

Fairer Council Tax (Scottish Government and COSLA Consultation)

To: All Chief Executives, Main Contacts and APSE Contacts in Scotland. For information only to England, Northern Ireland and Wales

1 Executive Summary

The Scottish Government and COSLA are seeking views on the Council Tax charges for properties in valuation bands E to H. The Government have been met with criticism from stakeholders that the present Council Tax system is unfair as lower value properties are paying higher tax rates whereas higher value properties are paying lower rates; this is shown by a Band H property attracting a Council Tax liability of three times Band A despite being on average worth around fifteen times the value of the Band A property. The Council Tax band multipliers can be amended by regulations and most recently have been changed in 2017, with Bands E, F, G and H increasing by 7.5%, 12.5%, 17.5% and 22.5% respectively. Despite this, the Council Tax rates for higher value properties in Scotland are still significantly lower than the rest of the UK, with the average 2023-24 Band D rate of £1,417 being £648 less than in England and £463 less than in Wales. The Government believes that increases would be a significant step towards making Council Tax fairer, as outlined in their Framework for Tax. The distribution of Band D rates for 2023-24 is shown in the graph below:

Average Scottish Council Tax rates for 2023-24, expressed as a charge and as a proportion of the rate for Band D								
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Scotland Average Council Tax Charge 2023-24	£944	£1,102	£1,259	£1,417	£1,861	£2,302	£2,774	£3,470
Council Tax charges as a proportion of the charge for a property in Band D	0.67	0.78	0.89	1.00	1.31	1.63	1.96	2.45

Council Tax contributes around £2.9 billion to the funding of Scotland's local public services and has in previous years made up around 19% of the general funding to local government. Council Tax contributes to schools, social care, roads, transport, environmental and waste services and many more. This varies between local authorities due to the differing tax rate, the number of properties and the difference in distribution across the valuation bands. Currently almost every household receives a Council Tax bill although around 15% qualify for the Council Tax Reduction scheme. The Scottish Government has noted that regardless of the outcome of the consultation, the Council Tax Reduction scheme will continue.

Changing the multipliers for Council Tax requires regulations to be agreed in the Scottish Parliament and for changes to be made by local authority billing and administration systems. It is believed that these could be delivered for the changes to take effect from the beginning of the 2024-25 Council Tax year.

The consultation closes on 20 September 2023. [Click here](#) to complete the consultation. [Click here](#) to read the consultation paper.

2 Consultation Questions

1. Do you think that Council Tax in Scotland should be changed to apply increases to the tax on properties in Bands E, F, G, and H?
2. The proposal is to increase the Council Tax on properties in Bands E, F, G and H by 7.5%, 12.5%, 17.5% and 22.5% respectively. Do you agree with the levels of increase set out in this proposal?
3. If you have answered no to Question 2, what do you think the increases to the Council Tax on properties in Bands E, F, G and H should be?
4. When should any increases be introduced if the tax on higher band properties is increased as proposed?
5. Should the Council Tax Reduction scheme be expanded to protect those on lower incomes from any increases to higher Council Tax Band properties?
6. Please tell us how changes to Council Tax rates for properties in Bands E, F, G and H might impact you, or the people your organisation represents.

7. Please tell us how you think changes to Council Tax rates for properties in Bands E, F, G and H would affect your local area, or Scotland as a whole (please consider social, economic, environment, community, cultural, enterprise impacts that you think are relevant).
8. Please tell us how you think changes to Council Tax rates for properties in Bands E, F, G and H might affect Island Communities.
9. Do you think there would be any equality, human rights, or wellbeing impacts as a result of the proposed increases in Council Tax rates for properties in Bands E, F, G and H?

3 APSE Comment

APSE encourages our members to engage with the Fairer Council Tax consultation and to submit their responses by the 20 September 2023 deadline, though we understand later submissions may be submitted by agreement.

Local authorities are operating their services in very difficult financial circumstances and consideration should be given to the impact that changes to Council Tax may have, including unintentional consequences.

[Click here](#) to submit your response to the consultation.

Garry Lee,
Research and Coordination Officer
glee@apse.org.uk

Louise Melville,
Principal Advisor (Scotland)
lmelville@apse.org.uk

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- Local Authority Commercialisation, Income and Trading Network
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Association for Public Service Excellence
3rd floor,
Trafford House,
Chester Road, Manchester M32 0RS.
telephone: 0161 772 1810
fax: 0161 772 1811
web: www.apse.org.uk

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