal decision-making structures of any organisation, and distinguishing between their day-to-day roles and responsibilities and their role as independent Commissioners when carrying out Commission activities.
- \* **Inclusive:** developing and reflecting a wide range of perspectives and views from across communities, civic Scotland, local and national government, and others.
- \* **Questioning:** providing a forum for debate and reflection, but with a common purpose of delivering the Commission's remit in the allotted timescales.
- \* **Practical:** responding positively to challenges and opportunities, working together to share and evaluate ideas, and developing a shared understanding that respects the spectrum of opinions represented by members of the Commission.
- \* **Evidence-based:** using relevant evidence from home and abroad to inform our work, and commissioning research and analysis where appropriate.
- \* **Deliberative:** providing appropriate space for the Commission to reflect on the evidence that it receives and to debate options either in public or in confidence, with appropriate records of those discussions made public.

- 4.2 The structure of this report reflects not just our remit, but also certain principles of taxation that the options for reform could be tested against, including equity and fairness, administrative and economic efficiency, and autonomy and accountability.



## Gathering Evidence and Commissioning Research

- 4.3 Our evidence base includes several thousand pages submitted by over 200 respondents, including 79 organisations as diverse as Barnardo's and the Institute of Chartered Accountants of Scotland. This ensured that we could understand the views and positions of a very wide range of interests from across society as well as draw on an independently prepared analysis of all responses.
- 4.4 To supplement this call for written evidence, we held 12 oral evidence sessions where we explored specific issues in greater depth. These engaged 58 expert witnesses from bodies as diverse as the Institute for Fiscal Studies and the Coalition of Carers in Scotland.
- 4.5 We have sought to understand overseas experiences and practices, commissioning a review of international literature from Policy Scotland at the University of Glasgow, and engaging with experts from Denmark, the Basque Country, the Republic of Ireland and learning from the experiences of recent reform within the UK in Wales and Northern Ireland.
- 4.6 All of the research work we have commissioned is published alongside this report, whilst our commitment to be open and inclusive during our deliberations meant all our oral evidence sessions were webcast. Where consented by the author, responses to our call for written evidence can be downloaded from our website, as can a record of all of our meetings.

## FIGURE 4.2 SOURCES OF EVIDENCE



203

**DETAILED RESPONSES TO  
OUR CALL FOR EVIDENCE**

Including: Local Government, Representative Bodies, Policy Tax and Economic Interest Groups, Third Sector and Equalities Groups, and Individuals.



4,492

**RESPONSES TO OUR  
ONLINE SURVEY**



58

**EXPERT WITNESSES AT 12  
ORAL EVIDENCE SESSIONS**



12

**PUBLIC LISTENING  
EVENTS OR WORKSHOPS  
HELD IN COMMUNITIES  
ACROSS SCOTLAND**



16

**ACADEMICS AND PRACTITIONERS FROM SCOTLAND AND AROUND THE WORLD  
PROVIDING PROFESSIONAL ADVICE AND SUPPORT**



## Listening to What People Think

- 4.7 A distinctive feature of our approach has been to actively engage with the public to both canvass their opinions and help us understand how people react to alternative local taxes. Our remit committed us to do this and we believe it adds a vital dimension to our findings, given the potential challenges associated with change.
- 4.8 There were two components of this public engagement. Our website featured an online questionnaire which attracted nearly 4,500 responses. This provided us with a sense of the views that prevail amongst the members of the public most motivated to contribute to debate on this issue and some of the anecdotal opinions they hold. We then further developed our understanding of those views and how people think in a series of facilitated public listening events across Scotland. These were open to the public and promoted in the local and national press, as well as some being targeted at specific communities of interest such as housing association tenants and faith groups.
- 4.9 To supplement this, we also worked with Young Scot, which hosted an event in Glasgow engaging young people aged 15-25 from across Scotland. Additionally, BEMIS, a national umbrella organisation which supports ethnic and cultural minority communities and individuals, hosted a workshop with Commissioners to consult and engage its membership on the alternatives to the present Council Tax.
- 4.10 Our public engagement sought views from far and wide, but we emphasise that the findings cannot be assumed to be representative of the whole of Scotland. However, these processes helped us hugely to understand the scale of the issues which a new local tax system must address.

## Our Quantitative Analysis

- 4.11 Complementing this substantial body of qualitative evidence, we undertook, in association with Heriot-Watt and Stirling Universities, the most comprehensive analysis ever performed on the Scottish housing stock, including modelling up-to-date property and land values, and examining how property and income taxes relate to household incomes.
- 4.12 Council Tax currently raises around £2 billion, and a replacement tax needs to be capable of raising the same. Responses to the call for evidence identified three suitable alternatives that could do this and that could be applied locally – taxes on property, taxes on land and taxes on income – although there were an array of suggestions on exactly how these could operate in practice. This result is confirmed by the Policy Scotland at the University of Glasgow research which found that these were the three principal tax bases used by Local Government in other OECD countries. Our quantitative analysis examined each alternative to try and understand how their potential impacts differed and what they might mean in practice for households across Scotland.



## FIGURE 4.3 REPLACEMENT OPTIONS

The present Council Tax raises around £2 billion to help pay for Local Government expenditure.

The Commission has identified three possible alternatives that could realistically raise the same.



**REPLACEMENT  
PROPERTY TAX**



**TAX BASE =  
VALUE OF  
LAND +  
BUILDINGS**



**LAND  
VALUE TAX**



**TAX BASE =  
VALUE  
OF LAND  
ONLY**



**LOCAL  
INCOME TAX**



**TAX BASE =  
TAXABLE  
INCOME**

**TAX INCOME = TAX BASE x TAX RATE**

4.13 To help us with this process, and purely for the purposes of illustration, we created examples of alternative taxes and looked at the impact on households if these had been implemented instead of the present Council Tax in the financial year 2013-14. The alternatives are described in Figure 4.4, but none should be taken to represent a recommendation or a blueprint for a future alternative tax. Rather, they were chosen to help inform our understanding of the various impacts of the alternative taxes and where the key trade-offs lie. Furthermore, the detailed results of our analysis (presented in our Volume 2: Technical Annex) must not be interpreted as predicting how much households would pay if these examples were actually implemented – this will depend on not just the local tax rates that will be determined by individual councils, but on many other factors such as what discounts, exemptions and deductions apply. We hope that putting this work in the public domain will allow a richer, more informed debate about local taxation to take place in the run-up to the Scottish Parliamentary election in May 2016.

#### FIGURE 4.4

##### EXAMINING THE ALTERNATIVES – the different local tax systems we analysed

**Local income tax:** We mirrored the UK income tax structure and added an additional flat rate tax to the basic, higher and additional rates of income tax.

**A reformed, proportionate Council Tax:** We retained the main features of the present Council Tax, including the Council Tax Reduction scheme, but changed the charge for each band to reflect differences in relative property values in each band.

**A steeply progressive property tax:** We modelled a tax based on each household paying a percentage of the value of their home in tax – the higher the value of the property, the higher the tax rate. We kept the same eligibility for an equivalent to the Council Tax Reduction scheme.

**Other themes that were explored include:**

**Revaluation:** For a subset of 700,000 homes across Scotland, we estimated a 2014 property value using information from market sales data, allowing us to assess how relative prices in different areas, and for different types of property, may have changed since 1991.

**Land Value Tax:** For seven local authorities, we estimated how average land values differed from average property values.

- 4.14 Whilst emphasising that our analysis cannot be used to indicate how much specific households might be required to pay, our modelling is based on the assumption that any replacement would raise the same amount as Council Tax. This required an implied tax rate for each to be calculated, which then allowed us to calculate individual tax liabilities – and thus the impacts – on a range of different circumstances.
- 4.15 We looked at different household types in the same income band, and at the same household type across different income bands to give a broad overview of the potential range of impacts. For each household type, we estimated the proportion of income, after tax and transfers, that they would pay in each example. We consider it very important that household circumstances are taken into account when assessing equity and how it relates to ability to pay. A household with children needs a higher income to maintain the same standard of living as an identical household without children. This process of adjusting income is known as “equivalisation”, and has been used throughout our analysis. We have also assessed households where there are people with additional support needs who are more likely to have higher essential living expenses. We consider this in more detail in Chapter 5.
- 4.16 Early on, we realised that we would not be able to fully separate out the value of the land tax base from the property tax base. Some preliminary analysis on land value tax has been carried out to help us to understand how liabilities would differ from a property tax, but without being able to estimate the total stock of residential land, tax liability modelling has not been possible, and our analysis has been limited to geographical comparisons with property taxes. The results from this are further explored in Chapter 6.
- 4.17 As well as highlighting property, land and income as possible tax bases, we also heard suggestions that the local tax base could combine some of these approaches in a hybrid system or be expanded to include other tax bases. Whilst the impact of these options could not be analysed as fully, we have considered the implications of these alternatives as part of our quantitative analysis process.

## Equalities

- 4.18 As we are not making specific recommendations on a particular policy or process, there has been no formal process of subjecting our deliberations and recommendations to a formal equality impact assessment within the terms of the Public Sector Equality Duty. However, our approach throughout reflects the spirit of the public duty and has been consultative and engaged with a wide cross-section of the public and specialist interests. The protected characteristics set out in the Equality Act 2010 have been integrated in our qualitative and quantitative analysis as far as the available data has allowed.
- 4.19 Our work sought to put considerations of equality, discrimination, and disadvantage into sharper focus than previous studies of local taxation, and we have made these considerations central to our approach to data collection and analysis. We have consulted with women's groups, disability organisations and organisations led by disabled people, carers' organisations, and organisations representing low-income groups and welfare advice and anti-poverty advocacy organisations.
- 4.20 The evidence from these consultations and from the quantitative analysis presented in this report has reinforced both the perception and reality of the unequal impact of the present Council Tax system and demonstrates some of the ways in which reform can address persistent inequalities.

# Can a Local Tax be Fair and Equitable for Everyone?

- International examples are diverse and show that there is not a universal understanding of a fair local taxation system.
- The predominant view of the Commission is that any reform of local tax has to include recurrent tax on domestic property, but that any such system needs to be more progressive than the current Council Tax system.
- The predominant view of the Commission is that Local Government's tax base should, if it could be proved feasible, be broadened to include income as this is widely perceived to be a fairer basis on which to levy a tax<sup>1</sup>.
- A system of land tax is promising, but gaining a full understanding of its impact would require further analysis.

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<sup>1</sup> Jackie Baillie MSP was not able to agree this recommendation

- 5.1 The concepts of fairness and equity in a taxation system are not straightforward and are often subjective. Governments across the world today recognise their importance, but differ on the definition. "Fairness" is often interpreted as being substantially based on the "ability to pay", though that term in itself can be understood in several ways. An "equitable" tax will apply equally to two people or households who are in similar circumstances. An "equitable" tax will also not have any disproportionate impacts on particular people or household types, localities or parts of the population, though again different observers will disagree over what is proportionate and what is disproportionate in any system.
- 5.2 A tax that is based on the ability to pay and treats all equitably is more likely to deliver stable revenues, not just because it will, by definition, be affordable, but also because it is likely to benefit from greater public acceptance.
- 5.3 Our remit requires us to assess **"the impacts on individuals, households and inequalities in income and wealth"** of alternative local tax systems, and we therefore consider in detail whether alternatives to the present Council Tax can be fair and equitable.

### The Ability to Pay

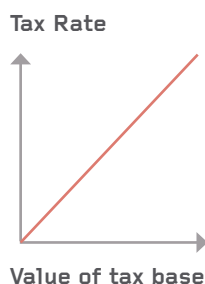
- 5.4 There is strong, but not unanimous, initial public challenge to the idea that any tax based on property or land values is truly related to ability to pay. Some believe that a tax based on property and/or land values can never be fair. This is because they attach a strong importance to income in their definition of fairness, as they perceive it connects to ability to pay. Others maintain that property or land should be taxed, believing that ownership of a property or land indicates a degree of wealth that in turn indicates the ability to pay. However, this opens the question of whether ownership and occupation of property indicates the same ability to pay.
- 5.5 The review of international evidence conducted for us by Policy Scotland at the University of Glasgow very much confirms the difficulty in defining "ability to pay", as well as the practical challenges of designing a local tax system conforming to this principle of fairness. Indeed, this research demonstrates that across the OECD, practices are diverse and that there is not a universal understanding of a fair local taxation system. The research also showed that most OECD countries operate more than one source of local taxation, and in most instances include property and often income within this mix.
- 5.6 Our analysis explores the different impacts on household incomes of different tax systems by modelling some illustrations of more progressive property taxes, as well as considering a flat rate local tax on income. We also considered the impact of these different tax systems on wealth, and looked at whether wealth is related to income. The available data did not support the same level of analysis for a land value tax, but if land could be valued accurately, we see it as being a variant of a property tax that separates the values of the land and the building from the overall value. As such, it would have similar impacts on income and wealth as a property tax, depending on the design.

## FIGURE 5.1 PROGRESSIVE, PROPORTIONATE AND REGRESSIVE TAXES

Many people associate fairness with whether a tax is progressive or not. But what does that mean?



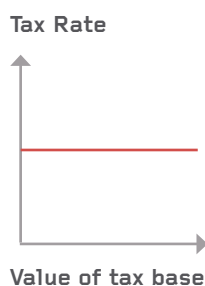
### PROGRESSIVE TAXES



The lower the value of the tax base, the lower the tax rate

This is broadly how income tax is structured – above certain thresholds, the tax rate increases

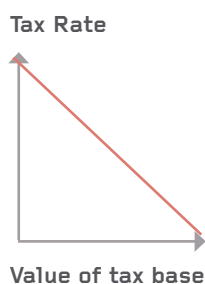
### PROPORTIONATE TAXES



The tax rate is a flat rate

This is how VAT is structured – most goods and services attract a 20% VAT rate regardless of price

### REGRESSIVE TAXES



The lower the value of the tax base the higher the tax rate

This is broadly how Council Tax is structured

#### WHAT IS A TAX BASE?

It is the quantity of the thing being taxed e.g. the value of land or property or the total of earnings.

#### WHAT IS A TAX RATE?

A tax rate is the percentage rate which applies to the tax base. For example, the basic rate of income tax is 20%.

Council Tax operates via a system of band charges. An implied tax rate for each property can be calculated by dividing the Council Tax bill by the value of the property.

### MEASURING FAIRNESS AGAINST INCOME

Sometimes, people use terms like regressiveness to describe how the tax rate changes as incomes change.

That is why VAT is often called regressive. It is a 20% flat rate on the value of goods and services, but because lower income households spend relatively more of their

income, on average they spend more proportionately on VAT.

The same would be true of a proportionate, or flat rate, property tax because, on average, housing costs make up a larger proportion of a lower income household's expenditure.

Some think that this interpretation of progressiveness and regressiveness is more important than how a tax relates to its tax base. That is why we look at both interpretations.

The present Council Tax is regressive whichever interpretation is used.



### Can a Property or Land Tax be Fair and Equitable?

- 5.7 The present Council Tax is regressive. Tax on the highest value properties is exactly three times the tax on the very lowest value homes. But even when the Council Tax began, those highest value properties were worth around eight times, or more, than the lowest. This regressivity was built in from the start.
- 5.8 Our analysis confirms that the present Council Tax is also regressive when measured against household incomes. Although the tax rate is determined by the property value, this results, in most circumstances, in the share of household income going on Council Tax being greater at lower incomes than at higher incomes.
- 5.9 We looked at the impact of a property tax that is proportionate to property values. Our analysis is based on an estimate of the property tax base in 2013-14. The figures we have produced can only be viewed as an illustration of the scale of the changes if a proportionate property tax replaced the present Council Tax. The actual rates that each household would pay will depend primarily on the value of property in the valuation year and, importantly, the rate set by the council in that local authority area. However, it is clear that a proportionate system would lead to relative changes in the liability of lower value properties in relation to higher value properties.
- 5.10 Our analysis estimates that, in 2013-14, adapting the present Council Tax to achieve this proportionality would require the tax on the highest value homes to be 15 times the tax on the lowest value homes. In this example, the liability for Band A would halve, and the liability for Band H would be 2.5 times higher than at present. This system would still result in lower income households spending a greater share of their income on local tax than higher income households.
- 5.11 We looked at whether a property tax could be structured so that it is progressive with respect to both property values and to net household incomes. Our analysis suggests that even with substantially higher rates for the most expensive properties, a property tax cannot be progressive with respect to income for all households. By itself, a property tax cannot meet this test of fairness.
- 5.12 One other suggestion to improve fairness further was the reform of the present Council Tax to create an additional band above the current highest of Band H, as was implemented in Wales in 2005. While this would allow an increase in the difference between the charges applied to the properties at each end of the scale, Band H at present consists of less than 13,000 properties in Scotland out of the 2.4 million in total. The potential effect on overall progressivity of splitting a band that already includes relatively few properties is therefore extremely small.



## FIGURE 5.2 WHAT COULD A REFORMED PROPORTIONATE COUNCIL TAX SYSTEM LOOK LIKE?

### CURRENT SYSTEM



CURRENT LEGISLATION DETERMINES THAT A PROPERTY  
IN BAND H INCURS THREE TIMES AS MUCH TAX AS A  
PROPERTY IN BAND A

### PROPORTIONATE SYSTEM



WE HAVE ESTIMATED THAT IN 2013-14, PROPERTY  
IN BAND H WAS WORTH, ON AVERAGE, 15 TIMES THE  
VALUE OF BAND A

PROPERTY IN BAND H WOULD HAVE INCURRED 15 TIMES  
AS MUCH TAX AS A PROPERTY IN BAND A UNDER A  
PROPORTIONATE SYSTEM

## Discounts and Reductions

- 5.13 We recognise the importance of reduction (or relief) schemes to ensure those without the means to pay the tax are protected. Indeed, we heard much evidence pointing to the futility of taxing those who simply could not pay.
- 5.14 The present Council Tax Reduction scheme is such a system of income based relief that also takes account of need. It is highly targeted, providing different levels of support for different household circumstances. But our analysis shows this support is greater for pensioner households and those with children than for in-work households without children. This is confirmed in evidence we received that some households may not be receiving the support that they need. Even after factoring in Council Tax reduction, the present Council Tax system is largely regressive for those households with incomes above the lowest 20%.
- 5.15 We also heard that the Council Tax Reduction scheme's complexity can make it hard to access. We do not have data describing how many of those entitled to a Council Tax reduction apply for this relief, but the Department of Work and Pensions (DWP) had estimated that of those entitled to the preceding Council Tax Benefit, 62% to 69% by caseload and 64% to 71% by expenditure actually claimed. Whilst entitlement criteria for the Council Tax Reduction scheme uses many of the criteria and thresholds from the present DWP benefits systems, we heard evidence that application is awkward and especially so for those whose working hours and/or income vary frequently. Overall, these difficulties reflect international experience – in their report to us, Policy Scotland at the University of Glasgow concluded that: "Finding the right way to compensate low income taxpayers remains a critical issue for property taxation".
- 5.16 However, if it was more effective and accessible, a scheme that reduced liability according to income and need could allow a fairer property tax to be operated. Particular options for improving the Council Tax Reduction scheme (or a replacement system of relief) include increasing the allowances made for living expenses, or making the rate at which the discount is withdrawn as income rises much less sharp. This may mean greater amounts of revenue foregone by local authorities than at present, which would have to be replaced to maintain revenues and thus the same level of local service provision. One way this might be achieved could be by an increase in the revenue raised from other local taxpayers.

## Property Taxes and Wealth

- 5.17 Our remit also requires us to consider the relationship between property taxes and wealth. Occupation of high value property could be indicative of relatively high levels of current income or high levels of wealth, or both. We heard views that, at present, wealth is undertaxed and has reviewed evidence that levels of wealth inequality are greater than income inequality.

- 5.18 The extent to which ownership of property is indicative of ability to pay has been questioned in evidence to the Commission. In oral evidence to us, the Institute for Fiscal Studies advanced a rationale that “housing should be taxed like other consumption” – in effect making such a tax almost a proxy for VAT. However, property is an asset that, for owner occupiers at least, does not produce a tangible revenue stream out of which to pay a property tax. There is some evidence of a link between net property wealth and income, but there are circumstances for which this does not hold. For example, retired owner occupiers are more likely to own their home outright but their income is likely to be lower than a working-age household who are more likely to have an outstanding mortgage.
- 5.19 Even where net property wealth is not a proxy for current income, we heard some express a view that net property wealth means there are substantial holdings of wealth that could be realised if the property was sold. For some, there may be reasons why selling a home is not practical, such as suitable alternatives not being available. For others, selling a property might represent a difficult and emotional choice because it has been a long-standing family home.
- 5.20 The present Council Tax is levied on occupiers and this proves easy to collect. The alternative, of taxing owners (generally a feature of land taxes) can be harder to enforce, especially in cases where the owner is a company or overseas. We have also heard mixed views as to whether a tax on owners would indeed be paid by landlords, or would instead be recovered by increasing the rents charged to occupiers.
- 5.21 For these reasons, we therefore considered the impact of property taxes on wealth where the tax is paid by the occupier. If applied in a proportionate or more progressive way, property taxes based on property value offer some, but not complete, connections to the wealth of owner occupiers (although those with mortgages will pay proportionately too much based on their actual wealth holdings).
- 5.22 Proportionate or more progressive property taxes paid by tenants may also link to other forms of wealth, such as in circumstances where renting a particular property is an elective choice, although this may be linked more closely to current income than accumulated wealth. However, many tenants, and in particular tenants of social housing, may not have a choice over where they live and in such circumstances, occupancy of a property has little or no relation to wealth.
- 5.23 The imperfect link between ability to pay and a property tax could be addressed by a system of reliefs as described earlier in this chapter, whilst enabling those links to wealth where it is an appropriate reflection of ability to pay to be maintained. Such reliefs could apply to land as well as property taxes.

- 5.24 We also considered if it was possible for a tax on property to be deferred until the property is sold. Whilst theoretically appealing, when such a scheme was implemented in Northern Ireland for pensioners, it was taken up by so few people that it was closed. We understand this was because the concept of bequeathing property with a claim of deferred local tax on the title was not attractive.
- 5.25 The present Council Tax system provides many exemptions and discounts which are not means tested. Some of these, in particular the single person discount, have been challenged in evidence on the grounds of fairness. Others have cautioned against removing any discount or exemption without fully understanding the consequences, some of which may be unintentional. For example, we have heard that the removal of single person discount could have a detrimental impact on single pensioner households. Any new system must therefore be based on a full consideration of all current discounts and exemptions. Within a new system, such reliefs should be kept under review to ensure they remain fit for purpose.
- 5.26 Our analysis therefore indicates that a more proportionate property tax, implemented alongside a more progressive system of income and need based reliefs, would be much fairer than the present Council Tax and connect better to both the income and the wealth interpretations of “ability to pay”. The public opinions we accessed, especially at the listening events, were often open to such a proportionate, mixed (or hybrid) system, whilst research conducted for us by the University of Stirling confirms the potential benefits of such arrangements.

### **Valuation of Property**

- 5.27 The valuation of property is obviously fundamental to a tax based on property values. The evidence we received suggested that the continued use of the 1991 value of each property to calculate that property’s Council Tax bill today contributes to perceptions of unfairness among both experts and the public. Indeed, some cite this to further discredit the present arrangements.
- 5.28 We recognise that property tax liabilities should ideally be linked to up-to-date property values. The present Council Tax, based on 1991 values, means people living in properties that have increased in value by more than the Scottish average since 1991 are likely to be paying less than they should, whilst others in properties whose value has not kept pace with the Scottish average are paying more than they should. Only properties where values have grown in line with the Scottish average are paying what they should. The Scottish Assessors Association (SAA) provided convincing evidence that they are able to apply fair and accurate, but nevertheless hypothetical, 1991 valuations to new properties. However, the need to do so – especially as some types of property did not exist in 1991 – is a concern.

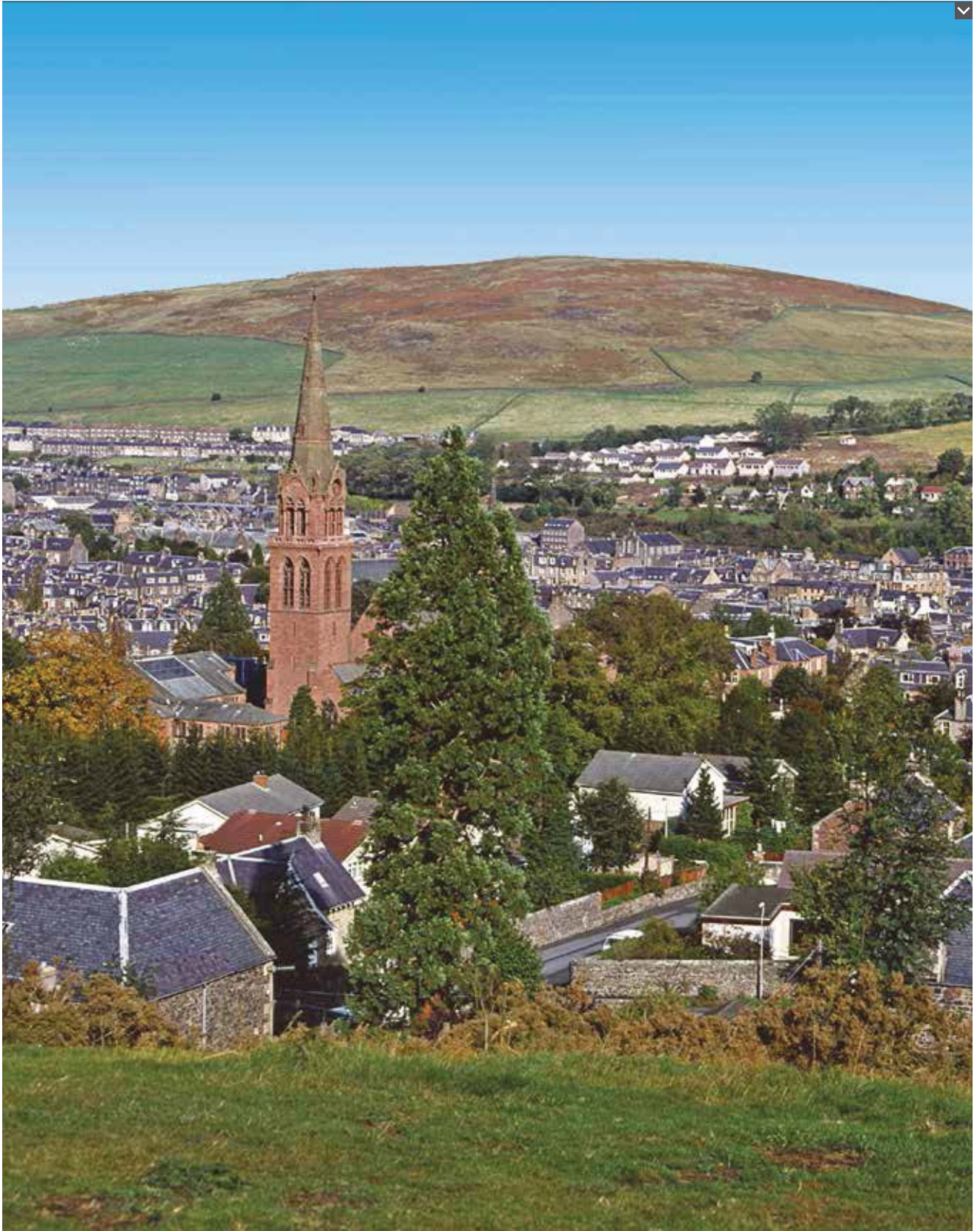
- 5.29 In collaboration with Heriot-Watt University, we have been able to analyse the impact of revaluing properties for a subset of around 700,000 properties in seven local authorities across Scotland whilst maintaining the other elements of the present Council Tax system. In this analysis, we adjusted the bands to keep the number of properties in each band the same. Although we recognise that computer models alone will never be able to accurately value every property, the findings from this analysis are instructive, suggesting that 57% of properties in Scotland would have changed Council Tax band if revaluation had taken place in 2014, with roughly an equal amount moving up as moving down. Around 44% of properties would have moved up or down by one band, 11% would have moved up or down by two bands, and around 2% would have moved up or down by three bands or more. 43% of properties would have remained in the same band.
- 5.30 Some evidence indicated that the longer the time taken between property valuations, the greater the potential change in relative values. Our analysis confirms this, and shows that if Council Tax was retained and properties were revalued, many would change bands. Although tax liabilities would also be driven by the locally determined rates, income based relief schemes, transitional arrangements (and a number of other factors), the scale of potential change indicates that whilst keeping valuations up-to-date is desirable, an initial revaluation of properties would be politically challenging to deliver. The research by Policy Scotland at the University of Glasgow indicates that the difficulties arising from deferring the revaluations within a property tax system are widely experienced in other countries and are not unique to Scotland. This challenge must be overcome and we believe that a well-designed transitional framework to enable taxpayers to adjust would help to improve public acceptance.

### Can a Local Income Tax be Fair and Equitable?

- 5.31 A tax on income, by description, should relate directly to the ability to pay and thus be fair and equitable (as long as a regressive tax structure is not put in place). Our analysis confirms that connecting local income tax to ability to pay – as understood by income – is much easier than for taxes on property or land, as income and ability to pay are linked in a more obvious way. Furthermore, our analysis also shows that, even for income taxed at a flat rate, a household on a low income will pay proportionally less local income tax than an identical household with high income.
- 5.32 In contrast to a property tax, which must be adjusted for some households in order to relate to current income, the challenge for a local income tax is to ensure that it applies to all forms of income.
- 5.33 In Chapter 7, we set out ways in which a local income tax might be collected. This highlights that, in practical terms, it would be very difficult for savings, investment and dividend income to be subject to local tax. This in turn could mean that some individuals with potentially significant wealth providing substantial unearned income would pay little or no local tax. If this administrative constraint could not be overcome, a local income tax would have no direct impact on combating inequalities in wealth as it would tax current income rather than the wealth accumulated through income over time.
- 5.34 Although not a universally-held view, we encountered some public perceptions that a local income tax has an element of “unfairness” – it would not apply to the wealth implied by a person residing in a high value property but living on a modest income. Others, as highlighted earlier in this chapter, saw this relatively lower charge for the asset-rich cash-poor as a positive feature, especially in the case of pensioners. This division again reflects the conflicting opinions held on the ability to pay.
- 5.35 Income tax could also be challenged as not being adequately connected to income after necessary costs – such as those of a family or related to disability – are taken into account. This is in contrast to the approach taken by the Council Tax Reduction scheme, which gives different allowances to households of different types based on an estimation of the costs of living, taking into account factors like the number of children and additional support needs. Such targeting requires individual circumstances to be assessed and introduces administrative and compliance costs that are likely to be prohibitive if they were to apply to the entire working population. Furthermore, linking personal circumstances to the tax system is often the subject of challenge and significant dispute, as evidenced by the debate within the 2010-2015 UK Coalition Government about the introduction of a married couples’ allowance to the UK income tax system.

- 5.36 Figure 4.4 describes our analysis of a local income tax that was based on one scenario of a flat rate rather than different rates applying at the basic, higher and additional tax thresholds. We emphasise that the purpose of this modelling is to inform our understanding rather than to present a preferred system. Indeed, it is impossible to say exactly how much households would pay if a “revenue neutral” local income tax was introduced in future. This is because local income tax bases will change substantially every year as local populations and labour markets change, earnings grow (or fall), and the UK Government revises the definition of income and the level of the personal allowance. However, our analysis allows us to look at the relative impacts of a local income tax – irrespective of whether the rate is different from the one we have assumed, the relative impact across households with the same income should stay broadly the same.
- 5.37 One important finding, confirming the point made in paragraph 5.31, is that once income is adjusted to take account of the different costs of living, a household in the same income decile that has children is more likely to pay a higher proportion of their equivalised net household income under local income tax than households without children. In addition, because personal allowances are calculated for individuals, households with two earners will pay tax on a lower proportion of equivalised net household income than households with the same income but one earner. These factors challenge whether or not a local income tax is indeed equitable by our measure, though this must be considered alongside the parallel challenge that property taxes also depend on income and need-based relief schemes to ensure liabilities adapt where households of different circumstances live in similar properties.
- 5.38 The general approach to income taxation in the UK is to allow a certain amount of income to be earned before income tax applies (the personal allowance) with the benefit system providing some additional support to households with children and those with additional support needs. As new tax and social security powers are transferred to Scotland, there may be an opportunity to shape a local income tax to be more equitable across all households, although this would be a significant change to existing practice. This, along with the challenges of taxing dividends and investments, illustrates that it is difficult to achieve both fairness and administrative efficiency in any one single tax instrument.





# What are the Wider Impacts of Alternative Local Taxes?

- Taxes on property or land are hard to avoid as they are based on something fixed, whereas taxes on income present more challenges to collect.
- Taxes based on the value of property already influence the decisions people make about how much they are prepared to pay for houses.

- 6.1 Taxes can change the way people behave. Under the pre-2014 Stamp Duty Land Tax for example, homes being sold at £125,001 and £250,001 faced much greater charges than homes priced £1 less. Property transactions therefore clustered at £125,000 and £250,000 as homebuyers sought to minimise the amount of tax they had to pay.
- 6.2 Ideally, taxes will not influence the way people and businesses make decisions, rather they should be made on merit and not as a response to a tax system. The exceptions to this are where a tax is applied to something undesirable, such as on carbon use, tobacco or the landfilling of waste. In those cases, taxes are specifically designed to change behaviours.
- 6.3 Our remit, requiring us to consider **"the wider macro-economic, demographic and fiscal impacts, including housing market and land use"**, therefore means we have assessed whether alternative taxes will influence the decisions people make and what the wider consequences might be.

#### Local Taxes and the Choices People Make

- 6.4 Taxes on both property and income can influence what people do. Our call for evidence highlighted some research showing that recurring taxes on property have some impact on the prices people pay for homes – so if a property incurs a high level of taxation then people will factor that into the maximum price they are prepared to pay for it. Similarly, people appear to be prepared to pay more for property if it incurs little or no tax liability. Research on this in the UK is not extensive, but work carried out to analyse the impact of the abolition of domestic rates at the end of the 1980s did find evidence of a resultant increase in prices when taxes on residential properties were removed temporarily.
- 6.5 Those arguing for land taxes base much of their case on the benefits arising from the way people would respond. They suggest land taxes would create an incentive to develop land to its fullest potential use, because the same charge would be levied irrespective of whether the site is abandoned or put to productive use. Owners and potential developers of derelict land would be particularly affected. For domestic owners, a tax solely based on land values would not provide any disincentive for people to improve their home and thereby increase its value.
- 6.6 One other argument for land taxes relates to the fact that the quantity of land is fixed. A land tax is levied on the value of the land itself and not what is built on it. A land tax may make the price of land fall because, as with property, tax liabilities influence the amount of money people are prepared to pay. Furthermore, it is not possible to manipulate the market by reducing the supply of land or destroying land that already exists. For these reasons, a land value tax is favoured by many economists as being the tax that influences behaviour the least.

- 6.7 Neither land nor buildings can be moved and therefore both are difficult to conceal. This means the scope for people to do things to avoid or reduce a local land or property tax bill is limited, short of moving to a lower value property or to a different local authority area.
- 6.8 This is not the same for a local income tax. Collecting a local income tax would necessitate additional effort to overcome the likely increase in tax avoidance activity. There would be an incentive to reduce local tax liabilities on earned income, for example, by seeking to receive income as dividends if these were not subject to the tax.
- 6.9 If a local income tax was locally set, allowing councils to determine their own rate of local income tax in their local authority area, over time, such a system would see variation across the 32 local authority areas in Scotland. We heard claims that this might result in high-earning individuals (who would be paying the most under a local income tax, irrespective of their property value) seeking to live in a local authority with the lowest rate or indeed in a different part of the UK – behaviour sometimes referred to as fiscal flight. Large differences in the level of property tax might be expected to have a similar impact – the present Council Tax already varies from area to area and increased local flexibility, or changes to the structure of the present arrangements, could result in such variations becoming greater.
- 6.10 The replacement of the present Council Tax with a local income tax would also mean the loss of one taxation instrument designed to induce behavioural change – the premium that can be levied on the bills of unoccupied properties to encourage owners to bring them back into use.
- 6.11 A local income tax, replacing the present Council Tax, and applying on top of the existing income tax rates, could also lead to other changes in behaviour. It may reduce incentives to work for some households, for example where there may be a fine line between the benefit of hours worked versus the cost of paying for services such as childcare. This must be viewed in the context of labour market opportunities and whether or not adjusting hours worked is a realistic possibility. However, it could also reduce incentives to work altogether, for example, for those households currently on out-of-work benefits, higher income tax rates will reduce the benefit associated with returning to work. This disincentive is also present in the tapering of the current Council Tax Reduction scheme (which is included in our models of alternative property taxes), where 20% of "excess" earnings are expected to be put towards current Council Tax bills. Indeed there are households in work that pay all or part of their Council Tax bill but who do not pay income tax because their earnings are below the personal allowance.

## Geographical Impacts

- 6.12 Changing the base of a property tax to up-to-date values (rather than those from 1991) will result in a geographical shift in the tax base within Scotland. House price increases have not been the same in all areas. This means that some local authorities would become more dependent on grants from central government and others less so. The analysis we conducted with Heriot-Watt University looked at the likely impact on seven local authorities and found that all else being equal, revaluation would increase the size of the Council Tax base in Edinburgh and Aberdeenshire, and lower the size of the tax base in Argyll and Bute, Dumfries and Galloway, Fife, Dundee and Inverclyde.
- 6.13 The geographical impacts of a land value tax would be largely similar to a property based tax, although our analysis has found a likelihood of higher tax bills per square metre of land in valuable city centre locations and lower liabilities in outlying and rural areas. The actual liability for a household will depend on the amount of land owned and the planning permissions that exist on that land, as well as eligibility for any discounts, reductions or exemptions.
- 6.14 A shift in the tax base from the present Council Tax would also occur under a local income tax – some areas are associated with higher income levels than others. Therefore all alternative systems would see some areas raise more or less tax revenue than compared to the present arrangements.
- 6.15 As a result, the distribution of central government funds to local authorities will need to be reviewed and adjusted in order that no local authority loses out if the size of its tax base falls.

# How Can Alternative Taxes be Administered?

- Existing local tax collection staff and administrative infrastructures provide a basis for the collection of a future alternative local property tax.
- The administration of a locally determined income tax would require radical changes to existing practices.
- Existing HMRC income tax collection systems might provide a basis for collecting a locally set income tax, but this would be a major undertaking, could not extend to income from savings and dividends, and would need the support of the UK Parliament.
- The alternatives to using HMRC income tax collection systems include a Scottish collection body or individual local collection arrangements, both of which create significant administrative and compliance challenges.



- 7.1 Our analysis so far has focused on the amounts of tax people would be required to pay and the impacts this would have. Yet some taxes can cost more to collect than others, and indeed, some taxes place a greater bureaucratic burden on those who pay the tax – sometimes called the compliance cost.
- 7.2 By requiring us to consider **“The administrative and collection arrangements that apply”**, our remit means we must understand what would be involved in the collection and administration of alternative tax systems.

### The Current Council Tax Collection Arrangements

- 7.3 Under the present arrangements, each local authority bills each household for the Council Tax due on their home, based on the tax rates set by that council, the information it has about who lives there and which valuation band the property falls into. Councils also administer the Council Tax Reduction scheme, which requires details of the income, benefits received and wider circumstances of the household.
- 7.4 There is an established administrative infrastructure to deliver these functions. Professional standards for such staff are supported by the Institute for Revenues, Rating and Valuation (IRRV). Local authorities' business processes are enabled using specialist software provided by a small number of suppliers familiar with the local authorities' requirements and the policy environment. The creation and maintenance of property valuations is a statutory role – the Assessor – distinct from other Local Government officers. Most councils delegate the duties of the Assessor to Valuation Joint Boards covering a number of local authority areas. Valuation Appeal Committees, comprising independent lay people appointed by the Sheriff Principal, provide an important function, determining appeals in relation to the valuation of property or the calculation of Council Tax liabilities. Appeals regarding a local authority's assessment of an individual's entitlement to a Council Tax Reduction are dealt with differently by panels comprising tribunal judges and convened by the Scottish Tribunals Service.
- 7.5 Councils also presently administer the Scottish Welfare Fund for the Scottish Government and Housing Benefit on behalf of the DWP. This latter function will be increasingly removed from local authorities as the DWP rolls out the Universal Credit programme.

- 7.6 The administration of the Council Tax Reduction scheme is complex, although eligibility criteria are very similar to those for Housing Benefit. This reflects the intention that both attempt to target assistance by accounting for wider household circumstances beyond a simple estimate of income. Entitlement criteria often replicate those used elsewhere in the benefits system (for example, entitlement to particular disability benefits is used as a proxy to describe a degree of need associated with a particular level of disability) and many cases are “passported”. This term is used to describe a situation where the entitlement to a particular benefit (for example Jobseekers’ Allowance) of itself provides sufficient information about need and income to bypass a more detailed needs assessment. These interdependencies contribute to a perception that the legislation and the entitlement criteria for Council Tax Reduction can appear to be overwhelmingly complex. However, we recognise that administration is facilitated by the sharing of data between Her Majesty’s Revenue & Customs (HMRC), DWP and local authorities and, because the Council Tax Reduction scheme “piggy backs” on particular criteria used in the benefits system, alternative ways of assessing individual need would entail duplication of effort.
- 7.7 Local authorities are required by statute to collect Scottish Water charges which, for domestic properties, are based on their Council Tax band with a system of discounts applying. Local authorities bill and collect these charges alongside Council Tax, receiving around £18 million per year from Scottish Water to meet administrative costs.
- 7.8 In their evidence to us, the Chartered Institute of Public Finance and Accountancy (CIPFA) and their local authorities’ Directors of Finance Section estimated that Council Tax collection costs by local authorities in 2014-15 were £25.980 million with valuation costs a further £10.768 million. Together, these amount to around 1.9% of the tax collected. Administration costs for the Council Tax Reduction scheme are hard to isolate from the total costs of administering Housing Benefit and the Council Tax Reduction scheme combined. Around 80% of Housing Benefit claims have an associated application for a Council Tax Reduction. For 2015-16, the DWP and Scottish Government combined made payments totalling around £34.5 million to cover the estimated costs of local authorities administering the two systems.



## The Current Income Tax Collection Arrangements

- 7.9 Presently, income tax is a UK-wide tax, set by the UK Government and Parliament, administered by HMRC and with receipts accruing to the UK Exchequer. It is collected in one of three ways:
- under the Pay as You Earn (PAYE) system, it is withheld from salaries and pensions by employers and pension providers – those administering the very thing that is taxed;
  - it is withheld (at the basic tax rate only) from interest and returns on some other types of investments by banks, funds and other financial institutions – again those administering the very thing that is taxed; and
  - it is collected under the self-assessment regime for those whose full income tax liability cannot be collected by employers or pension providers. This includes people who are self-employed, those who have significant investment income or those whose income comes from more than one source.
- 7.10 After April 2016, HMRC will collect the SRIT, using the existing PAYE and self-assessment systems. Special PAYE "S" codes will be issued to Scottish taxpayers and payroll systems will use these to collect Scottish income tax. SRIT will not apply to income from savings and dividends which will continue to be taxed at the UK basic rate.
- 7.11 Establishing the systems required to collect the SRIT required the identification of all Scottish taxpayers, the development of HMRC's own business processes and systems, and created compliance costs for employers whose payroll systems needed to be adapted to apply a different rate of income tax for employees identified as being Scottish taxpayers. Implementing the SRIT is estimated to cost £30 million to £35 million in HMRC start-up costs with no estimate available for the compliance costs to business. Indications from HMRC are that the subsequent annual running costs for the SRIT would be £2 million to £2.5 million if the rate was the same as elsewhere in the UK or £5.5 million and £6 million if a different rate was to be set. These higher costs reflect the likely additional compliance work that would be needed.

## Debt Collection

- 7.12 Ensuring compliance with a tax system is an important element of maintaining fairness as it ensures that those who are liable to a tax pay what is owed. Local authorities and HMRC both have substantive and rapidly enforceable powers to recover outstanding debt, including arresting earnings, freezing bank accounts and the confiscation of property.
- 7.13 We heard evidence that local authorities' collection of water charges was a complicating factor in the understanding of Council Tax debts. This is especially the case as maximum relief from water charges still leaves a liability of 75%, even if the household is entitled to a full Council Tax reduction. We also heard evidence that some households' prioritisation of debt repayment can be based on the scale of the penalties for late payment. Late payment of Council Tax initially means the loss of entitlement to pay in instalments, but continuing non-payment results in the council obtaining a summary warrant from a Sheriff Court and the taxpayer automatically incurring a penalty of 10% of the debt. To some, this is preferable to the late or non-payment of other debts that can incur a higher penalty.

## Administering Alternative Property Taxes

- 7.14 Depending on the scale of the change, alternative property taxes might reasonably be expected to be implemented by adapting the existing revenue collection arrangements within local authorities and the associated bodies described above. In the next chapter we identify some of the issues that transition would raise, including the revaluation of properties. Business processes and IT systems, as well as the role of the Assessors, Valuation Joint Boards and Valuation Appeals Committees may need to be adapted, depending on the nature of the tax that was implemented, and so there would be some cost. But overall, existing staff and structures could provide the basis for the administration and collection of a new or revised local property tax in the longer term, including, potentially, a local tax on land values. This would also afford an opportunity to integrate land value and ownership data on the Registers of Scotland's Land Register.
- 7.15 The administration of a system of income based and needs-assessed relief to a local property tax can be expected to continue to be complex. It is not clear how this might be impacted by the roll out of Universal Credit or the expected increased devolution of support for housing costs.

## Administering a Local Income Tax

- 7.16 In some countries, Local Government is assigned a fixed proportion of receipts from the national income tax. This gives Local Government a material stake in the national economy and makes the origin of its funding more evident. But since this does not allow for local variation, this is not a locally controlled tax. A more sophisticated assignment system might involve estimating the amount of national income tax paid in each local authority area and making that a transparent part of the funding from central government. This, again, would not be a locally controlled tax, but could connect the funding for Local Government with local economic performance.

- 7.17 Although income tax is a fundamental part of the existing tax system, the administration of a locally determined income tax would require radical changes to existing practices. In theory, there are three potential means of collecting a locally determined income tax – collection by HMRC, collection by local authorities, or the establishment of a separate income tax collection system on a Scotland-wide basis.
- 7.18 We therefore considered how a locally determined income tax might be administered, firstly by examining collection by HMRC. The establishment of the SRIT will demonstrate the capacity of the existing income tax system, administered by HMRC, to apply a different tax rate on earned income based on where the taxpayer lives. Indeed, liability (or otherwise) for SRIT is based on a distinction between those who are chiefly resident in Scotland and those who are chiefly resident elsewhere. Our understanding of the processes undertaken by HMRC to identify Scottish taxpayers suggests that for most circumstances, this was not a major issue, although there were some types of case that proved more difficult to resolve. These included students starting work, offshore workers, members of the armed services, anybody who moves to or from Scotland during the year, people who live in Scotland and work elsewhere or vice versa and people who have two houses – one of which is in Scotland – for any other reason. We therefore consider that determining residence would be a significant factor for a locally variable tax.
- 7.19 Having identified which taxpayers reside in which local authority area, mechanisms would need to be established to enable a locally determined rate of income tax to apply to residents in each of Scotland's 32 local authority areas. Hence, the capability of the existing PAYE and self-assessment systems to support this would need to be ascertained and explored with HMRC and payroll and pension providers.
- 7.20 Importantly, as HMRC is a department of the UK Government, accountable to the UK Parliament through a UK Government Minister, using HMRC to collect a locally variable income tax across Scotland's 32 local authority areas would need the support of the UK Government and Parliament. If UK legislation was required, this support would need to extend to creating space in a legislative programme.
- 7.21 One consequence of the PAYE system being used to collect a locally determined income tax would potentially be that two employees of the same organisation, in the same roles with the same salaries, would pay different rates of tax as a consequence of their home addresses. Although this presently happens with Council Tax, this would require a strong level of public understanding to work, as well as robust administrative procedures to ensure the correct rate of tax was collected and to deal with changes such as people moving house.
- 7.22 The SRIT, and the proposed Scotland Bill 2015 income tax provisions do not apply to income from savings and dividends as this was not considered to be administratively practicable. However, if UK Government consent was received for HMRC to collect a locally determined income tax, we think the scope for that to apply to income from savings and dividends should be re-examined, both with HMRC and with industry representative bodies such as the Association of British Insurers and the wider tax profession.

- 7.23 The collection of a locally determined income tax by HMRC would also mean that local authorities' revenues would be subject to HMRC's collection performance. HMRC estimate the difference between the amount of tax that should be collected and what is actually collected as being 1.6% of liabilities under PAYE and 15.4% of liabilities under self-assessment. We did not take evidence on whether these differences may derive in part from HMRC's operational practices. By comparison, Council Tax in-year collection rates are around 96%. However, other evidence clearly suggests that income tax deducted at source by employers' payroll systems will inherently collect more of the tax due and at lower cost than if collected after salaries have been paid. The Institute for Fiscal Studies "Mirrlees" review of "Tax by Design" states that "withholding (such as under PAYE) is an extremely effective way of collecting income tax because it reduces the risk of non-compliance and takes advantage of the economies of scale in tax remittance". Consequently, using HMRC to collect a local income tax would suggest that the income of a local authority would depend on the proportions of taxpayers in that area paying tax by self-assessment and by PAYE. This may also introduce a revenue risk into the future given that the proportion of income tax paid under the self-assessment scheme may be increasing.
- 7.24 The collection of a locally varied income tax by HMRC alongside the SRIT (and the proposed Scotland Bill 2015 income tax provisions) would also mean that the tax base of local authorities would have some dependence on the decisions of other levels of government – for example in defining income itself, what the personal allowance is and any interactions with the benefits system, including the present system of tax credits. In more extreme circumstances, the tax rate determined by one level of government could influence the scope for other jurisdictions sharing the same tax base to apply the tax rates they wish. Mechanisms for managing these interactions and dependencies, which are being developed for the SRIT, would therefore be needed.
- 7.25 The alternative approaches of collecting locally determined income tax by local authorities themselves, or by a Scotland-wide tax authority (Revenue Scotland would be the obvious institution for this, although presently has no role in income tax collection) would make such a locally determined income tax less dependent on the national tax policy decisions of the UK and Scottish Governments. However, there would be significant practical challenges in establishing a collection system for a locally variable income tax either by local authorities or through a Scotland wide authority for local taxes.
- 7.26 Replicating HMRC's PAYE system would necessitate establishing a system to deduct a locally determined income tax at source and require employers to administer employees' income tax for not just HMRC, but also for either one Scotland-wide tax authority or up to 32 local tax authorities. Even in the case of one Scotland-wide body, there would be multiple new tax codes to reflect the different rates set by each local authority – as would be needed if HMRC were the collection agency.

- 7.27 We did not take evidence on the practicability of this specific approach, but we received evidence from employer representative organisations indicating likely opposition to employers being tasked with collecting local taxation in any form because of the additional costs likely to be created. Employers have, however, had to update systems to administer SRIT from April 2016, and may well have to update them again before any further tax powers are introduced, such as those set out in the Scotland Bill 2015.
- 7.28 Rather than seeking to replicate the PAYE system, an alternative way of collecting and administering a locally determined income tax separately from the national and SRIT would be to introduce the common overseas practice of requiring everybody to submit a tax return. Many countries we examined that operate some form of local income tax system do so on the basis that all citizens are required to submit tax returns – something akin to the HMRC self-assessment regime.
- 7.29 We have seen estimates suggesting that around three-quarters of Scottish taxpayers are in the PAYE system and do not have to submit tax returns. Therefore introducing a tax return system purely for a local income tax would represent a far-reaching change, raising likely issues of public acceptance. It is also the case that the administrative costs to government of withholding income tax at source are much less than under a tax return system – for PAYE they have been estimated at 0.7% of revenues compared to 4.5% under self-assessment. By comparison, Council Tax collection costs are estimated to be around 1.9% of total revenues.
- 7.30 This therefore presents a difficult choice if a locally determined income tax is to be implemented. A locally set income tax administered as part of the wider Scottish and UK tax system would maximise collection rates and minimise the associated compliance and administrative costs, but is unlikely to be able to include all types of income and would require the support of the UK Government and Parliament. In the absence of that support, the alternatives of either duplicating the HMRC systems at the Scottish or local levels, or collecting a locally determined income tax entirely by some form of self-assessment, introduce different costs and benefits. These options would be much less dependent on the decisions of the UK Government but acceptance from employers and/or the public may be difficult, they are likely to be more expensive to administer, and may collect a smaller proportion of the taxes due.
- 7.31 Whichever system was employed, a locally determined income tax would represent a significant administrative change to existing practices either within HMRC, local authorities, or any new or existing Scottish body.

# When and How Could an Alternative Tax be Implemented?

- New primary legislation to establish a wholly new system of local tax could not be delivered before the Local Government elections in 2017.
- Structures already exist to administer alternative property taxes, but transition would still incur costs and take a number of years to implement – even more so if land was to be taxed separately.
- Establishing a locally determined income tax would be a substantial administrative task, although a system of assigning income tax revenues to Local Government, potentially by local authority area, would be much less challenging.
- Any change will lead to some individuals paying more and some paying less. A transitional framework to avoid sudden changes to their tax bills, and allow taxpayers to adjust to new liabilities, is desirable and the cost of such an arrangement should be assessed.

- 8.1 Whilst the previous chapter considered how taxes might be collected in the long term, our remit requires us to consider **"the costs of transition"** and **"potential timetables for transition, with due regard to the 2017 Local Government elections"** and means that we have to consider what would be necessary to get from the present arrangements to the alternative tax systems we identify.

### Legislative Changes

- 8.2 To be legal and enforceable, a tax must be set out in law. The present Council Tax is defined in the Local Government Finance Act 1992. However, changes to the valuation of properties, the ratios that determine how much properties in each band are charged as a proportion of Band D and the Council Tax Reduction scheme can be made by secondary legislation. Any more substantial changes would require an Act of the Scottish Parliament. Speed of parliamentary passage and complexity are not however necessarily linked – the present Council Tax Reduction scheme is set out in secondary legislation but is considerably longer than the primary legislation setting out the Council Tax itself.

#### FIGURE 8.1 LAW MAKING IN SCOTLAND

**Primary legislation** is initially set out as draft law in a Bill. In most cases, the Scottish Government will conduct a 12-week public consultation on a proposed policy. Once the Bill has been introduced to Parliament, the lead Committee may issue a call for written evidence and take oral evidence from witnesses. Further stages provide for amendments to be proposed and the content debated, before Parliament votes on whether to pass the Bill. If passed, the Bill is submitted to Her Majesty The Queen for Royal Assent, after which it becomes an Act of the Scottish Parliament. Overall, the passage of a Bill through Parliament can take over 12 months, depending on its length and complexity. The Act will then come into force on a designated date some time thereafter.

**Subordinate legislation** (often called delegated or secondary legislation) is law most often made by Ministers under powers granted to them in primary legislation (for example to prescribe timing and implementation). In most cases the Scottish Government conducts a 12-week public consultation of its proposals for subordinate legislation. Parliamentary scrutiny of subordinate legislation involves fewer stages than for primary legislation and is usually conducted by Committees. This entire process can take as long as between 8-12 months, although is frequently less.

- 8.3 A switch to a fundamentally different local tax system would require primary legislation. There would need to be substantive consultation to inform the significant administrative effort in drafting a Bill which would be subject to full parliamentary scrutiny. Depending on the scale of the change and likely political challenge arising, this process might be expected to be achieved in perhaps two or three years, meaning that any alternative system introduced in this way could not be enacted before the Local Government elections in 2017.
- 8.4 This timetable may need to be extended further if the legislation for a new tax collection arrangement was dependent on the UK Parliament and Government. This would be the case for a locally determined income tax collected by HMRC, but also if the existing legal provisions for the sharing of data held by other government departments, such as HMRC or DWP, needed amendment.
- 8.5 Changing the basis of local taxation will have an impact on the derivation and collection of Scottish Water charges. Although not our primary concern, this secondary impact will need to be addressed.

### **Administrative Changes**

- 8.6 As discussed in the previous chapter, local authority staff presently collecting Council Tax provide the obvious means to collect an alternative local property tax in the future. Transition to a new arrangement would place additional demands as IT systems and business processes would need to be revised whilst the existing Council Tax continued to be collected. This could be expected to carry additional costs and there will need to be a common understanding between Local Government and the Scottish Government of how these might be met. We have not sought to quantify these costs as they depend on whether an alternative property tax – and any relief system – could be implemented and administered by the adaptation of existing systems and using existing staff or whether new software, systems and staff structures are needed. This also impacts on the likely time needed to implement an alternative tax. A further consideration is whether sufficient certainty can be provided in advance of legislative change for resources to be committed before the parliamentary scrutiny is concluded and a new tax system passed into law.
- 8.7 Transition to a locally determined income tax would represent a more far-reaching change from existing arrangements. In the previous chapter, we identified that a locally variable income tax could, in theory, be administered by three alternative mechanisms. The most practicable solution with the least compliance cost is likely to be for HMRC to collect this by identifying taxpayers by local authority area and extending the SRIT to apply income tax varied in each of the 32 local authority areas. We have not estimated the cost of this transition, but HMRC's start-up costs for the SRIT of £30 million to £35 million might indicate the likely order of magnitude. Part of these start-up costs will have arisen from identifying Scottish taxpayers – we do not know the extent to which the information captured for this purpose could be further broken down to individual local



authority areas. The remainder of the start-up costs will have arisen from extending HMRC systems and business processes to administer the SRIT itself. HMRC have not estimated the likely compliance costs of employers changing payroll systems to support the SRIT, but this will need to be considered for a local income tax.

- 8.8 In the previous chapter, we also considered the possibility of local authorities, or a national Scotland-wide body, collecting a locally variable income tax by either replicating the existing PAYE and self-assessment systems or collecting the tax wholly by self-assessment. We did not take evidence on the likely establishment costs of these options, but common to all is that they would require the creation of entirely new administrative capabilities to duplicate some of HMRC's existing income tax administration.
- 8.9 Collection of local taxes by a body other than local authorities would impact upon the revenue and benefit functions within local authorities, potentially reducing the numbers of staff needed, although it may be that TUPE conditions might apply.
- 8.10 The previous chapter also noted that some countries assign a proportion of national tax receipts to Local Government. This might be enhanced if it was possible to estimate the income tax receipts in each local authority area in order to assign each council a share of national income tax estimated to have been paid by residents. The latter, more sophisticated option, could be achieved by estimation (and indeed is likely to depend on bespoke analysis of various HMRC statistics such as the Survey of Personal Incomes and information regarding tax credits). Although not without its complexities, this would be a simpler exercise compared to the changes needed to implement a local variable income tax.

### **The Valuation of Property**

- 8.11 Whilst we note in Chapter 5 the potential desirability – and associated political challenge – of the revaluation of property to support an alternative property tax, the act of revaluation is significant and distinct from other changes needed to administer a property tax. If a move to an alternative property tax required all properties to be revalued (whether on an individual property basis or to bands), this would have an impact on the cost and scale of the exercise. The SAA estimated that a revaluation exercise to a revised system of property valuation bands could be achieved at a cost of £5.5 million to £7 million and take two to three years. This would require additional resources, which could be minimised if this exercise could be achieved around the workload associated with the 2017 revaluation of business property. An exercise to revalue properties to discrete values would, according to the SAA, cost £7.5 million to £8.5 million. The SAA also highlighted the likely volume of appeals that would arise from a revaluation exercise, with revaluation to individual property values (as opposed to bands) increasing the likelihood of appeals and potentially increasing the cost and time needed to complete such an exercise.

- 8.12 We worked closely with Heriot-Watt University to model the impacts of revaluation by using Computer Assisted Mass Appraisal (CAMA) techniques – the first time this has been achieved for local authority areas in Scotland. In correspondence to us, the SAA indicated that the two to three year estimates to revalue properties may be shortened and the costs decreased by developing this methodology alongside more traditional valuation techniques.
- 8.13 Given that revaluation becomes more politically and administratively challenging as the time since the last valuation increases, there is a strong case for distancing any revaluation process from short-term political pressures. This could be achieved by making regular revaluations, for example every five years, a legislative requirement.
- 8.14 These considerations are all based on an alternative property tax being based on the capital value (either as part of a banded system or a discrete value) of buildings and land combined and hence informed by current sales data. Switching the basis of a property tax to land values only would be complex – we heard evidence of potential ways this could be achieved, but a concern was expressed that knowledge of land ownership and land values was not sufficiently complete to support an early implementation of a land value tax. The evidence suggested that a more realistic approach to such a tax might be based on estimates of land values being developed and disaggregated from overall property values over a number of years, with this data combined with Registers of Scotland's Land Register. This would still incur costs, with the SAA estimating that doing so would at least double its equivalent estimate for a revaluation of buildings and land. However, the experience of countries such as Denmark demonstrate that a land value tax can be made to operate.

## Protecting Taxpayers from the Impact of Change

- 8.15 Irrespective of what the preferred alternative tax system is, our analysis confirms that any replacement for the present Council Tax would see the tax liabilities of many individuals and households changing – some will pay more and some less. A fairer, more progressive property tax, for example, would see those in lower value homes pay less but the tax due on higher value homes increase. Such changes would ultimately be the purpose of making a local tax fairer, but the change should not be introduced in such a way as to impose sudden and extreme increases in people's tax liabilities.
- 8.16 A similar problem of change creating sudden large increases to individual liabilities could face the recipients of discounts under the present Council Tax system, such as people with disabilities or full-time students. Any changes either to an alternative property tax or a local income tax would need to consider continuing discounts to avoid unforeseen sharp increases for categories of household currently receiving them.
- 8.17 Structural changes to tax systems can create particular issues, potentially changing the way in which local tax is paid. For example, a couple who presently make one household payment on their home for Council Tax would, under a local income tax, see local tax deducted from both their individual incomes.
- 8.18 A robust transitional framework is therefore needed. This would ensure that people have enough time to take any action needed to be able to pay their tax bills into the future. Such a framework could also help a new system gain public acceptance, although the visibility of local taxation means that change will remain politically challenging to deliver. Evidence from Northern Ireland and Wales, however, demonstrates that this is achievable. Furthermore, the conclusions from the review of international literature by Policy Scotland at the University of Glasgow note that "anticipating....short run transitional problems in advance of desirable long term impacts is a key way to lay the ground for reform".
- 8.19 Both the Welsh and Northern Irish examples were based on additional funding being added to support the schemes. It may be possible for the transitional relief framework to be designed to be self-financing (i.e. the phased application of higher bills operates in step with the phased application of lower bills). This highlights that the costs of a transitional framework should be assessed and considered as part of any projections of how much revenue would be raised by an alternative tax system.

**Figure 8.2**  
**Transitional Relief Frameworks Used Elsewhere in the UK**

How it worked	What it cost	When it took place
<p>The Northern Ireland Executive reformed the Domestic Rating system in April 2007 based on individual capital value assessments for domestic properties.</p> <p>A transitional scheme was introduced and applied to private dwellings, private storage premises and private garages. Households automatically qualified for transitional relief where they experienced an increase of more than 33% in their rate liability on moving to the new system, compared to what the liability for the property would have been had no revaluation taken place.</p>	<p>£32 million over three years.</p> <p>This was paid by the Northern Ireland Assembly to Local Government to compensate for tax revenues foregone.</p>	<p>The scheme was phased in over 2007-08, 2008-09 and 2009-10.</p> <p>Relief was tapered, with full relief in year one, 66% relief in year two and 33% in year three. The full rate bill was payable in year four.</p>
<p>Following revaluation and re-banding of domestic properties, the Welsh Assembly Government introduced a transitional relief scheme to ensure that no household's Council Tax liability would rise by more than one band in each of the first three years above the band that they were in immediately before revaluation took place.</p> <p>Transitional arrangements were applied automatically; there was not a requirement for taxpayers to apply for the relief. The scheme did not extend to protection for second homes.</p>	<p>£11 million in year one.</p> <p>This was paid by the Welsh Assembly Government to Local Government to compensate for tax revenues foregone.</p>	<p>The schemes operated between 2005-06 and 2007-08.</p> <p>In year one, dwellings did not experience more than a one band increase above their pre-valuation band.</p> <p>In year two, dwellings did not experience more than a two band increase above their pre-valuation band.</p> <p>In year three, dwellings did not experience more than a three band increase above their pre-valuation band.</p>





# Understanding Local Taxes

- There is currently no consensus on the single best option for reform, or indeed about whether one option can deliver adequate reform on its own.
- Understanding is strongest in relation to the present Council Tax, and property based alternatives to it. The principles of a local income tax are often readily understood, although our public engagement suggests that people have questions about its operation that could impact on its potential acceptability in practice.
- A tax on land is a new and potentially complex concept for many people to understand, although we found that support was often strong amongst those who have built up their knowledge of it.
- Effective reform must be coupled with clear information about the case for change, what this means for individuals and households and how local government receives funding and spends money.
- Any new system should be designed to minimise the need for complex relief schemes and ensure that any reliefs are straightforward to understand and administer, and that take-up is increased.

- 9.1 A core part of our remit required us to **"engage with communities across Scotland to assess public perceptions of emerging findings"**. We invested substantial effort in this process, and the steps that we undertook were perhaps the most comprehensive of their kind to date in this country.

### What We Found

- 9.2 It was clear to us from our engagement with the public that many perceptions of alternative tax systems are heavily influenced by their ease of understanding, and the degree to which their operation in practice is clear.
- 9.3 These perceptions are all the more important because our research suggests that most people are unclear about the role of local taxation and how Local Government receives funding and spends money at the moment. We of course acknowledge that systems of taxation and public finance are complex, and that most of the people that we engaged with had no reason to have detailed understanding of the breadth of the operation of the current system, let alone alternatives to it. However, we consider there to be significant scope to improve clarity in the future, both in terms of the principles of any reformed system, and the broader links between local taxation and local democracy.
- 9.4 Indeed, our engagement showed very clearly that, regardless of the alternative that is chosen, people in Scotland have a strong desire to understand the operation of any alternative system and its fairness. In particular, people told us that they wanted to be clear about not just the implications of reform for their own circumstances, but on how equitable and fair any reforms are for others too.
- 9.5 Our research also suggests that perceptions of fairness are strongly linked to people's sense of the overall purpose of the system of local taxation. Put most simply, we consistently heard that people support a more progressive system. While not universal, we also heard that a system of local taxation is seen as a crucial component of a well-functioning democracy, and that the line of sight between how local taxes are set and spent should be made as strong as possible.
- 9.6 To us it follows, therefore, that the core of any successful transition to a new model of local taxation is an effective and comprehensive programme of information to ensure that all those affected can understand the system and its impact on them. This must extend beyond just the mechanics of the tax itself, in order to explain how decisions relating to local taxation are made, and how the money generated is spent to deliver against local priorities.
- 9.7 Through our series of listening events, we were also able to gauge the extent to which the members of the public that we engaged with had a clear level of understanding about the options for reform.

- 9.8 We found that no one single option for reform emerged as more popular than the others. However, we did find different levels of understanding in relation to different models, and that perceptions of fairness were often bound up in the degree of clarity regarding how different options for reform would operate in practice. This suggests to us that detailed design issues need to be thought through as early as possible in the transition to any new system.

### Public Understanding of Taxes on Property and Land

- 9.9 With the exception of the short-lived and controversial Poll Tax, property taxes (previously the Domestic Rates) have long been the main source of household taxation in modern Scotland. Perhaps unsurprisingly, we found that having operated for almost 25 years, the present Council Tax system is therefore generally well understood compared with other options that were considered. Responses to our online questionnaire also suggested that the majority of respondents found the payment process for the present Council Tax to be clear. However, we also heard about aspects of the present Council Tax that were not easy to understand, and in particular about the need to simplify what is perceived to be a complex Council Tax Reduction scheme.
- 9.10 More surprisingly, many of the regressive components of the current Council Tax were often not as well understood, nor was the fact that the tax base had not been revalued for approaching 25 years. However, these deficiencies were readily understood once the current system was explained. We also found that members of the public generally believed that the Council Tax accounts for far more than the 12% of total Local Government revenue that it currently does.
- 9.11 Land value taxes were the least well understood of the property taxes that we explored. Many people had little or no previous knowledge of this option, despite its relative prevalence as part of the local tax mix in Europe and beyond. In many instances, we found that this lack of clarity translated into concerns about how the tax would work in practice. Common questions related to the application of land taxes in tenement properties or properties with mixed residential and commercial components, their potential impact on the housing market, and their application and impact in rural areas in relation to agricultural land and crofting. We also commonly found there to be unresolved debate about whether land taxes should apply only to land for housing use, or more broadly to non-domestic properties too.
- 9.12 Despite this, we also encountered many individuals who were very conversant with the concept of land value taxation and were active advocates for it. We conclude, therefore, that much more work is needed to translate the economic theory underpinning land value taxes into easily understood formats before public understanding can match that of property and income based alternatives.



## Public Understanding of Taxes on Income

- 9.13 Our research suggested that the principles of a local income tax system are relatively easy to understand, and, in principle, capable of being perceived as being fair. In particular, at the events that we held, local income taxes were often seen as a potential option for reform because they were perceived to have positive scope to link to an individual's ability to pay.
- 9.14 However, outstanding questions about the operation of any local income tax system in practice also caused many to pause. In particular, the fairness of a system that could potentially exclude unearned income was questioned, particularly in cases where it was felt that the consequence of a local income tax would be to remove people from the system who would otherwise be well placed to contribute towards local services.
- 9.15 Concerns were also raised about the administration of a locally determined income tax. It was generally felt that a system of local administration would be costly and complex to engage with, and that national collection through HMRC, or in time a Scottish body, would be likely to be required. Moreover, concerns were raised that in such a system, it could be unclear how councils would control tax rates locally, thereby weakening rather than strengthening local decision making over tax and spend choices as a result. Our evidence therefore suggests while this was initially considered to be a straightforward option for reform by many, a number of complexities arising from the design and operation of any local income tax system would need to be resolved if it was to be clearly understood and enjoy public support.

## Water and Sewerage Charges

- 9.16 We also heard a considerable volume of evidence highlighting issues of clarity and understanding in relation to water and sewerage charges. Currently, these bills are issued on behalf of Scottish Water by local authorities at the same time as Council Tax bills.
- 9.17 We heard that while administratively efficient, the impact of this current approach is not only confusing, but potentially harmful too. While we acknowledge that water and sewerage is a charge rather than a tax, and therefore outwith our remit, we do consider it confusing that vulnerable households in receipt of 100% Council Tax Benefit only receive a reduction of up to 25% in the water and sewerage charges that are billed alongside them. We were also particularly concerned by evidence from Citizens Advice Scotland and others which reported that many households do not understand that they remain liable for payment, and that up to one in five households had accrued arrears in water and sewerage charges as a result.

9.18 While we therefore acknowledge the administrative efficiency of the dual billing process, we conclude that as an immediate step the separate nature of these charges, even if they remain on one bill, needs to be made clearer to households in order to help prevent them from falling into debt. While not part of the system of local taxation itself, we would also welcome a further consideration of the system of reductions in relation to water and sewerage charges.

### Emerging Issues

9.19 For all of these reasons, we place particular emphasis on the need to deliver clarity in any system of local taxation because we recognise that successful integration and acceptance of any reform by a future government will require clear understanding amongst those that are liable to pay. The basis for calculating somebody's tax must be transparent and demonstrate that current shortcomings are addressed. Not only that, but our public engagement highlighted that the relationship between local taxation and the wider system of Local Government finance is not widely understood. We heard persuasive arguments suggesting that clarifying and strengthening the system of local accountability around local taxation, and in particular the extent to which people are able to exercise local choice and control over tax and spend decisions that affect them, has the potential to deliver democratic renewal within communities.

9.20 Together, these issues seem to us to be at the core of the job of building the case for change, and securing support for a reformed approach in future.





# Local Tax and Local Democracy

- An effective local tax system is fundamental to delivering financial accountability for Local Government and supporting local democratic choice.
- A new system should offer greater flexibility to Local Government.
- Local authorities with lower tax bases should not lose out as a result of the shift in the tax system.
- Broadening the local tax base could also include environmental, resource, sales or tourist taxes, as appropriate to local circumstances and local authority decisions.
- Local taxation only accounts for 12% of total Local Government revenue; the gearing effect associated with this will not be addressed simply by replacing the present Council Tax.

- 10.1 The ability of any sphere of government to determine the taxes it raises and how they are spent is a fundamental part of the democratic process. Accountability for these decisions is strongest when communities are offered choices about not just their priorities for public service provision, but also about the levels of taxation required to deliver these. An effective system of local taxation can therefore fundamentally strengthen democracy in Scotland and ensure that Local Government is financially accountable to its electorate.
- 10.2 As a Commission, our remit required us to consider the impact of alternative local tax systems **"on supporting local democracy, including on the financial accountability and autonomy of Local Government"**. We therefore set out to ensure that our evidence gathering and analysis spanned not simply the technical processes of local taxation, but crucially, the opportunities to ensure that any reform would be capable of strengthening communities and supporting local democratic decision making.

### Local Government's Present Financial Autonomy

- 10.3 In recent years, the Council Tax freeze has removed variation in local tax rate setting between local authorities. Whilst this policy featured in a number of parties' manifestos in the 2011 Scottish Parliamentary elections, and has been considered to have been popular with the electorate, it should not be assumed that it will go on indefinitely. Democratically elected councils should be able to make local tax and spending choices by being able to vary the rate of local taxation that applies in their local authority area.
- 10.4 The present degree of local financial autonomy is also currently distorted by a gearing effect. As we have already highlighted, our analysis shows that just 12% of gross revenue income is currently generated from the Council Tax. Even a large rise in Council Tax would therefore only increase a council's budget by a small amount. When allied to the visibility of Council Tax – when compared to national taxes – it becomes politically challenging for a council to vary the Council Tax in order to meet a particular local priority. Although the remit of the Commission is not to consider the wider system of Local Government financing, this is an important influence on how the public react to, and think about, local taxation.

- 10.5 This position was reflected in the evidence we received that argued that the financial accountability of Local Government would be enhanced if it was responsible for raising a greater proportion of its own revenues, and that doing so could help to reinvigorate local democratic participation as a result. Again, this is beyond our remit, but we recognise that simply replacing the Council Tax with a new model of local taxation will not fundamentally alter the current balance of Local Government funding. However, one key attribute for a replacement to the present Council Tax is that it has the potential to raise revenues of similar scale, and that it also provides a suitable basis should a council wish to vary local taxes according to local priorities. Our quantitative analysis confirms that taxes on property, land and income have the capacity to do this, whilst other optional taxes, such as a tourist bed tax, do not, but could nonetheless have a future role in supplementing core budgets where there is local mandate to do so.
- 10.6 At the same time, our engagement activity highlighted some concerns about the variation in tax-raising capacity in different local authority areas across the country – we also raise this issue in Chapter 6. This points to a key element of the evidence we received in this area; the need for an effective system of equalisation as part of any reform in order to reflect different local tax bases, the different costs of providing services in different parts of the country, and different patterns of need and demand. Indeed, we were not made aware of any country internationally where Local Governments do not require national grant support for these reasons.

### Local Tax and Democratic Choice

- 10.7 A further dimension to the connection between local taxation and local democratic choice is to consider who pays the tax and who votes. A local property tax levied on occupiers who, by virtue of living in that locality have a material interest in local service provision, will clearly contribute to local accountability. However, this relationship can become complex in that not everybody in a household will contribute to the bill; as with the present Council Tax, there can be many consumers of services but only one taxpayer.
- 10.8 A different set of circumstances exists for a local income tax. The visibility of a locally determined income tax collected alongside national taxes would depend on the design and administration of the system. The introduction of the SRIT in April 2016 may provide some insights into how this might look in practice. A local income tax collected by HMRC, effectively “piggybacking” on the SRIT, would mean that the income tax base would be defined by the UK Government and that some elements such as the personal allowance would have to be accepted rather than subject to local decision making. This kind of constrained local autonomy is not unfamiliar within the Council Tax; while a council can set a Band D rate, each of the other band charges is a fixed proportion of that Band D rate, which along with the bands into which properties are divided, are set nationally in legislation. However, complexities associated with setting and collecting local income taxes were perceived in some of the evidence that we received to suggest that a local income tax could in effect lead to local tax rates becoming determined nationally rather than locally.

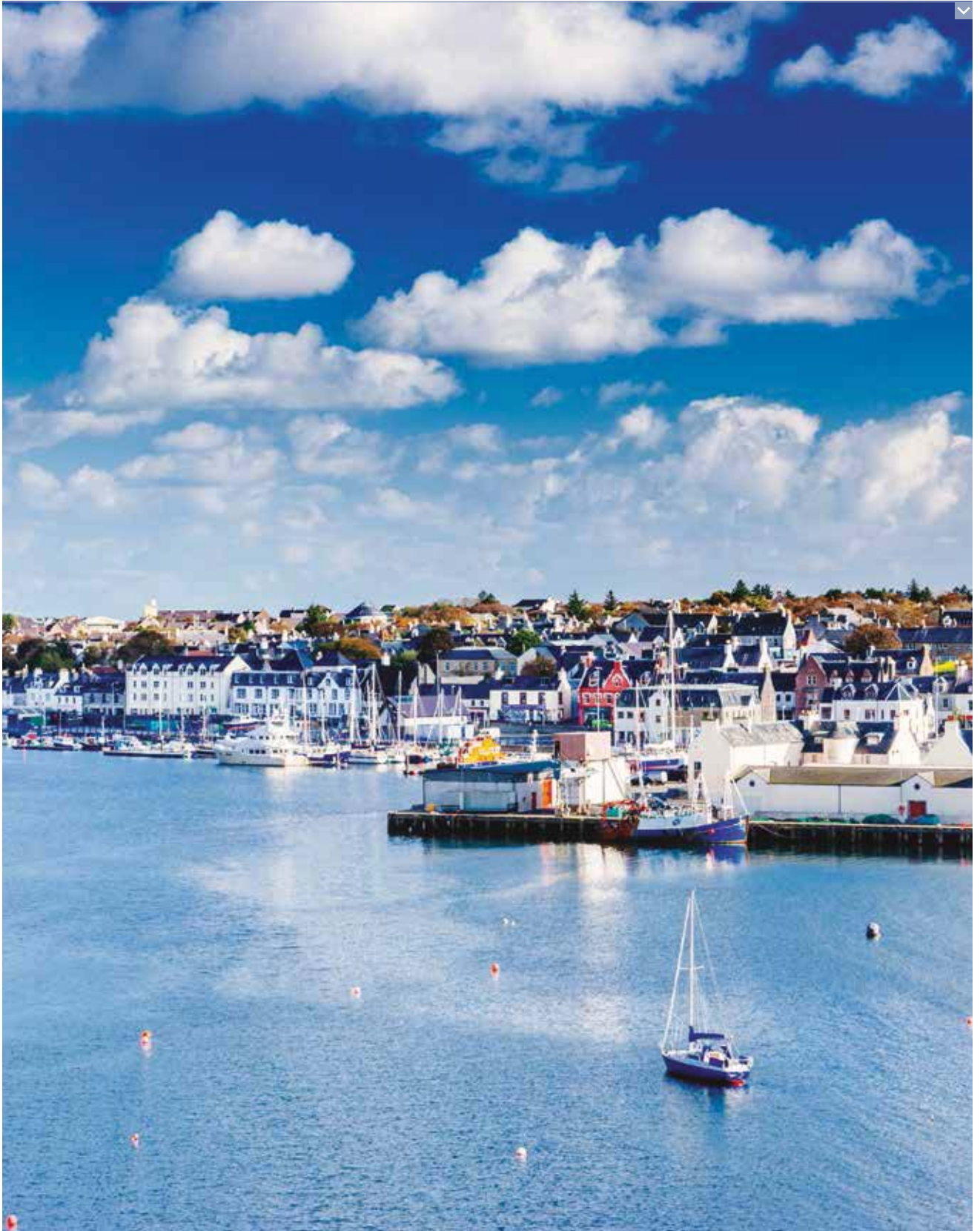


- 10.9 A local income tax would, following the introduction of the SRIT, result in three jurisdictions sharing the same tax base. This is not an uncommon practice in federal countries, but would be a new development in Scotland. Indeed, the review of international literature by Policy Scotland at the University of Glasgow highlights that the local tax base in Scotland is unusually narrow in international terms. Evidence from federal countries indicates that sharing a tax base requires a degree of co-ordination in tax policy to avoid circumstances such as one jurisdiction applying such a high rate of income tax that there was no “tax room” remaining for the other jurisdictions to apply their rate of tax.
- 10.10 We also noted in Chapter 7 that this system of tax collection means that income from investments and savings could not be easily subject to local taxation and that those who do not pay income tax for other reasons would also not pay. In other words, whilst a property tax levied on households will not connect every member of the electorate to the local tax, a local income tax would not be paid by every voter either.
- 10.11 Overall, the balance of evidence we heard suggests that a local income tax, if administered as part of the wider income tax system, would potentially not support local accountability as well as a local property tax could. But in drawing this conclusion, we should also highlight that creating a revised property tax would also require the Scottish Parliament to determine the extent of local variation that should apply. For example, should councils only be permitted to vary the tax rate, or could they also choose to apply different exemptions, discounts and reliefs? Clearly, providing more local scope for differences would increase the extent to which the tax system is locally determined. This would need to be weighed against the suitability of local variations, but the evidence we received indicated an appetite for Local Government to have broadly greater flexibility over its local tax system.
- 10.12 Finally, the evidence that we received described a wide range of potential scenarios and options in relation to local taxes. However, one common theme related to the scope to empower individual local authorities, subject to them securing a local democratic mandate, to have the discretion to apply an additional local tax within the local authority area, or on people who are visitors to it. Broadening the local tax base in this way could include environmental, resource, sales or tourist taxes, as appropriate to local circumstances and local authority decisions. The evidence we received suggested such additional local taxes would not be designed to generate large sums, but could offer an opportunity to generate additional revenues to invest in local priorities. We see no reason in principle why such options should not be identified, developed, and, if found to be workable, made available.

## Local Taxation and Democratic Renewal

- 10.13 Although views differed on the best route for reform, our evidence confirms that a tax that is billed and collected by a local authority can help to build a strong link between how money is raised locally and spent locally. Arguably, the visibility of local taxes means that a well-designed system has good scope to achieve this compared to national taxes.
- 10.14 Indeed, regardless of specific preferences for reform, we consistently identified demand for debate on the issue of local taxation to involve communities at local level. Rather than our work becoming the end of the process of tax reform in this country, we hope that it can therefore start a new way of thinking about the relationship between local decisions about public services and how these are paid for.
- 10.15 Broadening the tax base, deepening local democracy and improving local fiscal autonomy are, we hope, therefore inevitable outcomes of the evidence we heard. This debate need not be confined to periodic reviews; the process of reform and dialogue about improvement and change could become much more integral to Scotland's ongoing process of democratic renewal and participation. We hope that the publication of our report provides an important first step, and that the reforms of local taxation that we expect to see put to the electorate in party manifestos for the Scottish Parliamentary election in May 2016 continue with that process in earnest.







# Certainty for Taxpayers and Local Government

- Local Government needs revenues to be stable or have a means of managing variation in receipts.
- Property tax receipts tend to be more stable, but also less buoyant, than receipts from taxes on income.
- The amounts of tax people pay need to be predictable.
- The amounts of tax people pay need to reflect their continuing ability to pay.

- 11.1 Our remit requires us to look at **"the impacts...on individuals and households"** and the wider **"macro-economic... and fiscal impacts"** of alternative local tax systems. Part of our work has therefore been to address the degree of certainty that alternative tax systems might provide for taxpayers regarding their bills and the stability of receipts for Local Government.

### Stability of Revenues

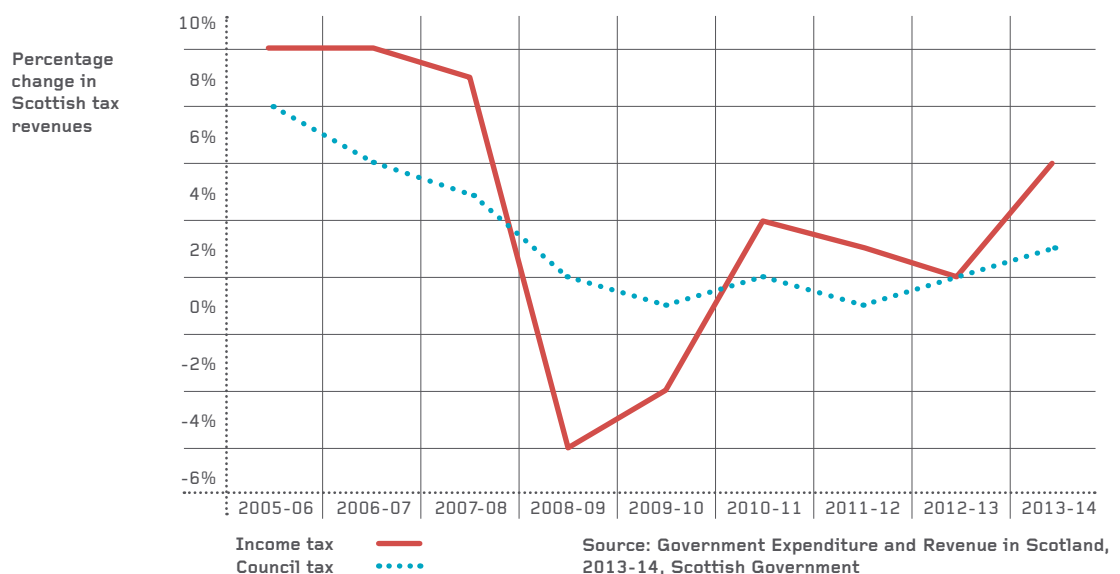
- 11.2 Most public services are delivered by employees, so a local authority needs stable revenue streams in order to pay its staff. In Chapter 3, we set out how the greater part of the funding for Local Government comes from the grant from central government, with Council Tax receipts only funding around 12% of council spending. Whilst highlighted as unsatisfactory in the evidence we received, in recent years this arrangement has provided Local Government with a degree of revenue stability to fund public services.
- 11.3 Volatility in tax revenues can occur as the result of economic shocks, but there is also a degree of volatility that arises in-year, across the economic cycle and during gaps between tax payments being due and the receipt of payment taking place. The lower predictability of income tax receipts, especially the self-assessed contribution that is collected only after the taxable financial year has ended, would also require councils to take appropriate measures to manage such fluctuations in their receipts. Local authorities therefore need the means to manage any volatility in revenues by saving and borrowing.
- 11.4 The introduction of the SRIT in April 2016 will mean that the funding for public expenditure in Scotland will, in the future, have a direct dependency on Scottish income tax and be exposed to any fluctuations, both upwards and downwards, in receipts. The creation of a local income tax would concentrate that dependency on the Scottish income tax base in comparison to tax receipts deriving from both income and residential property. This should be understood if it was the preferred choice of a future Scottish Government.
- 11.5 Tax receipts from property tend to be more stable than receipts from income taxes, which fluctuate more with the economic cycle. Overall, the available revenue to fund public services will be more stable if it derives from a range of taxes. This will have been a consideration when the IMF, European Central Bank and European Commission required Greece and Ireland to implement a tax on domestic property as a condition of their 2010 refinancing programmes.

11.6 The different tax alternatives we have considered are associated with differing administration and collection regimes, but we consider that taxes based on property and income can be managed in a way to ensure that a high proportion of liabilities are collected. Overall, a lower proportion of local income tax liabilities could be expected to be collected because of the recognised lower compliance rates associated with the self-assessment regime, although as we described in Chapter 7, the tax gap reported by HMRC for income tax collected under PAYE is in fact smaller than the equivalent statistic for Council Tax.

11.7 The relative stability of tax receipts from property compared to those from income is highlighted in Figure 11.1. Part of the present Council Tax's apparent stability is in part due to properties not having been revalued. Had a revaluation occurred in 2008 or 2009, then Council Tax receipts might have fallen unless councils had increased the rates. Although a land value tax has never been applied in Scotland, if it was established and administered effectively in a way that was understood and considered to be "fair" by the public, there is every reason to assume that receipts would follow a similar pattern of stability and variation as other property taxes.



**FIGURE 11.1**  
**ANNUAL PERCENTAGE CHANGE IN SCOTTISH TAX REVENUES –**  
**INCOME TAX AND COUNCIL TAX**



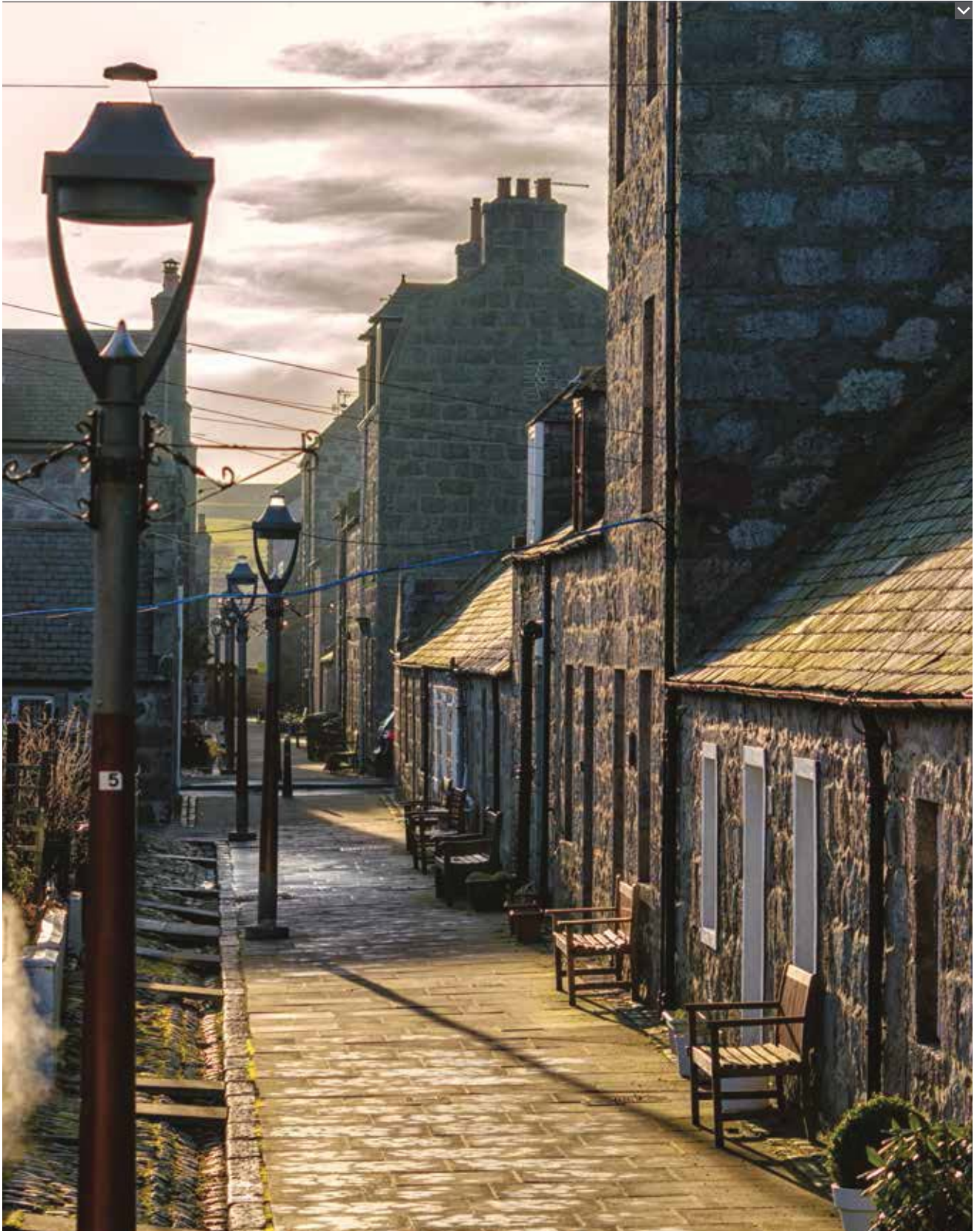
- 11.8 In any of the alternative tax systems (as we noted in Chapter 10), substantial change would require the reconsideration of the formulas for the grants made by the Scottish Government to local authorities. These are intended in part to help local authorities with comparably lower tax bases provide broadly equivalent levels of service to elsewhere. A revised system of taxation means these formulas would need to be adapted to provide the same degree of equalisation, while still allowing the intended scope for local variations based on democratic choice. Ideally, that local democracy and choice should also provide an incentive for each council to grow the local economy. Increased local prosperity would see wages rise and property values increase and thus, receipts from property and local income taxes increase. This is sometimes referred to as “buoyancy”. The key consideration is how those authorities that are less successful or are simply starting with greater disadvantages should be treated by the new central grant mechanisms.

### **Creating Certainty for Taxpayers**

- 11.9 Our public engagement confirmed that people need to understand how much tax they are going to be expected to pay. They need to be able to budget for each week or for the next year – unexpected increases can cause difficulty and in some cases, lead to people being unable to pay. This is a further dimension to the need for a tax system to be “fair” and based on ability to pay, so that if somebody, for example, loses their job, they need to know that their tax bill will reflect their changed circumstance. A local income tax would, by definition, adjust to reflect a reduction in pay (although would not if somebody’s circumstances changed but their income remained the same). A system of means tested reliefs to a property tax, if adequately targeted, could potentially accommodate either circumstance.
- 11.10 Our analysis sets out some illustrative examples of the different tax models to help politicians and others involved in the discussion understand the impact of different tax options and where the trade-offs occur. The analysis shows the impact of the tax systems had they been implemented in 2013-14 and does not represent a collective view of how tax systems should be applied or developed. The amount of tax that individuals pay under a new local tax system will be determined by a range of factors including the design of the tax, the tax rates set locally and potentially the wider benefits system.
- 11.11 Any replacement for the present Council Tax would result in the amounts households pay changing. A fairer, more progressive property tax, for example, would see those in lower value homes pay less but the tax due on higher value homes would increase. The way in which local tax is paid could also change. For example, a couple who presently make one household payment on their home for Council Tax would, under a local income tax, see local tax deducted from their individual incomes.

- 11.12 Such changes would ultimately be the purpose of making a local tax fairer, but the change should not be introduced in such a way as to impose sudden and extreme increases in people's tax liabilities. As discussed in Chapter 8, a robust transitional framework is needed to help people adjust. This would ensure that people have enough time to take any action needed to be able to pay their tax bills into the future and would assist in the political challenge that will come from implementing change.







# What the Evidence Tells Us



# 12



- 12.1 The present Council Tax arrangements do not relate to the ability to pay – whether measured against wealth or income – and have become widely discredited.
- 12.2 The present Council Tax Reduction scheme is a highly complicated system, does not provide sufficient support for people who we would consider to be on low or precarious incomes, and has a low take-up rate.
- 12.3 The ability of Local Government to make choices about how local taxes are raised and spent, and to be held accountable for those choices, is part of the democratic process and an important part of any reform.
- 12.4 Any change must support an enduring and stable tax base for Local Government.
- 12.5 There are, broadly, three alternative types of recurring taxes that could be applied annually at the local level to replace the present Council Tax – taxes on property, taxes on land and taxes on income. There are attractions to creating taxes that combine elements of each, especially because no one type of tax provides a perfect, readily implementable solution – all have advantages and disadvantages.
- 12.6 Opinions are divided on the fairness of each. There is strong, but not unanimous, initial public challenge to the idea that any tax based on property or land values – including the present Council Tax – is truly related to the ability to pay. The balance of opinion from the many organisations and professionals who have engaged with the Commission is that property or land taxation is an effective and economically sound basis for local tax, although some also articulated support for taxes on income. Ownership of property or land is taken by many to imply a degree of wealth that in turn indicates the ability to pay.
- 12.7 International examples are diverse and show that there is no one understanding of a fair local taxation system, and that almost all countries use more than one type of tax.
- 12.8 Property tax receipts tend to be more stable, but also less buoyant, than receipts from taxes on income.
- 12.9 Well-designed taxes on property or land are harder to avoid than taxes on income.
- 12.10 A fairer tax on property would be one that is more proportionate to property values. This would lead to relative changes in the liability of lower value properties in relation to higher value properties.
- 12.11 A property tax that is more proportionate to property values would still not be proportionate to incomes. A system of relief would therefore be needed for those without the income to meet their liability that is more effective than the current Council Tax Reduction scheme.

- 12.12 Property taxes are ideally based on regularly and frequently updated valuations. However, our analysis shows moving from the present 1991 values used for Council Tax would of itself change the liabilities for many. This, and the evidence from overseas, indicates that whilst desirable, an initial revaluation of properties would be politically challenging to deliver.
- 12.13 The public attaches a strong importance to income in its definition of fairness, perceiving it to connect to ability to pay. It is this factor which underpins the opinions and evidence received advocating a local income tax. In order to meet this test of fairness, local income taxes would need to apply not just to income from earnings, but also to income from dividends and investments, which would be an administrative challenge. This illustrates that it is difficult to achieve both fairness and administrative efficiency in any one single tax instrument.
- 12.14 Existing HMRC income tax collection systems might provide a basis for collecting a locally determined income tax, but this would be a major undertaking, could not extend to income from savings and dividends and would need the support of the UK Parliament. The alternatives include a Scottish collection body or individual local collection arrangements, both of which present challenges to operate.
- 12.15 Any change will affect household or individual tax liabilities. There is strong support for a system of transitional relief operating over several years to protect households from sudden major changes to their tax bills. Structural changes create particular issues. For example, income taxes are generally based on individual incomes and the Council Tax is charged to households.
- 12.16 Changing the fundamentals of the local tax system would require primary legislation. It would be hard to pass an Act before the Local Government elections in 2017. Changing tax collection and administration systems following the enactment of a new tax may take perhaps two years or longer, depending on the scale of the change.
- 12.17 A revised tax on property is the most readily administered alternative tax system. A move to a land value tax would require better knowledge of land ownership and values to be developed over a number of years.





# Conclusions and Recommendations



# 13

- 13.1 The present Council Tax system must end.
- 13.2 We believe history shows that reforms to local taxation are politically challenging, and therefore emphasise that this is one area of public policy that would benefit greatly from a period of cross-party agreement and consensus in order to create an enduring, stable settlement needed for Scotland as a whole, for Local Government and for local democracy.
- 13.3 We have concluded that any new system of Local Government taxation should continue to be one of general tax contributing to the general funding of local services, rather than a system of charges for specific services.
- 13.4 The new system should offer greater flexibility to Local Government and thereby strengthen local democracy. Local rate-setting wherever possible should be an explicit feature of reform.
- 13.5 As far as possible, any new system should be designed to minimise the need for complex relief schemes for individuals or households. Such a system should ensure that any reliefs that are available are straightforward to understand and administer and that take-up is increased.
- 13.6 Local and central government must make substantial efforts to increase public understanding of local taxation and how Local Government receives funding and spends money. This should be clear and transparent to taxpayers throughout their experience of the system.
- 13.7 In contrast with previous attempts at reform, we are not persuaded that a single tax instrument can simultaneously deliver greater equity for taxpayers and autonomy for Local Government whilst also being efficient and readily implementable. A replacement system, therefore, would benefit from including multiple forms of tax which would allow local taxation as a whole to be fairer. A well-designed system that draws revenue from multiple sources would provide more options for local democracy, delivering greater financial accountability and autonomy to Local Government. A broadening of the local authority tax base would be advantageous, and would make Scotland more consistent with most OECD countries.
- 13.8 We emphasise that the total amount of tax raised depends entirely on how any replacement system is designed, including the rates set. There is no intrinsic link between the numbers of taxes operated and how much is collected in total. Council Tax currently raises £2 billion per year but if two replacement taxes were set at rates that meant they each raised £1 billion they would together raise no more than at present. Any political party or organisation putting forward detailed proposals for a new system should make clear the effect that system can be expected to have on the total amount of tax paid in Scotland.

- 13.9 Any move to a fairer tax system will also inevitably lead to a situation where some individuals will pay less and some will pay more. We therefore believe it is vital to establish a transitional framework to enable taxpayers to adjust to the new system and new tax liabilities. The cost of such assistance should be assessed and considered as part of any projections of how much revenue would be raised by the new system.
- 13.10 A new system will also mean the distribution of central government funds to local authorities will need to be reviewed and adjusted. We believe that local authorities with lower tax bases should not lose out as a result of any such shift in system, whilst retaining meaningful local flexibility in levels of local taxation. Local authorities will also need to have sufficient means under the new system to mitigate risks by managing fluctuations in revenues across the economic cycle, in-year and during gaps between liability arising and receipt of payment.
- 13.11 To meet these principles, any move to a fairer system will therefore need time. We believe this means reform should be thought of and put forward as a programme, with the public offered a longer-term vision and actions which can be taken in the short term identified. In delivering a programme of reform, the Scottish Government and Local Government should work in a genuine partnership with each other.
- 13.12 The predominant view of the Commission is that any reform of local tax has to continue to include recurrent tax on domestic property, and we recognise that, as with all available options, there are difficulties that must be addressed if any system is to be seen as fair and accepted by the public. We have modelled two approaches – a reformed, proportionate Council Tax and a progressive tax on capital values – but we repeat these are both simply illustrations. At the very least, any such system needs to be more progressive than the Council Tax. This should occur through making the initial household liabilities more progressive and by creating an extensive income based relief that also takes account of need, and is better for households on low and precarious incomes than the existing Council Tax Reduction scheme. The substantial political challenge of linking liabilities to up-to-date property values must also be overcome.
- 13.13 We believe that a system of land value tax is promising, but that, while the work done for the Commission has been of unprecedented scale, gaining a full understanding of its impact would require further analysis. Any system of administering property based taxation should provide sufficient flexibility in time that site values could form a tax base for a system of land value taxation. Further work should be done over the next parliamentary term to assess both general and targeted land value taxes, and their introduction should be given consideration as part of a broadened system of local taxation.

- 13.14 The predominant view of the Commission is that Local Government's tax base should, if it could be proved feasible, be broadened to include income. Income is widely perceived to be a fairer basis on which to levy a tax, although a locally variable income tax presents substantial administrative challenges. Progressing such a longer-term programme of reform would require early dialogue with the UK Government to ascertain their willingness to allow the use of HMRC to apply a locally variable rate of income tax and to calculate start up and ongoing collection costs, as well as testing the scope to include income from savings and investments. A system of assigning local authorities a share of receipts from the SRIT could provide an interim option, but this would not allow for local variations.<sup>2</sup>
- 13.15 We have identified that taxes on property, land and income are the three potential tax mechanisms that have the revenue raising capacity to match the present system. Broadening the local tax base could include environmental, resource, sales or tourist taxes, as appropriate to local circumstances and local authority decisions. We see no reason in principle why such options should not be identified, developed, and, if found to be workable, made available to Local Government. These options would not be anticipated as forming the main basis for local taxation, but could, in addition to the aforementioned options, make a contribution to local revenues.
- 13.16 We recognise that political parties in Scotland will attach different weights to the considerations we have set out on each of the tax options, and will therefore draw different conclusions about the best way forward. Our expectation is that this report informs the development of those policies which will be put to the electorate in the Scottish Parliamentary election in May 2016 and beyond.
- 13.17 We believe this is the time to reform local taxation. We have conducted more in-depth analysis of potential forms of tax available than ever before to inform debate and the construction of detailed proposals. We have concluded that there is no one ideal tax but we have shown that there are ways of designing a better tax system. There is now a real prospect of beginning a programme to make local taxation fairer – more progressive, more stable, more efficient and more locally empowering.
- 13.18 We entrust those charged with taking this work forward to respect the spirit in which the Commission was established and has discharged its obligations. We are confident that with the goodwill established between the parties in the Commission that this can be achieved.
- 13.19 This is an opportunity that must not be missed.

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<sup>2</sup> Jackie Baillie MSP was not able to agree this recommendation



# Our Remit

A large, decorative blue circular graphic in the bottom left corner, composed of several overlapping segments of different shades of blue.

# 14



The Commission on Local Tax Reform was established jointly by the Scottish Government and the Convention of Scottish Local Authorities in February 2015. The agreed remit was:

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.



# Members of the Commission



# 15



From left to right:

- Andy Wightman, Writer and Researcher, representing the Scottish Green Party
- Councillor Angus Campbell, Leader of Comhairle nan Eilean Siar and Leader of the Independent Group at COSLA
- Dr Jim McCormick, Scotland Advisor, Joseph Rowntree Foundation
- Councillor David O'Neill, President of COSLA (Co-Chair)
- Dr Angela O'Hagan, Lecturer in Social and Public Policy at Glasgow Caledonian University and Convenor of the Scottish Women's Budget Group
- Councillor Catriona Bhatia, Leader of Liberal Democrat Group and Deputy Leader, Scottish Borders Council
- Don Peebles, Head of the Chartered Institute of Public Finance and Accountancy (CIPFA) Scotland
- Jackie Baillie MSP, Shadow Cabinet Secretary for Finance, Constitution and Economy (joined the Commission May 2015)
- Isobel d'Inverno, Convenor of the Tax Law Committee of the Law Society of Scotland and Director of Corporate Tax at Brodies LLP
- Marco Biagi MSP, Minister for Local Government and Community Empowerment (Co-Chair)
- Councillor Susan Aitken, SNP Local Government Convenor and Leader of SNP Group, Glasgow City Council
- Councillor Rhondda Geekie, Leader of East Dunbartonshire Council and Leader of Labour Group at COSLA
- Mary Kinninmonth, Trustee, Scottish Association of Citizens Advice Bureaux (Citizens Advice Scotland), Chair of Citizens Advice Scotland Policy Forum
- (Not pictured) Alex Rowley, MSP for Cowdenbeath and formerly Shadow Minister for Local Government and Community Empowerment (February to May 2015)



# Glossary



# 16

### **BEMIS**

Black and Ethnic Minority Infrastructure in Scotland. The national umbrella body supporting the development of the Ethnic Minorities Voluntary Sector in Scotland.

### **Buoyancy**

Buoyancy in tax terminology generally refers to the change in tax revenues as a result of changes to the tax base. For example, the Council Tax base is made up of residential properties. If more properties are built, the tax base gets larger.

Buoyancy can also result from increases in the value of the tax base. For example, with income tax, if earnings increase, receipts from income tax increase. The counter to this is that if earnings fall, the size of the tax base also falls. So buoyancy can be both positive and negative.

Our definition of buoyancy refers strictly to changes in the size of the tax base and excludes changes in receipts deriving from changes in tax rates.

### **CAMA**

Computer Aided Mass Appraisal. CAMA is a generic term for any software package used to help establish property values for property tax calculations.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy.

### **Council Tax Reduction scheme**

The Council Tax Reduction scheme was introduced from 1 April 2013 following the UK Government's abolition of Council Tax Benefit (CTB). Rather than being a benefit, it is a means tested schedule of reductions to individuals' Council Tax liabilities, administered by local authorities.

### **COSLA**

The Convention of Scottish Local Authorities

### **CTB**

Council Tax Benefit was paid by DWP (usually directly to local authorities) to assist individuals pay their Council Tax. It was abolished by the UK Government on 31 March 2013. It was means tested and administered by local authorities.

### **DWP**

Department for Work and Pensions.

### **Equalisation**

Equalisation is a term more commonly used in Federations to describe the system of grants from the federal government to the states or provinces so as to allow broadly equal levels of service provision, irrespective of relative wealth, prosperity and wider circumstances, in all parts of the country.

The system of determining the amount of the General Revenue Grant paid by the Scottish Government to each local authority is also an example of equalisation. An agreed formula that takes account of many factors including population, deprivation and rurality is used to calculate the amount paid to each of Scotland's 32 local authorities which is intended to enable each to provide their residents with public services comparable to elsewhere.

**HMRC**

Her Majesty's Revenue & Customs.

**IMF**

International Monetary Fund.

**IRRV Scotland**

The Scottish branch of the Institute of Revenues, Rating and Valuation. The IRRV is a nationally approved awarding body for vocational and examination-based qualifications for professionals working in local taxation and revenues, benefits and property valuation. It also seeks to influence the course of legislative and professional matters through dialogue with government bodies and other professional organisations and through commissioning and conducting original research.

**Mirrlees Review**

"Tax by Design", was the final report of a review of the UK tax system by the Institute for Fiscal Studies led by Sir James Mirrlees, published 13 September 2011, available at: <http://www.ifs.org.uk/publications/5353>.

**OECD**

The Organisation for Economic Co-operation and Development.

**PAYE**

In the UK, the pay as you earn (PAYE) system is a system of income tax withholding that requires employers to deduct income tax and National Insurance contributions from the salary of their employees. The PAYE system requires that employers must then remit the deducted amount to HM Revenue & Customs.

**Progressive tax**

"A tax is said to be progressive when the average tax rate rises as the tax base rises. So an income tax is progressive when the average tax rate rises as income rises." – Mirrlees Review. A tax system where the (marginal) amounts paid increase as the taxable amounts increase is not enough to be progressive – the (average) tax rate itself must increase. See also "proportional tax" and "regressive tax".

**Proportional (or proportionate) tax**

A proportional tax applies a flat rate for all values of the tax base. See also "progressive tax" and "regressive tax".

**Regressive tax**

A regressive tax is one where the average tax rate decreases as the tax base rises. See also "progressive tax" and "proportional tax".

**SAA**

Scottish Assessors Association. The Assessor is responsible for the preparation and maintenance of the Council Tax Valuation List which requires that each property's band reflects the Assessor's opinion of its open market value as at 1 April 1991, but taking account of its physical state and its locality as at 1 April 1993 (or for new properties, when they enter the list).

### **SRIT**

Scottish Rate of Income Tax. The Scotland Act 2012 introduces the power for the Scottish Parliament to set a Scottish Rate of Income Tax (SRIT) from April 2016. The UK Government will deduct 10 pence in the pound at the basic, higher and additional rates of income tax on the non-savings and non-dividend (NSND) income for Scottish taxpayers, i.e. income from employment, self-employment, pensions and rental income. The Scottish Parliament will then set SRIT which will apply equally to these three rates. Scottish taxpayers will thus pay a "UK income tax" (to the value of 10 pence in the pound less than taxpayers in the rest of the UK) plus SRIT. Thus if SRIT is set at 10 pence, income tax will remain the same for Scottish taxpayers as in the rest of the UK.

SRIT will supersede the existing tax varying power, the Scottish Variable Rate (SVR) set out in the Scotland Act 1998 which gave the Scottish Parliament the power to vary up to 3 pence in the pound at the basic rate of income tax.

### **Tax administration**

The activity of a tax authority in collecting and managing a particular tax. The administration costs of a tax to a tax authority are those incurred by the tax authority in collecting and managing the tax.

### **Tax avoidance**

Tax avoidance is the legal use of the rules of the tax regime to reduce the amount of tax payable by means that are within the law. See also "Tax evasion".

### **Tax evasion**

Tax evasion is an illegal practice where a person or organisation intentionally avoids paying a tax liability. Those caught evading tax are generally subject to criminal charges and penalties. See also "Tax avoidance".

### **Tax gap**

The tax gap is the difference between the amount of tax due and the amount collected.

### **TUPE**

Transfer of Undertakings (Protection of Employment) Regulations 2006; protecting employees whose business is transferred to another business.

### **VAT**

Value Added Tax.

### **Withholding tax**

A withholding tax, sometimes referred to as a retention tax, is a government requirement for an employer to withhold or deduct tax from the payment of income to an employee and remit the tax to the government. Income tax under the PAYE system is an example of a withholding tax, where the payment of tax is withheld from the payment of the employee's salary and the tax payment is remitted by the employer to the tax authority.







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ISBN: 978-0-85759-048-0

This document is also available on our website [www.localtaxcommission.scot](http://www.localtaxcommission.scot)

Published on behalf of the Commission on Local Tax Reform by APS Group, December 2015, PPDAS61115



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**To:** Finance & Resources Policy Board

**On:** 27 January 2016

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**Report by:** Chief Executive

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**Heading:** Initial Open Data Strategy for Renfrewshire

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**1. Summary**

- 1.1 The purpose of this report is to bring to the attention of the F & R Policy Board the ongoing work by the council and its community partners towards publishing their non-personal and non-commercially sensitive data in an open electronic format for wider societal benefit.
- 

**2. Recommendations**

- 2.1 Members are asked to approve the implementation of the attached 'Initial Open Data Strategy for Renfrewshire' as it relates to Renfrewshire Council.
-

### 3. **Background**

- 3.1 Open Data is non-personal and non-commercially sensitive data which is accessible to anyone free of restriction on use and in a machine readable format. It is easily discoverable and can be freely used, reused and redistributed by anyone for any purpose including commercial without restriction i.e. it has an open license. It is made available, via the Internet, in an electronic machine readable format which supports its ready re-use for free. There are no royalties to be paid or patents to be adhered to.
- 3.2 In April 2014 the Scottish Data Management Board (DMB) published 'A Data Vision for Scotland' and set the overarching objective as being to champion and unleash across Scotland trustworthy uses of data for public benefit. The vision sets out where the Scottish Government wants to be in relation to open data by 2020. The DMB has created a strategic plan for effective and responsible collection, management and use of data across Scottish Public Services to the benefit of the Scottish public and in particular to achieving high quality public services and economic growth. The Scotland strategic plan has been developed with, and for, the Scottish public sector and its partners across the wider data community.
- 3.3 The DMB has also overseen the development of the Scottish Government's (SG) 'Open Data' strategy to help achieve the Data Vision and strategic plan. The SG's 'Open Data' strategy released in February 2015 seeks to create a Scotland where non-personal and non-commercially sensitive data from public services is recognised as a resource for wider societal use and as such is made open in an intelligent manner and available for re-use by others.
- 3.4 An 'Initial Open Data Strategy for Renfrewshire' has been created in accordance with SG guidance. It illustrates how the council with its community planning partners will deliver its open data vision including how data will be made open and the broad technical architecture required to publish.
- 3.5 The strategy for Renfrewshire contains a proposal to create an open data portal which will provide people with a convenient website to access data from the council and its community planning partners in one place. Its aim will be to increase the discoverability of data about Renfrewshire, its people, services, businesses, environment and economy. The portal will make it easier for people to find out what data is available from the council and its partners.

- 3.6 There will be no restriction on intended users of Renfrewshire's open data portal. The portal will be useful to the full range of current and potential data users, from normal citizens to web developers and commercial businesses in all sectors within and beyond Renfrewshire. Users will have the ability to download any or all data at no cost, other than their own reproduction cost, and with no patent restrictions. The download will be in an open, machine readable format to allow for the greatest re-use of data.
- 3.7 While the council has taken a lead role in complying with the Scottish Government's 'Open Data' strategy and initiating a strategy for Renfrewshire, it's believed the vision for open data in Renfrewshire should be holistic from a Community Planning Partnership perspective. To that end the attached background paper, 'Initial Open Data Strategy for Renfrewshire' has gone to and been approved by the CPP board.
- 

### Implications of the Report

1. **Financial** – There will be a financial implication but this is expected to be shared across the Community Planning Partnership and is expected to be absorbed in normal budgets.
2. **HR & Organisational Development** – The initial set up of processes, input to design and build, and the overseeing and maintenance of the open data portal are expected to be absorbed within the current Policy and Commissioning and ICT service areas. It is also hoped through the open data advocates network that there will be technical input from the partners particularly by Renfrewshire's educational institutions.
3. **Community Planning** – The Community Planning Partnership Board have approved the 'Initial Open Data Strategy for Renfrewshire'.
4. **Legal** – The council's Information Governance Team are fully aware of the open data agenda and support the 'Initial Open Data Strategy for Renfrewshire'.
5. **Property/Assets** - none.
6. **Information Technology** – As part of the open data strategy, a new portal platform will eventually be required. The ICT Applications Manager is fully aware of the impact the strategy will have to ICT. He has contributed to the open data strategy particularly in regard to how the broad IT architecture will work with the introduction of the open data portal.

7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none
9. **Procurement** – Procurement of suitable platform software will be required in due course.
10. **Risk** - none
11. **Privacy Impact** - none

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### List of Background Papers

Initial Open Data Strategy for Renfrewshire

The foregoing background paper will be retained within the Policy and Commissioning Service for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Peter Rub, Data Analytics & Research Team.

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# Initial Open Data Strategy

## for

## Renfrewshire

*How Renfrewshire Partners will make their data open to everyone.*

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## **PURPOSE OF THE STRATEGY**

This strategy is being developed not only to comply with the Scottish Open Data Strategy but also to demonstrate the commitment by the council and its Community Planning Partners in making their data open to everyone. This strategy is the first edition of what will be an evolving strategy as the open data phenomenon takes hold and spreads throughout the Renfrewshire's Community Planning Partnership as it has throughout the world. This edition will explain why and how the council and partners will deliver their open data in a convenient and easy to access manner with the aim to increase the discoverability of data about Renfrewshire, its people, services, businesses, environment and economy.

Renfrewshire's open data strategy will continue to be developed and implemented using relevant guidelines and assistance issued by or obtained from Scottish, UK, EU and other relevant bodies. e.g.:

- The G8 Open Data Charter
- Scottish Government Open Data policies and strategies
- Open Knowledge Foundation
- Open Data Institute
- Other Local Authorities

## WHAT IS OPEN DATA?

For the purpose of this strategy, open data is non-personal and non-commercially sensitive data. It does not contain personal information relating to individuals or information which could be used to identify individuals. Additionally, information which could cause economic harm if released is not within the scope of open data. Discretion on the balance of public interest with transparency against the right to confidentiality will need to be made. The default position will be to release the information unless there is good reason not to. Open data is easily discoverable, accessible to anyone and can be freely used, reused and redistributed by anyone. It is made available, via the Internet, in an electronic machine readable format which supports its ready reuse for free. It can be used by consumers for any purpose including making money from it. There are no royalties to be paid or patents to be adhered to. Information data sets are not just published on their own. Other features must accompany the information for it to be considered as open data. These include:

- Available at no cost to the user
- Freely available to be used, redistributed and reused by anyone for any purpose including commercial, without restriction. i.e. have an open license
- Available online in machine readable non-proprietary formats;
- Easily discoverable through use of relevant metadata.

### 5 Star Open Data model

The Scottish Government has suggested a 5 star open data model should be what organisations are aspiring to achieve when making their data open. A summary of the model follows in the table below. Renfrewshire will be aspiring to release its data in a 3 star or above format.

★	Data available online with open license permitting re-use. Examples – Tables and charts in PDF document or scanned images
★★	Data available online in a machine readable format, with open license permitting re-use. Examples – Excel tables and charts
★★★	Data is available online, in non-proprietary machine readable format, with open license permitting re-use. Examples – Comma Separated Values (CSV) Extensible Mark-up Language (XML)
★★★★	Data is available online, in non-proprietary machine readable format, with open license permitting re-use. Data is described in a standard way and uses unique reference indicators, so that people can point to your data.
★★★★★	Data is available online, in non-proprietary machine readable format, with open license permitting re-use. Your data uses unique references and links to other data to provide context.

## WHY MAKE DATA OPEN?

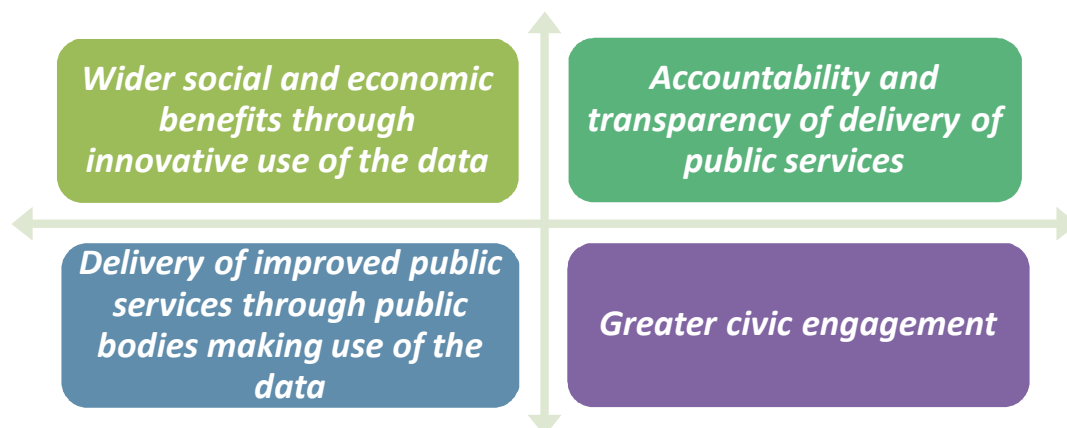
### Legislation

There are a number of legislative requirements that the implemented open data strategy will comply with by publishing its data. i.e.

- Freedom of Information (Scotland) Act 2002;
- Environmental Information (Scotland) Regulation 2009;
- Data Protection Act 1998;
- INSPIRE (Scotland) Regulations 2009;
- Re-Use of Public Sector Information Regulations 2015.

### Other Drivers

The council and its partners are large producers and collectors of information including non-personal and non-commercially sensitive data. This data is a valuable public resource which has been underused. Making the data open to the public will help to realise the full potential of the data and create many benefits the council, partner organisations, business and the community will receive. These include



### ***Innovation***

Publishing data in a reusable form empowers others to use the data for new and exciting purposes. Open data can be used in isolation or with other data to provide new insights or to develop apps which allow people to use the data in useful ways. Some examples of this include:

- London Schools Atlas: Projections show up to 4,000 extra primary classes across London are needed by the end of the decade. The pattern of which schools serve each area in London is extremely complicated but for the first time this app allows educational planners and parents to see the picture across London.
- Walkonomics: an app that rates and maps the pedestrian-friendliness of streets and urban areas.
- CollisionMap: A free service that displays and gives details of road accidents that involved an injury for the whole of Britain.
- Low Price Lessons: Driving lessons website helping learner drivers find their driving instructor and information about the areas they'll learn to drive in.

- Illustreets: an app useful when looking to buy or rent property putting deprivation, crime, education, transport, environment and census data on an interactive searchable map to compare locations while on the move.
- Check Business: provides risk and stability scores on millions of UK companies helping business to trade better with other UK firms.
- Informedtable: allows a search for restaurants near you and clearly shows their hygiene inspection ratings plus has an easy online booking service.

### ***Improved public services and transparency***

Making data held by public organisations open enables communities and individuals to understand more about public services, gain insight into their own community and contribute to future design and delivery. Studies by the EU have identified that people are most interested in gaining access to information about their local area. Making data more accessible can also help those delivering public services make better use of data themselves.

### **Other Organisations**

The adoption of open data is being embraced and adopted by many local authorities and public organisations across the UK and the world with varying degrees of success, quality and quantity. Examples include

Glasgow: <https://data.glasgow.gov.uk/>

Edinburgh: <http://opendata.cechosting.org/>

London: <http://data.london.gov.uk/>

Nottingham: <http://www.opendatanottingham.org.uk/>

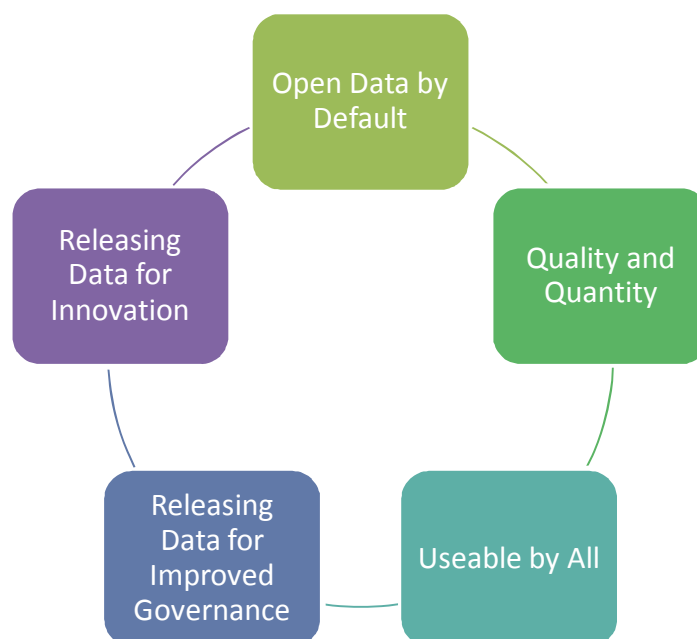
Paris: <http://opendata.paris.fr/page/home/>

New York City: <https://nycopendata.socrata.com/>

South Australia: <https://data.sa.gov.au/>

## VISION FOR RENFREWSHIRE'S OPEN DATA

The council and its partners gather many types of data to help inform their planning and decision making processes and deliver services in the most proficient and efficient manner. Making their data available will add value to work in communities, organisations and businesses. The council and its partners believe that open data will encourage innovation, develop new approaches to delivering services and develop new systems to support the quality of life in Renfrewshire. The vision is to introduce open data practices in line with the Scottish Government's Open Data Strategy which adopt the following G8 Open Data Principles. These practices will become embedded within the council and partner's normal information processing flows and complement their ICT, information governance, digital, records management and geographical information strategies and policies



### Open Data by Default

Those holding public data should make it open and available for others to re-use. Those collecting new data should ensure that the opening up of the data for re-use is built in to the process becoming part of the normal business of handling information.

### Quality and Quantity

The amount of public data owned by the council and partners is huge but the quality of that data will vary. Published data will be supported by metadata so that consumers of the data understand the data context and are aware of any limitations within it. Whenever possible, data will be released in a timely and frequent manner.

## Useable by All

Data should be published in a manner which supports both easy discovery and easy re-use of the data. This includes ensuring that the format it is published in supports re-use and that it is accompanied by an open licence. Data will be made available free, with defined exceptions.

## Releasing Data for Improved Governance

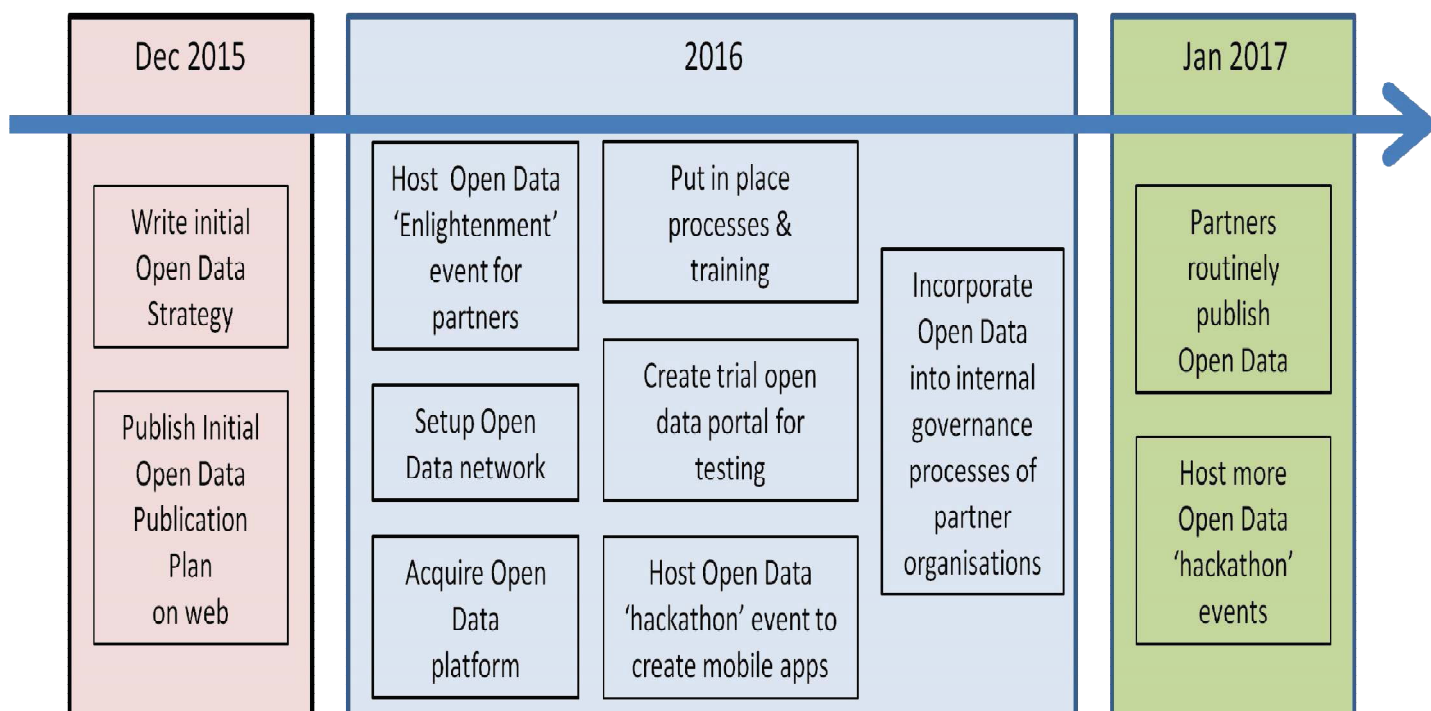
Data released will support delivery of better public services. Data will be used to improve services and policies that are delivered. The council and partners will seek through the release of data to better inform and engage with citizens.

## Releasing Data for Innovation

The council and partners will encourage and empower others to make use of the data released to develop new products and services, for non-commercial and commercial use, which will create wider economic and societal benefits. They will encourage use of the data in education to increase awareness and participation and inspire a new generation of data users.

## Timeline for Vision

To achieve this vision will require enhanced provision and presentation of data as well as improvements in governance and data consumer engagement, supported by a refreshed technical architecture within the council and its partner organisations. The time line below shows the broad tasks to carry out and achieve the vision.



By the end of 2015 the initial strategy and publication plan of open data sets, as required by Scottish Government, will be published on the council's website. Early on in 2016 an event to inform partners and gather their support and input will be conducted. An open data network within the council and across willing partner organisations will be established to drive forward the strategy in a collaborative manner. A mutual decision on a suitable open data platform will be made and acquired. Key personnel in the council and partner organisations will undergo appropriate training and appropriate information flow processes and roles will be determined during the year. Work to build, design and use the new portal platform will be undertaken with a proposed beta version being created, trialled and developed until affirmed fit for purpose. A 'Hackathon' will be conducted with the aim of having participants using Renfrewshire data to create Renfrewshire specific mobile applications thus demonstrating one of the uses of open data. Any data 'open by default' processes and work practices will be identified and suggested implementation highlighted to partners and appropriate service areas within the council where necessary.

By the beginning of 2017 routine publishing of open data will have commenced with the council and partners publishing their open data in a 3 star or above format on a single Renfrewshire partnership open data portal. (3 star data is data made available online, with an open license, in an open non-proprietary machine readable format).



## POTENTIAL DATA CONSUMERS

Open data is a phenomenon happening across the globe not just in Scotland. Potential users can be located locally within Renfrewshire or further afield in the UK, Europe or anywhere in the world. Potential open data consumers include:

- Application developers
- Bloggers and journalists
- Business, including those who use the data themselves and those who add value to data and resell it
- Charities and other civil society organisations
- Council staff, chief officials and officers
- Customers and service users
- Data scientists
- Education establishments and students
- Elected members
- Front end web developers
- General public
- Other public organisations
- Researchers and academics
- Software developers
- Special interest groups
- Suppliers
- Visitors to Renfrewshire

Different types of data consumers will have different needs and skills for accessing and using different data formats. Consumers who are more visually orientated will need data presented in an easily accessible and digestible ready to use format. Those who have an interest in ICT but lack formal skills may try using any available tools and consumers who have specialist ICT training will have the skills to analyse and interpret the data. The following chart correlates the type of consumer with typical open data formats they might use.

Consumer	Browser			Download			Programmatic Interface				
	Report	Infographic	Applet	Spreadsheet	CSV	json	API	XML	REST	Linked data	SPARQL
<i>General public/Staff</i>	✓	✓	✓								
<i>Blogger/journalist</i>	✓	✓	✓	✓							
<i>Researcher/academic</i>	✓	✓	✓	✓	✓						
<i>Data analyst</i>			✓	✓	✓						
<i>Web developer</i>				✓	✓	✓	✓				
<i>App developer</i>					✓	✓	✓	✓			
<i>Web app developer</i>						✓	✓	✓	✓	✓	✓
<i>Data scientist</i>					✓	✓	✓	✓	✓	✓	✓

## HOW WE'LL MAKE DATA OPEN

### Openness philosophy

The council and partners' provision of open data will be based on the following philosophy:

**Keep it simple:** Start out small and simple. There is no requirement that every dataset must be made open on day one of the open data portal going live. The process will be iterative with a catalogue of datasets built up over time.

**Completeness:** In due course all public data should be made available. i.e. data that is not subject to valid privacy, security or privilege limitations, is non-personal and non-commercially sensitive is made open.

**Encourage participation and address common fears:** Get people engaged with the process and allay any fears arising out of people not fully understanding the requirement, reasons or usefulness of making public data open.

**Timeliness:** Data is made available as quickly as necessary to preserve the value of the data.

**Ease of electronic access:** Data is available to the widest range of users for the widest range of purposes.

**Machine readability:** Data is reasonably structured to allow automated processing.

**Non-discrimination:** Data is available to anyone, with no requirement of registration.

**Licensing:** Data is not subject to any copyright, patent, trademark or trade secret regulation.

### Open Data Management

Initially the Data Analytics and Research team within the council will be responsible for the stewardship of the whole Open Data process. This team will need to liaise and work with partners and all service areas within the council especially ICT, who will be responsible for the extraction of data from data storage within the council, and the Information Governance team, who will oversee that only data that is legally permitted is being released.

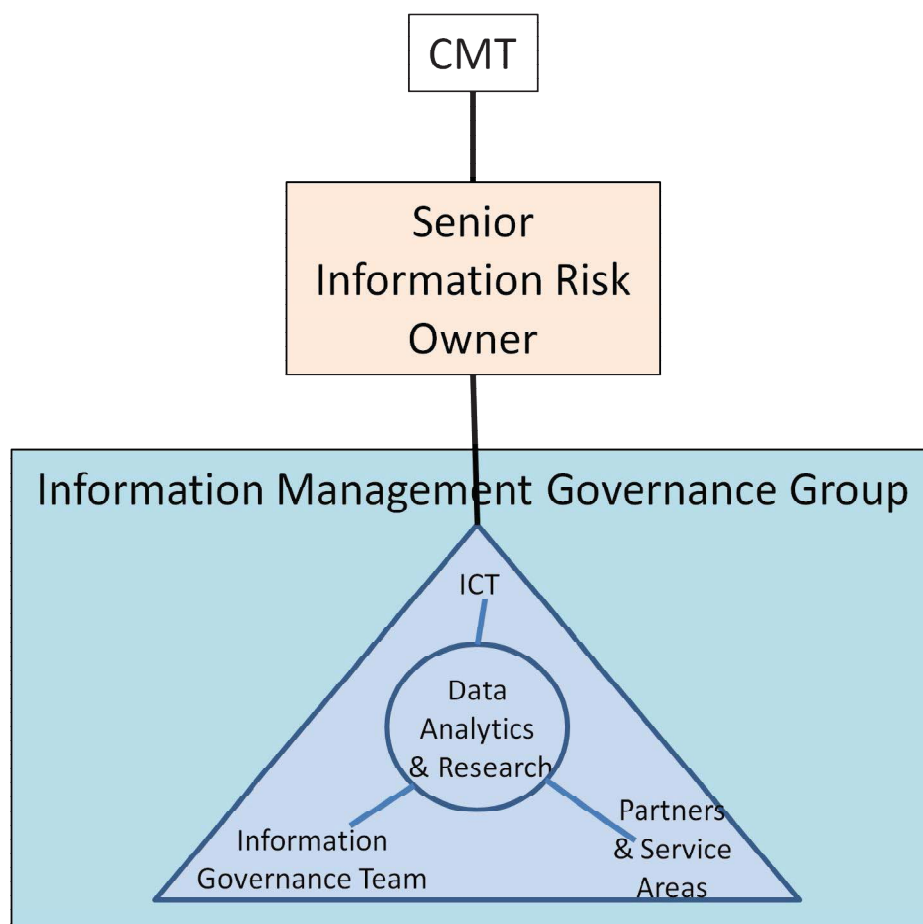
A network of open data advocates from willing partners and council service areas will be established. They will be people interested in making the open data project a success and be the point of contact for each partner organisation or service keeping the wider organisations updated on progress. They will take an active role in open data support by identifying suitable data from their organisation or service area and supplying corresponding metadata for data to be published. They will also be responsible for embedding the philosophy and processes for making data generated by their organisation and service area open by default while endeavouring to minimise the impact on their own service areas.

When deciding if a dataset should be published or not, discretion and balancing the public interest of transparency against the right to confidentiality will be made. The default position will be to release the information without attempting to prevent its release unless there is good reason.

## **Governance**

The following initial governance arrangements of the open data strategy will be put in place acknowledging that as the open data is deployed and partner organisations become more involved the arrangements may need to be reviewed to ensure they remain robust and appropriate.

Initially the management of the open data process will be undertaken by the Policy and Commissioning service's Data Analytics and Research team under guidance of the Information Management Governance Group (IMGG) and reporting to the Senior Information Risk Owner who will in turn be reporting to the Corporate Management Team. Partner organisations will have their own governance arrangements for making their datasets available to be published. These may be included in later versions of this strategy.



## **Datasets and Sources**

Datasets will originate either from within the council, from partner organisations or from external sources. The datasets can be about anything as long as they are non-personal and non-commercially sensitive. Data held by the council are stored in a myriad of places and across multiple platforms, e.g. databases, spreadsheets, folders, documents and websites. Large data volumes of council and partner data are likely to correspond with key or critical business systems while low volume data will be more isolated in spreadsheets or similar scattered in service area folders on the council's corporate network.

There is a significant amount of Renfrewshire related data publically available on the Internet from various public, private and third sector organisations. Most public sector organisations like National Records Scotland will publish good quality data, metadata and have robust download procedures, while other organisations will perhaps have less well organised or less formal data sharing facilities. The council will undertake to scrutinise and publish data that is of interest to Renfrewshire open data consumers by working with partners to enhance, if necessary, the quality of source data and arrange the most appropriate data handling procedures. This could include the council extracting and holding other source data or simply employing links to partner or other external sourced data.

## **Metadata**

Data can only be used effectively if metadata is also provided. Metadata is descriptive information about the data. Metadata assists in the recovery of the data, gives context about the data, ensures the data is properly understood and allows better interoperability with other datasets. Metadata will accompany every data set that is published. Many features about the data will be described such as the content, format, currency, frequency of updates, coverage and limitations. To some degree datasets created within the council will already have some corresponding metadata available. The challenge will be to introduce a uniform metadata standard for council and partners that provides a minimum amount of descriptive information for all datasets.

As the portal and datasets mature, work towards having all metadata conforming to Scottish Governments recommended intermediate metadata standard, Dublin Core, will be ongoing with the aim of progressing to the Data Catalog Vocabulary (DCAT) standard which is used to describe all public data in Europe. Geospatial data metadata will conform to INSPIRE standards.

## **Licensing**

Applying a license to the data explicitly indicates to the users what they can and cannot do with the data. It provides clarity and certainty. Applying an open licence allows people and organisations to re-use, modify and share the content in any way they wish. However open licences can have two restrictions attached to them:

- Attribution: Users must acknowledge the source of the data; and
- Share-alike: users must publish any derived data under the same licence.

Therefore, open licenses can have no restrictions (all rights waived), attribution or attribution and share-alike. Requiring attribution will help promote Renfrewshire's open data initiative as users have to link back to the original work. Share-alike restrictions will require users of the data to publish their work openly which may deter commercial businesses and people who want to make profit from their use of the data, resulting in reduced innovation and use.

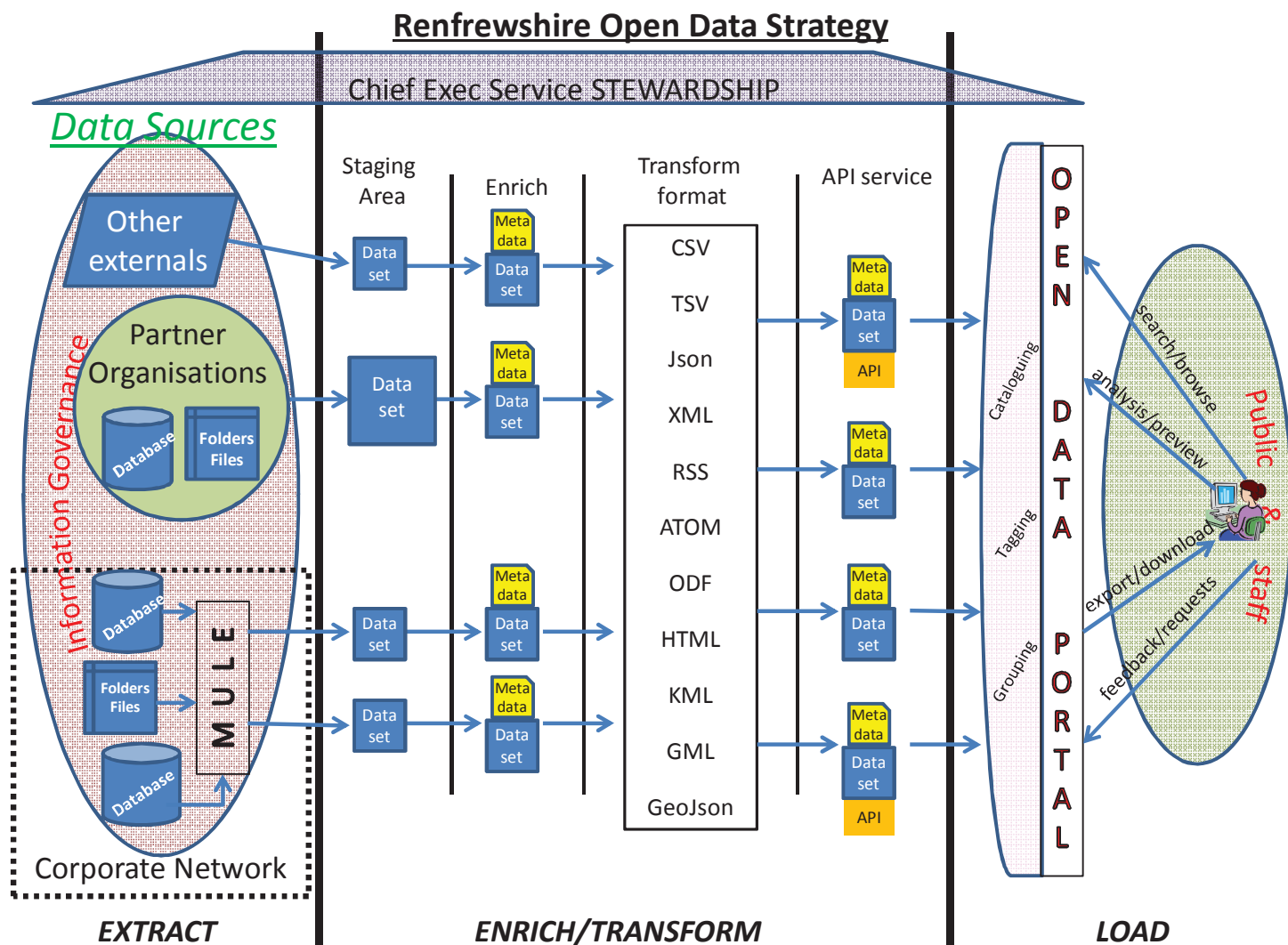
Unless otherwise indicated, Renfrewshire's data will be published using

- the Open Government Licence (OGL) which must be used by Crown organisations that have gathered or created data; or the
- the same licence as the original data if publishing data derived from data published under a share-alike licence.

There will be no charge for data licensed under the OGL and users will be signposted to the licence by using both human-readable and machine-readable descriptions.

# HOW WE INTEND TO PUBLISH DATA

## Broad Technical Architecture



A technical architecture similar to the broad outline in the diagram above will be employed. While partner organisations and individual service areas remain responsible for the veracity of their data, the Data Analytics and Research team will initially be responsible for the stewardship of the whole Open Data process from co-ordinating the initial identification of native data to making the data open and available to consumers. There after partners and service areas will be encouraged to promote and put forward their datasets for publication. There will be three basic steps to making the data available.

### **Extract**

The Mule application is already in use within the council and can already harvest data i.e. ICT can already pull datasets from different databases and data storage areas and send to wherever the data is required. In this case it will be sent to a staging area. Data sets from partner organisations and external sources will also be required to be sent to the staging area by a process yet to be determined.

### ***Enrich/Transform***

In the staging area each data set will be enriched by creating and combining corresponding metadata so consumers have a complete understanding of the dataset. The quality and format of the dataset will be checked, edited and validated then transformed into as many of the most suitable formats as deemed appropriate for consumers. This may include transforming into Application Program Interface (APIs) as well.

### ***Load***

In the third stage the data will be uploaded with suitable cataloguing and tagging and grouped into a theme or category then made available on the open data portal for consumers to download and reuse.

To accomplish the Enrich/Transform and Load steps of this process a suitable cost effective proven open data platform with a broad range of capabilities will be required.

### **Platform Requirements**

The open data portal should allow data to be searchable using a variety of methods, selectable, have some limited analytic capability, be available in a variety of formats to download or print and present in the most user friendly, dynamic and visually pleasing way. This includes integrating charting and GIS mapping capabilities to give maximum visual impact. Users should be able to create their own requests for information filtering linked data in or out. The open data platform will be required to have the following functions to facilitate a streamlined process of publishing data for data administrators and finding, sharing and using data for data consumers:

### ***Hosting***

The council's IT service area have indicated a preference for the open data platform supplier to host the platform rather than have it hosted within the council IT infrastructure.

### ***Administration***

- Accept multiple data types and formats;
- Supports uploading and downloading of data in bulk;
- Data management system with catalogue of data set information;
- Monitor data harvesting and data management,
- Edit datasets;
- Create and or incorporate chosen metadata standard;
- Data review;
- Data set revision history;
- Approve datasets to be public or private;
- Statistics on dataset usage and downloads;
- Data storage of raw data in any format and metadata with hosting either on or off council premises;
- Tools to design, create and change the look and feel of the portal and its outputs



### **Consumer browse facilities**

- Fuzzy matching search and filter facility by keywords, tags, formats, licences, themes, metadata, sources or other selectable dataset indicators;
- Search via selectable geospatial area;
- Search via API;
- Visual data analytics with interactive tables, graphs, images and maps;
- Make user feedback comments;
- Make requests for datasets not already available

### **Consumer use**

- Download datasets in a variety of machine readable formats for free with no patent restrictions;
- Print capability

### **Control and Data Quality**

A number of robust publication processes, checks and roles will need to be defined, agreed and implemented before any open data publication takes place. In general terms these processes will revolve around the following data flow from selection of data to ongoing dataset maintenance after publication.














**Select:** Selecting data for publication will be based on a number of methods and criteria including:

- Review of council and partner organisation's public facing data, websites, announcements, online and print publications.
- Highlight data used in response to Freedom of Information requests as a priority for release.
- Use examples of open data sets already released by other public organisations as a guide for identifying similar Renfrewshire datasets to be made open.
- Review the results from the Scottish Government's Open Data dialogue app which was created to engage with the public and promote discussion via a number of different channels on what types of public sector data and format the public would like to see released as open data.
- Examine the reuse of other source public sector information that relates to Renfrewshire.
- Consult partners and other organisations in the local authority as to their participation as a data source to enhance the overall value of open data for Renfrewshire and as a data consumer.
- Engage with consumers to understand their needs.
- Review consumer dataset usage, feedback and requests.
- Recognise and assess a dataset's accessibility, completeness of metadata, quality, privacy and usefulness to consumers.



**Create:** The selected data will need to be organised so it can be made available for download, in bulk if possible, and in open and machine readable formats. These formats allow the data to be used and edited easily and allows for interoperability between different datasets. For example a PDF publication severely limits the consumer's ability to reuse the information. Open formats are non-proprietary and platform independent making them accessible by anyone without the requirement to access licensed software. E.g. Microsoft formats are not open as they use proprietary software. Machine readable formats allow a computer to read the data, is structured and easy to query using code. Examples of open data formats include:

Format Name	Definition	Type of data to use this for
<b>Comma Separated Values (CSV)</b> 	Comma Separated Values (CSV) is a great way of storing large amounts of data with just commas separating the data values. Often the CSV file will contain a header with names describing what data is populating the file.	Tabular data e.g. Use instead of Excel
<b>Tab-Separated Values (TSV)</b> 	TSV is a very common form of text file format for sharing tabular data and is highly machine readable.	Tabular data Use instead of Excel
<b>JavaScript Object Notation (JSON)</b> 	JSON uses human-readable text to transmit data objects consisting of attribute–value pairs. It is used primarily to transmit data between a server and web application, as an alternative to XML. The file size will be more compact or smaller than XML.	Complex structured data Multidimensional data Tabular
<b>Extensible Markup Language (XML)</b> 	XML is a widely known markup language that defines a set of rules for encoding documents in a format that is both humanreadable and machine-readable. Users create and define their own tags.	Complex Structured data Multidimensional data Tabular data e.g. database extract metadata
<b>Rich Site Summary (RSS)</b> 	RSS (originally RDF Site Summary), often dubbed Really Simple Syndication, uses a family of standard web feed formats to publish frequently updated information: blog entries, news headlines, audio, video. An RSS document (called "feed", "web feed" or "channel") includes full or summarised text, and metadata, like publishing date and author's name.	Use for announcements or events e.g. on websites
<b>ATOM</b> 	The Atom Syndication Format is an XML language used for web feeds. The Atom format was developed as an alternative to RSS. Note RSS is the preferred standard.	Use for announcements or events e.g. on websites
<b>Open Document Format for Office Applications (ODF)</b> 	The Open Document Format for Office Applications (ODF), also known as Open Document, is an XML-based file format for spreadsheets, charts, presentations and word processing documents. It was developed with the aim of providing an open XML-based file format specification for office applications.	Non-system generated metadata or additional information you release with your dataset. (replaces Excel, Word, PDF)
<b>HTML</b> 	Used for formatting information on the web	Non-system generated metadata or additional information you release (replaces PDF, Word)

Keyhole Markup Language (KML) 	KML is an XML language focused on geographic visualization, including annotation of maps and images.	Spatial/location data
Geography Markup Language (GML) 	GML is the XML grammar defined by the Open Geospatial Consortium (OGC) to express geographical features. GML serves as a modelling language for geographic systems as well as an open interchange format for geographic transactions on the internet.	Spatial/location data
GeoJson 	GeoJSON is an open standard format for encoding collections of simple geographical features along with their nonspatial attributes using JavaScript Object Notation.	Spatial/location data

Creating a dataset will also include capturing metadata for every dataset. This is compulsory as no dataset will be published without metadata. A minimum metadata standard will be introduced at first with the intention to progress to a standard metadata format as the open data portal and the whole open data process matures. Those responsible for the data will also be responsible for ensuring corresponding metadata is current. Liaison between data administrators and the open data portal administrators will be ongoing to ensure metadata accompanying datasets is kept up to date. Information to comply with the Dublin Core metadata standard is shown below:

Dublin Core Requirement	Description
<i>Contributor</i>	An entity responsible for making contributions to the resource
<i>Coverage</i>	The spatial or temporal topic of the resource, the spatial applicability of resource, or the jurisdiction under which the resource is relevant
<i>Creator</i>	An entity primarily responsible for making the resource
<i>Date</i>	A point or period of time associated with an event in the lifecycle of the resource
<i>Description</i>	An account of resource
<i>Format</i>	The file format, physical medium, or dimensions of the resource
<i>Identifier</i>	An unambiguous reference to the resource within a given context
<i>Language</i>	A language of the resource
<i>Publisher</i>	An entity responsible for making the resource available
<i>Relation</i>	A related source
<i>Rights</i>	Information about rights held in and over the resource
<i>Source</i>	A related source from which the described resource is derived
<i>Subject</i>	The topic of the resource
<i>Title</i>	A name given to the resource
<i>Type</i>	The nature or genre of the resource

Another key requirement to creating a dataset will be the application of an open license. This is another compulsory requirement before a dataset is published. When applying an open licence thought must be given on what is hoped to be achieved by releasing the dataset. Requiring attribution will help promote Renfrewshire's open data initiative as consumers will have to link back to the original work. Share a-like restrictions will require users of the data to publish their work openly. This may deter commercial businesses and people who want to profit from their use of the data, resulting in reduced innovation and use. However, if a dataset about Renfrewshire has been derived elsewhere under a Share a-like licence than that dataset must be published under the same licence as the original data. Whilst it is possible to create a unique licence, guidance from Scottish Government is to use a standard re-usable licence as they provide greater recognition amongst users, increased interoperability due to the use of standard terms and increased user compliance.

**Edit:** When checking the quality of data and making any edits it must be remembered there is no such thing as perfect data and imperfections should not deter data release. Any limitations or caveats about the data should be made explicit. These will help any re-user to understand the limitations of the data. Re-users will have the opportunity to provide feedback on data quality and mistakes which will help improve the quality of the data.

**Validate:** The open data team will define and implement a robust set of processes or checks for all datasets to go through before they are published. These checks will include:

- Check legality and information governance rules of the data
- Verify source
- Identify relevant data owner
- Confirm responsibility for ongoing maintenance of dataset
- Check contextual metadata is completed to an acceptable standard
- Prepare as many open formats of the data as possible
- Check completeness and quality of the data
- Consider expected rate of change
- Validate machine readability
- Confirm any spatial elements are INSPIRE compliant
- Approval to publish

**Publish:** Validated datasets will be released and made available to the public on the acquired open data platform ensuring any limitations or caveats on the quality of data accompany the dataset. Appropriate data tagging, topic linking and updating of the information management catalogue will be applied. A check of the success of the release of datasets will be made and if and when required the release of data will be publicised.

**Maintain:** Keeping data current on the open data portal will be a challenge particularly as the number of published datasets grows. However there are some options that depending on the dataset and source will be considered and used including:

- Automated extract and upload when data changes at source – ideal solution.
- Schedule dataset extracts driven by the expected frequency of change at the source
- Notifications of data changes triggers a dataset extract.

**Roles:** The Data Analytics and Research team has been tasked with creating and implementing the council and partner's open data strategy in line with Scottish Government directives. Specific individual roles within this team will need to be defined after a portal platform is acquired and the process becomes more defined, but it is expected that those in the Data Analytics and Research team will require training and be involved with most of the data flow processes in the transformation and loading of datasets.

As already mentioned in the [Open Data Management](#) and [Broad Technical Architecture](#), the ICT and Information Governance teams as well as a proactive network of Open Data advocates representing partners and all service areas will be critical to the success of the strategy. Specific duties are still to be identified but it's envisaged the ICT team will be extracting datasets and the Information Management team will have more of an advisory/governance role while the advocates will be the conduit between partners, service area dataset owners, the Data Analytics and Research, ICT and Information Governance teams.

### **Cost of Opening Data**

The bulk of open data about Renfrewshire will come from existing internal data held by the council and partners. Therefore apart from staff resources involved with preparation, releasing, updating and maintenance of data, costs are expected to be limited to generic costs such as:

- Platform software;
- Design and or build of platform;
- Web hosting of the portal;
- Training of staff;
- Additional visualisation tools;
- Ongoing support, maintenance and software updating of the portal; and
- Advertising and promotion of the portal e.g. conducting hackathon events.

The principal of open data is data which is available for free. This allows equal access to the data and allows it to be widely used and re-used. Any data which requires a fee to access cannot be considered true open data. Therefore recuperating costs for providing open data will not be an option.

However having an open data portal does provide a single access point to make other data available which may not necessarily be considered open data though in the vast majority of cases the data was captured or created using public funds and should be made accessible to all for re-use. Nevertheless, if considering charging for a specific dataset, entitlement to charge should be checked against existing access to information legislation. Whether the request for data is fulfilled will depend on the nature of the data and the request. This could possibly provide some limited revenue.

## **Platform Options**

The open data portal will be a website, accessed independently or via the existing council or partner websites, where datasets can be uploaded and updated and the public can search for and download datasets. To ensure the long term sustainability of any chosen platform it will need to be consistent with the council and partner's IT and Digital Strategies and conform with the following principles:

- **Ease of use** – provide a simple, accessible and responsive interface to allow access from various devices such as PCs, tablets and mobile phones;
- **Secure** – be compliant with the Council's web security policies;
- **Employs open standards** – this removes access barriers and guarantees interoperability and integration to facilitate the reuse of data;
- **Scalable** – to future proof for increases in data volumes;
- **Cost effective** – using an open source system and software coupled with virtual machines reduces the licensing costs and increases the cost effectiveness of the platform.

There are essentially three options to obtain the platform:

1. Build own platform in house
2. Buy an existing platform
3. Use an existing open source platform

Option 1, build a platform in house is not the most efficient way to spend council or partner money and use resources particularly when there are several very good existing platforms available and in use by many UK government organisations. Buying an existing platform, option 2, is not the most cost effective way of procuring an open data platform and therefore option 3, using an existing open source platform, is the preferred option to procure the open data platform.

Some examples of candidate open source platforms used by other local authority areas are listed below and should be appraised for suitability:

- CKAN
- InstantAtlas
- Swirrl

## **Design and Build of Platform**

While selecting the open data platform, consideration of the design and build will also need to be considered. Design and build could possibly be undertaken by partners, depending on the skill and expertise of those getting involved, or within the council, or by also working with one of the many service professional organisations listed in the government's digital market place website: [www.digitalmarketplace.service.gov.uk/g-cloud](http://www.digitalmarketplace.service.gov.uk/g-cloud)

These service professional organisations have a successful track record of constructing, introducing and mentoring open data portals for local government authorities using a variety of open source data platforms.



## TRAINING

Scottish Government has procured a supplier of open data courses which will be delivered across Scotland over 12 months from November 2015 at no cost to attendees. Unfortunately at this stage this training is only for public service organisations. The training consists of a 1 day introduction course and a 2 day extended course which includes all of the content from the 1 day course but extends the learning to help organisations implement the principles and practice of open data in line with the Scottish Government strategy. Dates and bookings to attend courses are at: [www.scotopendata.eventbrite.co.uk](http://www.scotopendata.eventbrite.co.uk)

1 Day Introduction Course	2 Day Extended Course
Open Data – Introduction, context and commitment	All topics covered during 1 day intro course
Scottish Government Open Data Strategy 2015	Open Data Toolkit <ul style="list-style-type: none"> <li>• Open Data manifesto &amp; prioritisation strategy</li> <li>• Barrier identification * data compliance</li> <li>• Target setting &amp; realising the benefits</li> </ul>
The opportunity for the public sector in Scotland	Open Data Engagement <ul style="list-style-type: none"> <li>• Creating compelling, shareable data stories</li> <li>• Introduction to data visualisations</li> <li>• Creating data communities &amp; building digital literacy</li> </ul>
Help, support and the Open Data Toolkit	Open Data Technologies looking at different options for the publication of Open Data
The business case: making the most of the benefits	
Engagement and Open Data	
Leading others into open data – leadership and cultural change	

There will of course be bespoke training or at least awareness sessions required for those participating or who have a role to play within the open data strategy to operate the open data portal acquired for Renfrewshire and on the data flow process from the data source to publishing as an open data set.

## INITIAL ACTION PLAN

A table outlining the initial general actions to start the open data vision for Renfrewshire is shown below. No time limiting dates have been set other than the overall timeframe of publishing an initial open data publication plan by the end of 2015 and start publishing open data by January 2017. Some tasks will be ongoing past the publishing start date and some tasks that have no affect on the start may begin after as they are more pertinent to the ongoing use of the open data portal. Of particular note is an open data ‘Enlightenment’ event to be held in January 2016. Partners will be invited to find out more on the open data phenomenon and how they can get involved in Renfrewshire’s open data activities and be part of an open data network for Renfrewshire. The initial plan includes building of a suitable application using Renfrewshire open data which will be used to demonstrate the potential benefits of open data to other partners and service areas within the council.

INITIAL ACTION PLAN		
Now - 2015	2016	2017 and future
<ul style="list-style-type: none"> <li>• Get approval from CMT to progress OD in Renfrewshire</li> <li>• Raise OD awareness</li> <li>• Write initial OD strategy</li> <li>• Publish initial OD dataset publication plan as per SG guidance</li> <li>• Present initial OD strategy to CPP &amp; CMT</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct OD 'Enlightenment' event</li> <li>• Establish Partnership OD advocates network</li> <li>• Identify potential skill &amp; expertise contributors</li> <li>• Establish consumer requirements</li> <li>• Identify potential dataset providers</li> <li>• Establish roles for data flow process</li> <li>• Identify platform candidates</li> <li>• Agree &amp; acquire platform</li> <li>• Identify training needs                             <ul style="list-style-type: none"> <li>○ Dataset owners</li> <li>○ Advocates</li> <li>○ Data Analytics &amp; Research team</li> <li>○ ICT</li> </ul> </li> <li>• Agree look &amp; feel and OD themes</li> <li>• Create &amp; trial beta portal</li> <li>• Conduct Renfrewshire OD 'Hackathon' event                             <ul style="list-style-type: none"> <li>○ For web developers &amp; programmers for apps</li> </ul> </li> <li>• Identify &amp; build a suitable app using open data</li> <li>• Review dataset publishing priorities</li> <li>• Review governance</li> <li>• Set future dataset targets</li> <li>• Release portal to the public</li> </ul>	<ul style="list-style-type: none"> <li>• Regular publishing of OD</li> <li>• Embed 'open by default' culture</li> <li>• Monitor consumer usage</li> <li>• Monitor consumer feedback</li> <li>• Review dataset priorities &amp; targets</li> <li>• Refine OD processes &amp; governance</li> <li>• Enhance portal to include other functions e.g. create bespoke user dashboards, access to apps</li> </ul>








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**To: Finance and Resources Policy Board**

**On: 27 January 2016**

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**Report by: Director of Finance & Resources**

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**Heading: Paisley & Renfrew Common Good Funds 2016/17**

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**1. Summary**

- 1.1 The level of funding available to disburse annually from the Paisley and Renfrew Common Good Funds is dependent upon the income available to the Funds during the year. For each Fund income is derived from their respective investment portfolios and is received in the form of property rental payments, interest payments or dividends, with the latter two being particularly sensitive to financial market fluctuations.
- 1.2 The level of income available for 2016/17 has been estimated along with the existing annual commitments and assessment made of the affordability of the existing funds delegated to Local Area Committees on an annual basis.
- 

**2. Recommendations**

2.1 The Board is asked to:

- 1. Approve** the 2016/17 budget allocations to Local Area Committees as follows:

Renfrew Common Good	Renfrew & Gallowhill	£67,360
Paisley Common Good	Renfrew & Gallowhill	£2,000
Paisley Common Good	Paisley North	£13,000
Paisley Common Good	Paisley South	£15,000

2. **Approve** the continuing funding of recurring projects as outlined in Appendix 1.

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3. **Background**

- 3.1 The Common Good Funds of both Paisley and Renfrew are utilised each financial year to fund ongoing projects and commitments made by previous meetings of the Finance and Resources Policy Board (and its predecessor Boards). In addition, an annual allocation is made to the relevant Local Area Committees, who have the delegated authority to disburse grants to local organisations from whom they receive bids for funding and/or utilise the funding themselves to support appropriate projects.
- 3.2 Income received by the Common Good Funds is derived from rental income from Common Good property and principally, from dividend income and interest payments. Subject to maintaining tenancies, rental income remains fairly stable and predictable on a year by year basis. However in terms of investment income from dividends and interest, there is a requirement to make an informed estimate each year in order to assess what funds are likely to be available to the Common Good Funds the following year.
- 3.3 The rental income to both Common Good Funds is expected to remain unchanged. The reduction in rental income to the Renfrew Common Good Fund from Renfrew Police Station becoming vacant has previously been built into forecasts. Property costs have been increased slightly to take account of additional security costs for the vacant building.
- 3.4 An element of the funding allocation for the Cherrie Centre under the Renfrew Common Good Fund is provided to allow the Centre to pay the Living Wage to its staff. The Living Wage rate has increased from £7.85 per hour to £8.25, and the budget has been uplifted to reflect this.
- 3.5 Recent years have seen investment income hold up well in a difficult financial market, exceeding the targets set for the Funds' investment managers. However, a degree of caution has been applied to the income budgets to reflect the continued uncertainty in the markets and the ability to sustain the current level of investment income generated. The level of investment income continues to be closely monitored by both officers and the Investment Review Board.

- 3.6 Taking the income projections into account a forecast income and expenditure statement for each Common Good Fund has been prepared on a cash basis (ie excluding non-cash movements such as depreciation) and is attached for Members consideration. These forecasts are based on the presumption that in year expenditure will not exceed income. There is a requirement to ensure the ongoing commitments of each Common Good Fund remain affordable and sustainable.
- 3.7 It should be noted by members that the annual accounts for the Common Good Funds are prepared on an “accruals” basis, and therefore will include non-cash items such as depreciation and unrealised gains or losses on the market value of investments. These items will impact on the published annual accounts, and could result in an in-year accounting deficit being reported in the accounts despite the fact no cash loss has been made.
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### **Implications of the Report**

1. **Financial –**  
The budgeted allocations proposed will ensure the general principle of only spending the income available each year.
2. **HR & Organisational Development –** None.
3. **Community Planning –**  
  
**Community Care, Health & Well-being** – Many of the projects funded by Local Area Committees contribute to the promotion of more active pursuits for all age groups.  
  
**Empowering our Communities** – The funding allocated from the Common Good Funds supports local community groups and projects.  
  
**Safer and Stronger** – The community projects funded by Local Area Committees, as well as recurring funding for events and community services supports communities to be safer and stronger.
4. **Legal –** None.
5. **Property/Assets –**  
The vacation of Renfrew Police Station may entail additional security and maintenance costs while the future of the building is considered in line with the Council asset management strategy.
6. **Information Technology –** None.

7. **Equality & Human Rights -**

(a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report.

If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety – None.**

9. **Procurement – None.**

10. **Risk –** There is a risk investment income will not be realised as forecast, however this risk will be monitored through regular discussion with the Council's investment manager and adviser.

Discussions with Police Scotland concerning dilapidation costs for the former Renfrew Police Station are ongoing. This presents the risk of potential dilapidation costs which will need to be met from Renfrew Common Good Funds.

11. **Privacy Impact – None.**

Author – Alastair MacArthur, Ext 7363

## Appendix 1

Paisley Common Good - Income & Expenditure Forecast				
			Approved	Proposed
			2015/16	2016/17
Estimated Net Annual Income Available:				
	Income receivable from Loans Fund		(5,000)	(4,000)
	Investment Income per Newtons		(111,000)	(111,000)
	Property Rental Income		(48,800)	(48,800)
			(164,800)	(163,800)
Less:				
	Investment Management Fees		12,000	12,000
	Council Administration Fee		12,000	13,000
	Property Costs		5,500	5,500
Total Available for Disbursement			(135,300)	(133,300)
Cost of Recurring Projects Approved in Prior Years				
	Christmas lights		52,340	52,340
	Repair to War Memorial		430	430
	Fireworks Display		5,000	5,000
	Nature Corner - Barshaw Park		15,680	15,680
	CCTV Operations		18,600	18,600
Total Cost of Recurring Projects			92,050	92,050
LAC Allocations				
	Renfrew & Gallowhill LAC		2,000	2,000
	Paisley North LAC		13,000	13,000
	Paisley South LAC		15,000	15,000
			30,000	30,000
(Surplus)/Deficit on cash basis			(13,250)	(11,250)

Renfrew Common Good - Income & Expenditure Forecast				
			<b>Approved</b>	<b>Proposed</b>
			<b>2015/16</b>	<b>2016/17</b>
			<b>£</b>	
	Estimated Net Annual Income Available			
		Income receivable from Loans Fund	(10,000)	(12,500)
		Investment Income per Newtons	(380,000)	(380,000)
		Property Rental Income	(260,000)	(260,000)
			(650,000)	(652,500)
	Less:			
		Investment Management Fees	39,000	39,000
		Council Administration Fee	35,000	38,000
		Property Costs	20,000	25,000
		<b>Total</b>	<b>(556,000)</b>	<b>(550,500)</b>
	<b>Cost of Recurring Projects Approved in Prior Years</b>			
		Christmas lights	22,430	22,430
		Repair to War Memorial	285	285
		Repair to Public Clocks	205	205
		Maintenance Benches - Robertson Park	640	640
		Pets Corner, Robertson Park	6,460	6,460
		Cherrie Centre - out of school care	41,530	41,530
		Cherrie Centre - living wage subsidy	21,000	26,200
		Renfrew Gala Week	10,000	10,000
		Renfrew Town Hall - lifecycle maintenance	8,000	8,000
		CCTV Operations	11,000	11,000
		<b>Total Cost of Recurring Projects</b>	<b>121,550</b>	<b>126,750</b>
	<b>LAC Allocations</b>			
	Allocated as follows:			
		Renfrew & Gallowhill LAC	67,360	67,360
	<b>(Surplus)/Deficit on cash basis</b>		<b>(367,090)</b>	<b>(356,390)</b>



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**To:** Finance & Resources Policy Board

**On:** 27 January, 2016

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**Report by:** Director of Finance & Resources

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**Heading:** APPLICATIONS TO THE RENFREW BURGH AND RENFREWSHIRE COUNCIL CITIZENS FUNDS

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**1. Summary**

- 1.1 This report contains information in relation to one application for funding from the Renfrew Burgh Citizens Fund, one application for funding from the Paisley Burgh Citizens Fund and two applications for funding from the Renfrewshire Council Citizens Fund that have been recommended for approval by the Renfrew & Gallowhill and Johnstone & the Villages Local Area Committees (LACs) respectively.
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**2. Recommendation**

- 2.1 That consideration be given to the applications for award from the Renfrew Burgh, Paisley Burgh and Renfrewshire Council Citizens Funds as detailed in Section 3 below.
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**3. Background**

- 3.1 The broad purpose of the citizens funds is to promote the welfare of individuals who are in need by reason of age, ill-health, disability, financial hardship or other disadvantage and to foster good citizenship and community wellbeing and regeneration by giving financial assistance by way of grant to those living or working in the area to further voluntary activity or to contribute to the regeneration of the community in the area.
- 3.2 Funds were made available to all five LACs with further restrictions being included within the purpose of the funding available to the Johnstone & the Villages LAC insofar as awards are available to Lochwinnoch and Kilbarchan

based projects only. This restriction reflects the nature of the bequests amalgamated into the Citizens Fund for that LAC area.

- 3.3 At the meetings of the Renfrew & Gallowhill LAC held on 10 November, Paisley South LAC held on 17 November and the Johnstone & the Villages LAC held on 19 November, 2015 the following projects were recommended for an award as follows:-

3.3.1 Ferry Green Flagpole

Following a visit to carry out routine maintenance on the flag pole at Ferry Green, Renfrew, it was observed that the timber flagpole was completely rotten and in an unsafe condition. The flag pole was removed as soon as was possible after this visit.

Ferry Green is significant to the residents of Renfrew as it recognises the contribution that the town has made, and continues to make, to the heritage of the River Clyde. The flagpole is used as a focal point for community events at Ferry Green, and is also used to commemorate remembrance events. On confirmation of funds, Community Resources will appoint a contractor to supply and erect a suitable flagpole, to be positioned as near as possible to the original flagpole.

**The LAC recommended an award of £5,330 from the Renfrew Burgh Citizens Fund to cover the cost of removal and reinstatement of an ultra heavy duty 10 metre fibreglass flagpole and new flag at Ferry Green, Renfrew.**

3.3.2 Glenburn Seniors Forum

Glenburn Seniors Forum sought funding amounting to £500 from the Paisley Burgh Citizens Trust Fund in respect of a trip to the Transport Museum, Glasgow and lunch at the Watermill Hotel, Paisley.

The trip will take older people for a day out and at the same time take in a bit of nostalgia at the way transport has changed over the decades.

**The LAC recommended an award of £500 from the Paisley Burgh Citizens Fund**

3.3.3 Kilbarchan Pipe Band

Kilbarchan Pipe Band has been invited, as the only Scottish Band, to participate in the Anniversary Remembrance Events to mark the Battle of the Somme. As well as participating in the actual event, which will provide historical and educational knowledge to the participants, including school children members of the Band, the Band will hold an information historical evening to share the experience and information with the community. This will advance education and the arts, heritage and culture in Kilbarchan and Renfrewshire, specifically in the areas of bag-piping and drumming.



**The Johnstone & the Villages LAC recommended that £2,000 be awarded from the Renfrewshire Council Citizens Fund towards the cost of Kilbarchan Pipe Band attending these commemorative events.**

#### 3.3.4 Kilbarchan Community Nursery

The nursery's cloakroom area requires refurbishment to provide more pegs and storage areas for children's shoes and boots. The nursery has advised that the current benches and pegs are too high for the children to access independently and so some end up climbing up onto the bench to reach their coats and jackets and nursery supervisors are concerned for their safety.

As part of the Forest Kindergarten programme, the children engage in outdoor learning as a core part of their nursery experience. The quicker and easier it is for the children to get ready to go outdoors, then the more time they will have to benefit from this opportunity.

**The Johnstone & the Villages LAC recommended that £700 be awarded from the Renfrewshire Council Citizens Fund towards the cost of upgrading the cloakroom at Kilbarchan Community Nursery.**

### Implications of this report

#### 1. Financial Implications

The awards will be met from existing resources within the Renfrew Burgh and Renfrewshire Council Citizen Funds.

#### 2. HR and Organisational Development Implications

None.

#### 3. Community Plan/Council Plan Implications

Empowering our  
Communities

The awards of funding will strengthen  
the social and cultural fabric of the  
local community

#### 4. Legal Implications

Compliance with the Council's Condition of Grants

#### 5. Property/Assets Implications

None.

#### 6. Information Technology Implications

None.

#### Equality and Human Rights Implications

7. (a) The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because membership of both groups is open to all members of the community. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

#### 8. Health and Safety Implications

None.

**9. Procurement Implications**

None.

**10. Risk Implications**

None.

**11. Privacy Impact**

None.

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**List of Background Papers**

None

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**To: Finance & Resources Policy Board**

**On: 27 January, 2016**

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**Report by: Director of Finance & Resources**

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**Heading: Civic Hospitality**

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**1. Summary**

**1.1** The following requests for civic hospitality have been received for financial years 2015/16.

- a) Correspondence was received from Dates-n-Mates Renfrewshire to request a civic reception to launch this new Renfrewshire wide service for people with learning disabilities to meet new people and help gain confidence. This launch event was held on Friday 15<sup>th</sup> January at Johnstone Town Hall. Following consultation with the Provost, it was agreed that the Council give this reception at a cost of £500 which was met from the current budget and the Director of Finance & Resources in consultation with the Provost made the necessary arrangements for appropriate civic hospitality to be provided. The Board is asked to homologate the action taken.
- b) A letter dated 15<sup>th</sup> December was received from Glasgow Kelvin College to request a civic reception to accompany their Paisley Pattern Fashion Show, which was held on Friday 22<sup>nd</sup> January. Glasgow Kelvin College is funded by the UK India Education Research Initiative (UKIERI) who, with their partners in India, designed this 'East meets West' Fashion Show. Following consultation with the Provost, it was agreed that the Council give this reception at a cost of £1,000 which was met from the current budget and the Director of Finance & Resources in

consultation with the Provost made the necessary arrangements for appropriate civic hospitality to be provided. The Board is asked to homologate the action taken.

- c) The Soroptimist International of Paisley is holding a dinner to mark the 70<sup>th</sup> anniversary of Soroptimism in Paisley. The Council has been asked to provide civic hospitality in the form of a drinks reception prior to their dinner. To mark this event it is proposed that the Council hosts a civic reception for around 100 people at a cost of approximately £400 and that it be delegated to the Director of Finance & Resources in consultation with the Provost to make the necessary arrangements.
- d) Erskine Hospital is holding an event to mark the Centenary celebration of the agreement at the City Chambers in Glasgow on 29<sup>th</sup> March 1916 to form Erskine Hospital. The Council has been asked to provide civic hospitality in the form of a drinks and canapé reception for around 250 people. To mark this event it is proposed that the Council hosts a civic reception at a cost of approximately £4,500 and that it be delegated to the Director of Finance & Resources in consultation with the Provost to make the necessary arrangements.
- e) In 2016 it falls to the PAs and Secretaries to Chief Executives of Scottish Local Authorities group to hold their 19<sup>th</sup> Annual Seminar within Renfrewshire. The Council has been asked to provide civic hospitality in the form a wine reception prior to the networking dinner at the Lynnhurst Hotel on Thursday 25<sup>th</sup> August 2016. To mark this event it is proposed that the Council hosts a civic reception for around 20 people at a cost of approximately £200 and that it be delegated to the Director of Finance & Resources in consultation with the Provost to make the necessary arrangements.
- f) East Renfrewshire Council has been working in conjunction with Renfrewshire Council to produce a Holocaust Memorial Service on Saturday 23<sup>rd</sup> January, 2016. Renfrewshire Schools were invited to participate by producing a dramatisation piece in conjunction with an Arts Development Worker from East Renfrewshire. Invitations were also extended to the head boy and girl from each of the secondary schools along with all Councillors. Following consultation with the Provost, it was agreed that the Council would co-host this service and contribute £1,350 towards the Service and hospitality arrangements which was met from the current budget and the Director of Finance & Resources in consultation with the Provost made the necessary arrangements for appropriate civic hospitality to be provided. The Board is asked to homologate the action taken.

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## 2. Recommendations

- 2.1 That the Board agrees to: (a) provide civic hospitality for the Soroptimists International of Paisley, Erskine Hospital and the PAs and Secretaries to Chief Executives of Scottish Local Authorities group, and (b) that it be delegated to the Director of Finance & Resources in consultation with the Provost to make the necessary arrangements for appropriate civic hospitality to be provided.
- 2.2 That the Board homologates the action taken in respect of the civic receptions for Dates-n-Mates Renfrewshire, Glasgow Kelvin College (UKIERI) and the Holocaust Memorial Service held jointly with East Renfrewshire Council.
- 

## Implications of the Report

1. **Financial** – The costs of the request from civic hospitality will be met from the current budget
  2. **HR & Organisational Development** – None
  3. **Community Planning** – Civic receptions provide recognition of the contributions made by individuals and organisations to the fabric of life in Renfrewshire.
  4. **Legal** - none.
  5. **Property/Assets** - none.
  6. **Information Technology** – none
  7. **Equality & Human Rights**  
  
(a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
  8. **Health & Safety** - none
  9. **Procurement** - none
  10. **Risk** – none
  11. **Privacy Impact** - none.
- 

## List of Background Papers

- (a) Background Paper 1 – Correspondence Received 4<sup>th</sup> December 2015
- (b) Background Paper 2 – letter dated 15<sup>th</sup> December 2015

The foregoing background papers will be retained within Finance & Resources for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Donna Gallagher, Member Services Officer (Telephone – 0141 618 6794, e-mail – donna.gallagher-pt@renfrewshire.gov.uk

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