

## **SECTION 2: OUTSTANDING DEBT**

Local authorities often need to provide long term financing for capital projects (such as the building of schools, roads and leisure facilities). Borrowing allows local authorities a flexible, yet largely predictable, method of finance. The Scottish Executive monitors local authority borrowing.

Table 10 shows local authority debt totals for the general fund, trading services and the housing revenue account. These figures are supplied on a **cash** (and not an accruals) basis i.e. transactions are recorded in the period *in which payment is made or received*

### **General Fund**

Debt on general fund services is divided into relevant and non-relevant debt, this is to allow the proper functioning of mechanisms designed to support debt costs associated with non-revenue generating, non-grant supported undertakings. The costs of servicing debt on **relevant general fund services** are supported directly through loan charges support within Aggregate External Finance (AEF). **Revenue-generating, non-relevant debt** is self supporting and the small element of **non-revenue generating debt on general fund services** that is not relevant for loan charges support within AEF is generally on programmes (e.g. the Urban Programme) supported through specific grants.

### **Trading services & Housing Revenue Account**

The costs of servicing debt on local authority trading services (e.g. piers, harbours, slaughterhouses) are mainly met through the charges made for these services while the costs of servicing Housing Revenue Account (HRA) debt are met principally from income from rents and from Housing Support Grant.

### **SECTION 3: LOCAL TAXES**

Local taxes are an important element of financing for local authorities accounting for a quarter of all Scottish local authority revenue income. There are essentially two different types of tax levied by local authorities, domestic taxes (council tax) and non-domestic taxes (non-domestic rates – NDR).

#### **Domestic Taxes**

Council tax accounts for about 11 per cent of local authority revenue income. Local assessors place each dwelling into a band according to its estimated value in 1991. There are 8 bands: A is the lowest and is for dwellings valued at less than £27,000 while H, the highest, is for those valued at over £212,001. Each local authority then sets the amount of council tax payable by residents of band D properties within its area and for each other band a given proportion of band D tax is payable.

Certain discounts and benefits are available to particular types of people, such as students, people with low incomes and people living alone. Some dwellings can also be considered to be exempt from council tax either for a limited period or indefinitely. Many of these property exemptions apply to unoccupied dwellings but there are also exemptions for dwellings where all of the residents are students or are under 18 years of age, or for example where the dwelling is being used by the armed forces.

#### **Non-Domestic Taxes**

Non-Domestic Rates (NDR) have survived in much the same form for many years alongside a number of revisions to the domestic tax system. Each non-domestic property's **Rate Bill** is calculated on the basis of its **Rateable Value** and the prevailing **Rate Poundage**. These are explained below:

Most non-domestic properties are valued by local assessors, the last valuation was at April 2000 (based on the value in 1998). An appeal system is in place for rate payers who believe that their property has been incorrectly valued. For certain industries (principally the former nationalised industries) the normal statutory basis of rating valuation has been suspended by law and a precisely defined statutory formula has been substituted. Properties that have been valued in this way are known as formula valued subjects.

The rate poundage is the rate of property tax expressed in terms of pence in the pound; it is applied to the rateable value of a property to give the rate bill. Until 1989 local authorities set the rate poundage, but in 1989 the Secretary of State for Scotland took responsibility for the rate poundage. Between 1990 and 1994 the Secretary of State set rate poundages for each local authority area with the aim that rate poundages would converge on a single all-Scotland poundage. Following the 1995 revaluation of non-domestic rates in Scotland a single all-Scotland poundage was set. Subsequently the poundage has been updated annually on the basis of the retail prices index in September of the preceding year. The poundage for 2000/01 was set with the aim of ensuring that non-domestic rate income remained unchanged, in real terms, as a result of the 2000 revaluation.

The figures in Table 13 are shown net of reliefs. Relief arrangements apply to empty property, charities, police premises and premises used for religious worship. In addition, Transitional Relief assists businesses which have a large increase in their bill following a revaluation.

Each council, having collected its taxes, pays its non-domestic rates into a central pool. The funds in the pool are then redistributed amongst authorities on the basis of population.

## SCOTTISH EXECUTIVE STATISTICAL SERVICES

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Our role is to provide Parliament, government and the wider community with statistical information, analysis and advice on most aspects of Scottish life, to improve decision-making, to stimulate research and to inform debate. We aim to provide an authoritative and impartial picture of society, and a window on the work and performance of government that allows the impact of government policies and actions to be assessed. Information is available in a variety of paper forms and on the Scottish Executive website at [www.scotland.gov.uk/stats](http://www.scotland.gov.uk/stats).

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**Timeliness:** We guarantee that requests or correspondence will be given either a substantive reply within 7 working days or an acknowledgement to be followed up (by a stated date) with a substantive reply.

## Correspondence and enquiries

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Advice on specific areas of Scottish Executive statistical work can be obtained from staff at the telephone numbers given below:

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The Scottish Funding Councils for Higher and Further Education	(0131) 313 6575
General Register Office for Scotland - Vital statistics and publications - Population statistics, census statistics or digital boundary products	(0131) 314 4243 (0131) 314 4254

For **general enquiries about National Statistics** contact the National Statistics Public Enquiry Service on **020 7533 5888**  
minicom: 01633 812399  
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Current staff names, e-mail addresses and the bulletins listed below can be found on the Scottish Executive Web site at **www.scotland.gov.uk/stats**.

Further information on the General Register Office for Scotland is available on the website **www.gro-scotland.gov.uk**

### Most recent Development Statistical Publications relating to Housing, Households and Homelessness

Ref. no.	Title	Last published	Price
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### Complaints and suggestions

If you are not satisfied with our service, please write to the Chief Statistician, Mr Rob Wishart, Room 1-A75, Victoria Quay, Edinburgh, EH6 6QQ, Telephone: (0131) 244 0302, e-mail rob.wishart@scotland.gov.uk. We also welcome any comments or suggestions that would help us to improve our standards of service.

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