

21 January 2016

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John Swinney MSP  
Deputy First Minister and Cabinet Secretary for Finance, Constitution and the Economy  
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Dear Cabinet Secretary

### **Local Government Finance Settlement 2016-17 and council tax freeze**

Below I have set out a case for the City of Edinburgh Council to raise council tax for 2016-17 in order to protect public services from damaging cuts which would impact on vulnerable people and priority services.

Specifically, I seek to put forward a motion which would allow the City Council to raise council tax by 4.3% in 2016-17, equivalent to 97p a week on a Band D property. That would raise £10 million extra to reverse planned cuts or support services in schools, in social care for older people and in services for disabled or other vulnerable children. The council tax rise would not address the need for all or even most savings but would offset the harshest cuts.

Of course, these are three areas which either have national priority – in the case of schools and health – or have heightened expectations in relation to the Children and Young People (Scotland) Act.

In light of that, I wish to seek your reassurance that the City Council should be able to raise council tax to protect those services without facing penalty: ie should be able to raise council tax without then also losing funding in the settlement.

The case rests on three points.

1. The 2011 SNP manifesto pledge is to freeze council tax throughout this parliament. Since this parliament dissolves on 23 March 2016, the pledge has already been met before the start of the 2016-17 financial year.
2. The freezing of council tax dates back to 2007, when the circumstances for public finances were very different. In that very different financial climate now, with local government facing the largest year on year cut since devolution, the logic of a freeze is very much weaker.
3. For England, the Chancellor has relaxed the council tax freeze, allowing councils, if they so choose, to raise council tax to meet social care spending priorities. It is difficult to see why Scottish ministers should remain rigidly attached to a council tax freeze commitment which has already been met.

In addition, the "Shifting the Curve" report by the Independent Advisor on Poverty and Inequality has asked ministers to consider lifting the council tax freeze to support services on which lower income families depend. While her recommendation is from 2017-18 onwards, it is difficult to see why, in policy terms, the same argument does not apply now.

Raising tax is not a step which is ever taken lightly. In the public consultation on Edinburgh's draft budget 63% of respondents supported council tax rising to protect services. The largest number supported a rise of the order of magnitude which I am proposing. A rise of 4.3% would see household bills in Band D rise to £1219 a year, compared to the £1,429 they would have been had council tax risen by inflation since 2007-08.


Of course, I believe that local authorities should have greater freedom to raise necessary funds. For example:

- By raising council tax more in bands G&H
- By having greater freedom over non domestic rates
- By implementing a tourist levy to raise £11 million a year in Edinburgh's case.

However, I recognise that all of these require additional powers and would not be available for the start of 2016-17: hence my request that, in the immediate time horizon, the City of Edinburgh Council should be permitted to raise council tax without penalty.

I welcome your consideration of this case and look forward to a constructive reply.

Yours faithfully



Councillor Steve Burgess  
Green Group Convenor on City of Edinburgh Council  
Green Group leader on CoSLA