

Mr Bob Doris MSP  
Convener  
Local Government and Communities Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

4 December 2017

Dear Convener

I am writing because we have identified an error in the Local Government Financial Overview Report 2016/17 and in my oral evidence to the Committee on 29 November 2017. Please accept my apologies for this. I write to clarify the position in advance of the Committee's next evidence session. I am copying this letter to CoSLA and the Scottish Government.

The error relates to how the additional council tax collected through this year's council tax reforms flows through to councils. You will recall that this was the focus of some discussion last week and we committed to write to the Committee to clarify the position. Unfortunately, our explanation of the distribution of additional funding derived from reforms of council tax was wrong.

We said that the additional (estimated) £110m that would be raised through reforms to the upper council tax bands would be to some extent equalised through the wider local government funding mechanism. In fact, the Local Government Finance Circular No.1/2017 from March 2017 sets out that the additional £110m collected through council tax reforms in 2017-18 will be available in full as additional income to be spent in the local authority area it was collected. The circular separately identifies the amounts estimated for each local authority in addition to the regular assumed council tax contribution.

We will now correct paragraph 68 and the footnote to Exhibit 19 of the report. I can confirm that this change does not materially affect the key messages in the report. Nonetheless, it is clearly an unfortunate error on our part and I apologise to the Committee for any confusion this has caused. We are reviewing how this occurred to learn lessons for the future.

The Accounts Commission will respond separately with the information requested in the letter dated 30 November from the Clerk to the Committee. In the meantime, please do not hesitate to contact me if you require any further information.

Yours sincerely



**Fraser McKinlay**  
Controller of Audit