



**Finance Circular No. 23 / 1998**

Chief Executives,  
All Local Authorities

Copy to: Directors of Finance

20 November 1998

Dear Sir/Madam,

**PUBLICATION OF FINANCIAL AND OTHER INFORMATION BY LOCAL AUTHORITIES: CODE OF PRACTICE FOR SCOTLAND**

1. I am directed by the Secretary of State for Scotland to draw your attention to the revised Code of Practice, which has been drawn up in consultation with the Convention of Scottish Local Authorities. A copy is attached.
2. Parts 1 and 2 of the Code of Practice set out the information which authorities are required, by Regulation, to include in the council tax leaflets which they send out each year with their council tax demand notices. Part 3 of the Code describes the information to be published in the authorities' Annual Report and Statement of Accounts.
3. The main changes to the previous version of the Code are as follows:
  - 3.1 The section "Additional Information for Council Tax Payers" in Part 2 has been strengthened. The information which is now required is set out in a new Annex A. The Annex includes additional columns, which should show the year-on-year change in expenditure, by service, in both cash and percentage terms;
  - 3.2 In Part 3 there are three main changes which require councils to publish more meaningful information for the benefit of the local taxpayers, including:
    - 3.2.1 a requirement on councils to publish a manpower statement in line with the Joint Staffing Watch (paragraph 3.2.6);

3.2.2 a statement on the number of senior officers with remuneration in the Joint Staffing Watch Band A1 (paragraph 3.2.7);

3.2.3 information disclosing each council's interest in companies, whether wholly or partly owned (paragraph 3.2.8).

4. To the extent that this Code of Practice deals with matters covered in the equivalent Code of Practice circulated under cover of Finance Circulars 4/1993, 4/1994 and 15/1996, it replaces the previous versions of the Code of Practice. It is intended that this Code will be updated as required.

5. A copy of this circular and of the new Code of Practice is enclosed for your Director of Finance.

6. Enquiries relating to Parts 1 and 2 of this Circular should be directed to Ms J Rougvie, (telephone 0131 244 7022) and enquiries relating to Part 3 should be directed to Mr W Stitt (phone 0131 244 7013). The address for both contacts is; Area 3-J, Victoria Quay, Edinburgh, EH6 6QQ

Yours faithfully

John W H Irvine.

J W H IRVINE

# **PUBLICATION OF FINANCIAL AND OTHER INFORMATION BY LOCAL AUTHORITIES**

## **CODE OF PRACTICE FOR SCOTLAND**

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**November 1998**

## **PART 1: INTRODUCTION**

1.1 This Code of Practice is issued by the Secretary of State for Scotland under Section 2 of the Local Government, Planning and Land Act 1980 as amended by paragraph 14 of Schedule 12 to the Local Government Finance Act 1988, paragraph 49 of Schedule 13 to the Local Government Finance Act 1992 and by paragraph 120(2) of Schedule 13 to the Local Government Etc. (Scotland) Act 1994.

1.2 The primary aim of the Code is to ensure that local authorities in Scotland adopt a broad consistency of practice and a minimum standard of content for the production of financial information for general use. This is in line with the Government's aim of ensuring that councillors, electors, those subject to locally levied taxes and charges and other interested parties are given comprehensive objective information about the activities of local authorities. The Code need not prevent local authorities providing further helpful information in addition to that required under the Code.

1.3 The information to which this Code of Practice relates can be seen as part of a much wider range of information which most local authorities will publish in one way or another. In the publication of financial information, as in the publication of any other material, local authorities are required under Section 4(1) of the Local Government Act 1986 to have regard to the principles of good practice set out in the Code of Recommended Practice on Local Authority Publicity which was circulated on 15 August 1988 under cover of a joint circular (SDD Circular 16/1988). Local authorities are reminded that, under Section 96 of the Local Government Finance Act 1992, within 21 days of setting their council tax they should publish in at least one local newspaper the provisions of the Act under which the tax has been set and the amounts of tax payable by council tax band.

1.4 This Code of Practice replaces the Code issued in 1996. A new Code is necessary to take account of the way in which local authorities must comply with the CIPFA guidance on "Accounting for Capital" in the presentation of their accounts. As with the 1993 and 1996 editions, this Code of Practice reflects the Citizen's Charter provisions of the Local Government Act 1992 in terms of which the Accounts Commission for Scotland will direct authorities annually to publish information as to their standards of performance. Local authorities are urged to follow the recommended practice contained in Part 2 of the Code when publishing information in respect of the financial year 1999-2000 and subsequent financial years and 1998-99 and subsequent financial years for the information requested in Part 3.

## **PART 2: COUNCIL TAX DEMAND NOTICES AND NON-DOMESTIC RATE DEMAND NOTES**

### **Council Tax Demand Notices and Associated Notifications**

2.1 Each year the local authority must issue a demand notice, in respect of council tax for each dwelling that is not an exempt dwelling or otherwise excused from the service of a notice, to the person(s) whom the authority believes to be the liable person(s). This will show the amount(s) which they are due to pay, whether individually or jointly with any other liable person(s). Separate demand notices will normally be issued in respect of separate dwellings.

2.2 The content of the demand notice is prescribed in the Council Tax (Administration and Enforcement) (Scotland) Regulations 1992 (*as amended*). This requires that with regard to council tax the demand notice should clearly set out in respect of the particular dwelling to which the notice relates:

- a. the address of the chargeable dwelling;
- b. the valuation band in which the dwelling is placed in the valuation list and, if a reduction for disability applies, the alternative valuation band or the valuation band by reference to which liability is being calculated;
- c. the amount of the council tax (per chargeable dwelling), determined by the authority, for the relevant or alternative valuation band;
- d. the period to which the notice relates;
- e. the amount of the council tax payable in respect of the dwelling during the relevant period, showing the amount of any discount or benefit, where applicable;
- f. the method of payment, including instalment or other payment dates;
- g. a name, address and telephone number of the Department to which enquiries about the demand notice can be made together with a note of the hours during which personal and telephone enquiries can be made;
- h. explanatory notes covering entitlement to exemptions, reductions in liability resulting from reductions for disabilities, discounts and benefits, the basis of compiling the valuation list, appeal rights, joint and several liability and the procedure for lodging appeals or proposals for alteration of the valuation list.

2.3 In addition information will be provided about the assumptions made in determining eligibility for any discount or reduction for disability that has been awarded.

2.4 The demand notices should be solely concerned with the payment of council tax (*but for the foreseeable future it should also contain details for payment of water services charges*), and any related rebate or benefit payment and penalties arising from the administration of the council tax (e.g. penalties for failure to notify changes in discount

entitlement). It is not permitted for a local authority to include in such demand notices demands for payment of other items, for example, payment of rent.

### **Additional Information for Council Tax Payers**

2.5 Each authority should provide each council tax payer with a statement setting out the authority's revenue expenditure and income estimates. This information should be included in an additional information note to be enclosed with the first demand notice issued each year in respect of a dwelling.

2.6 Each local authority is responsible for the preparation of the content of this information note as it relates to that authority. The additional information note should contain, in respect of each council, the information set out in Annex A. Most of the information to be supplied is self-explanatory. However, the following points should be noted:

- a. the information provided should, where indicated in the information notes, make comparisons between the financial year to which the demand notice relates, and the financial year before that. These are termed respectively "appropriate present financial year" and "appropriate previous financial year";
- b. in Sections 1 and 3 the figures for Net Expenditure should not have specific Government grants netted off;
- c. in Section 1, the initial calculation of "net expenditure" should not include financial items such as capital charges;
- d. in Section 1, the capital charges for the use of assets should be calculated for each service in accordance with CIPFA guidance referred to at paragraph 1.4;
- e. in Section 1, the adjustment to be shown in the column marked "adjustment" is the adjustment from loan & leasing charges to capital charges";
- f. in Section 1, the change in expenditure from the previous year should be shown in both cash and percentage terms;
- g. in Section 3 (Comparison with Government Provision for Current Expenditure), the "£ per Band D dwelling" calculation should be consistent with the method of calculating the council tax;
- h. in the same section, the expenditure figure used by the Government in Aggregate External Finance (Government Support) calculations should be the Grant-Aided Expenditure (GAE) figures as issued by The Scottish Office in a Finance Circular each year and not include interest charges. The figure for proposed expenditure by the authority will be the expenditure on the same services as are covered in GAE.

## Non-Domestic Rate Demand Notes

2.7 Each year the rating authority must issue a Non-Domestic Rate Demand Note, in respect of each rateable property, which should include the following information:

- a. the name and address of the occupier who is liable or, in the absence of such information, the words "The Occupier" and the address of the property;
- b. the address of the property which is being rated together with a description if possible;
- c. the rateable value of the property;
- d. the non-domestic rate poundage;
- e. the non-domestic rates bill due;

where the bill is calculated by reference to transitional arrangements, the amount which would have been due but for the transitional arrangements should also be shown together with the resulting net reduction or increase;

details of the calculation of the rates bill are to be made available by the rating authority to the ratepayer on request, and a statement to that effect included in the rates demand note;

- f. the period in respect of which the rate is levied;
- g. deductions in respect of any reliefs, remissions and rebates under the Rating (Disabled Persons) Act 1978, Section 4 of the Local Government Financial Provisions Etc. (Scotland) Act 1962, Section 25A of the Local Government (Scotland) Act 1966 and Section 5 and Schedule 2 of the Local Government and Rating Act 1997;
- h. for unoccupied property subject to the non-domestic rate at half the normal rate, details of the period for which half rates have been imposed are to be made available to the ratepayer on request;
- i. if the authority has exercised its discretion in calling for an apportionment between the occupied and unoccupied portions in respect of property partially unoccupied for a short time, the rateable value apportioned to the empty part along with the period for which the apportionment is valid, are to be made available to the ratepayer on request;
- j. where a refund of rates overpaid either in error or because the rateable value entered in the roll has subsequently been reduced, has taken place, full details of the calculation of any interest paid are to be made available to the ratepayer on request.

## **Information in support of Demand Notes for Non-Domestic Rates**

2.8 The Non-Domestic Rate Demand Note should be accompanied by the following further information (unless it is already contained in the Non-Domestic Rate Demand note itself):

- a. methods of payments of the rates, and the date(s) by which payments should be made;
- b. the availability of mandatory and discretionary reliefs, remissions or rebates under the headings detailed in 2.7 g and i above, and details of statutory exemptions from the unoccupied property rate;
- c. a brief description of the statutory timetable for the payment of rates together with any penalties which will result from any failure to pay by the due date;
- d. advice on appeals against rates.

Authorities are encouraged to continue the previous practice of providing additional information about expenditure plans for the benefit of the business community generally.



(References to notes are references to the sub-paras of paragraph 2.6)

COUNCIL EXPENDITURE [Insert appropriate Present Financial Year]: ADDITIONAL INFORMATION

1. CALCULATION OF COUNCIL TAX

Gross expenditureø  
 Less fees and chargesø  
 Net expenditureø

ABOVE NET EXPENDITURE ALLOCATED BY SERVICE

Service	Net Expenditure (excluding capital charges)	Capital Charges	Total Net Expenditure (including capital charges)	Change from previous year	% change from previous year	Band D council tax equivalent
Education						
Social work						
Police and Fire						
Roads and lighting						
Transport subsidies and concessionary fares						
.....(other services						
.... (as appropriate)						
....						
Adjustment for capital charges (i)						
TOTAL			(ii)			

Notes (i): This adjustment is the sum of the net transfers from/to the General Fund, to/from the Asset Management Revenue Account and provision, within the General Fund, for the repayment of external loans.

(ii) This total should reconcile to the "Net Expenditure" above the table.

Plus deficit brought forward †

Financed by:

- (a) Government grants
- (b) Non-Domestic rates †
- (c) Surplus brought forward †

Total amount needed from council taxes

Band D council tax set by local authority

Present Year

Previous Year

Scottish average Band D council tax  
[insert appropriate previous financial year]

There should be an explanation as to how the council tax for other bands is calculated from this and a statement of the council tax for each band for the present year.

ø Excludes expenditure and income on council houses, except for any contribution from the General Fund to the Housing Revenue Account;

† Delete if not applicable.

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## 2. LOCAL AUTHORITY EMPLOYEES

(Budgeted full-time equivalent)

[Insert appropriate previous financial year]  
[Insert appropriate present financial year]

Decrease/Increase  
Change as a percentage of total wage bill

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## 3. COMPARISON WITH GOVERNMENT PROVISION FOR CURRENT EXPENDITURE [See notes 2.6 b, g and h]

£ per dwelling

Expenditure figure used by Government in  
Aggregate External Finance (Government Support)  
calculations (This does not apply to all items)

Proposed expenditure by authority on comparable basis

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## **PART 3: ANNUAL REPORT AND STATEMENT OF ACCOUNTS**

3.1 The objective of the Annual Report and Statement of Accounts is to present a public statement of the stewardship of funds for the benefit both of members of the Council and of the public. Most of the former authorities produced a combined Annual Report and audited Statement of Accounts, with the financial statement constituting the abstract of accounts required by statute.

3.2 Authorities have wide discretion as to the layout of their Annual Report and Statement of Accounts. The following information should, however, always be included:

3.2.1 A narrative incorporating a summary of gross and net revenue expenditure for each major service comparing budget with the actual outturn of that year together with observations on the reasons for the variations. This should highlight any items which the council tax payer and non-domestic rate payer may find of value in assessing the authority's financial performance for that accounting period. Service objectives and performance against those objectives should be included.

3.2.2 A service analysis for the capital expenditure programme comparing it with the actual performance achieved together with a narrative statement on any variations between these sets of information.

3.2.3 Information relating to standards of performance, by the authority, referring to the criteria of cost, economy, efficiency and effectiveness as directed by the accounts Commission for Scotland.

3.2.4 Gross revenue expenditure and income for each service analysed by subject heading. The Local Authority (Scotland) Accounts Advisory Committee and the Chartered Institute of Public Finance and Accountancy (Scottish Branch) have issued guidance on the appropriate subjective headings in the publication "Published Form of Accounts for Scottish Local Authorities".

3.2.5 The rating valuation analysed in total by category of non-domestic ratepayer and the distribution of dwellings amongst council tax valuation bands.

3.2.6 A manpower statement on the basis of total full-time equivalent number of staff by salary band. This should be in line with the Joint Staffing Watch which has been agreed with COSLA. Significant changes in manpower levels should be highlighted.

3.2.7 A statement on the number of senior officers with remuneration in the Joint Staffing Watch Band A1. The entries should be on the basis of the full remuneration package including expense allowances and the value of any non-cash benefits. Officers and staff of Fire Boards and Police authorities should be excluded.

3.2.8 Information disclosing each local authority's interest in companies, whether wholly or partly owned. The information provided should follow the CIPFA Code of Practice on Local Authority Accounting for Great Britain.

3.2.9 The authority's Statement of Accounts will include:-

- statement of accounting policies;
- consolidated revenue account;
- housing revenue account;
- the note to the Consolidated Balance sheet showing the sources of capital funds;
- consolidated balance sheet;
- Council Tax Income account;
- Non-Domestic Rate Income account;
- summary Direct Service organisation (DSO) revenue and appropriation accounts;
- revenue account and net assets statement in respect of any Pension Fund administered;
- consolidated cash flow statement.

In addition, Common Good and Trust Fund Accounts will fall to be included, as appropriate. All of these statements and accounts listed above should be as prescribed in the CIPFA Code of Practice on Local Authority Accounting for Britain ("ACOP").

3.3 In addition, authorities may publish at their discretion such other financial and performance related information as they consider appropriate that is in addition to that required in terms of paragraph 3.2 above.

3.4 The Annual Report and statement of Accounts should be made widely available to, for example:

3.4.1 Members of the public at area council offices and libraries.

3.4.2 Members of the local press complemented by a press release and advertisements in the local press.

3.4.3 Interested groups expressing a wish to receive a copy.

One copy of the published Annual Report and Statement of Accounts should be forwarded to:

John Valentine  
Local Government Finance Group  
The Scottish Office Development Department  
Area 3-J (North)  
Victoria Quay  
EDINBURGH  
EH6 6QQ

3.5 Authorities are also encouraged to consider the drawing together of the information for wider and different circulation. This may mean publication at different times with different timescales. Where an authority already produces separate statements of manpower, financial etc. statistics it may not be necessary or fully effective to combine them into a single large publication. The emphasis should instead rest on securing the widest and simplest communication of information to all with a potential interest and ensuring that there is full knowledge in the local community about the range of information which is available in the annual reports, abstract of accounts, budget estimates etc.

3.6 A local authority may, at its discretion, make a charge for the supply of its Annual Report and statement of Accounts.