association for public service excellence

Briefing 26-39

July 2026

Council Tax High Value Property Bands (Mansion Tax)

Scottish Government Consultation

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

1. Executive Summary

The Scottish Government has launched a consultation on the introduction of two new Council Tax bands for high-value residential properties, commonly referred to as a "Mansion Tax". The consultation follows commitments made in the Scottish Budget 2026/27 and seeks views on the proposed rates that should apply to the new Council Tax Bands I and J, covering properties valued above £1 million. Subject to Parliamentary approval, the new bands would come into effect from 1st April 2028.

The proposals are intended to ensure that owners of the highest-value residential properties make a more proportionate contribution towards local services, while allowing councils to retain all additional Council Tax revenue generated through the new bands. The Scottish Government estimates that fewer than one percent of residential properties would be affected.

Although this consultation is narrowly focused on the level of Council Tax multipliers for the new bands, the proposals are a part of the Scottish Government's wider programme of engagement on Council Tax reform, including the recent consultation on The Future of Council Tax in Scotland which explored a range of options for broader reform of the Council Tax system.

APSE encourages member authorities to engage with the consultation, and to consider its implications for local government finance, administration, valuation processes and the wider programme of Council Tax reform currently underway.

Responses are due by **Monday 24th August 2026**.

Click here for further information and to submit your response.

Click here to read the full report.

2. Overview

The Scottish Government has published a consultation seeking views on the proposed introduction of two new Council Tax bands for high-value residential properties in Scotland. The proposals form part of the Scottish Government's wider programme of local taxation reform and are intended to ensure that owners of the highest-value homes make a greater contribution towards the funding of local public services.

The consultation follows the Scottish Government's commitment, set out in the 2026/27 Scottish Budget, to introduce additional Council Tax bands for properties valued at over £1 million. While the principle of introducing the new bands has already been established as government policy, the consultation seeks stakeholder views on the rates that should apply to the new bands and the potential impacts of the proposals. Additional revenue generated would be retained by local authorities and used to support local services.

Given the importance of Council Tax as a source of locally raised revenue and the continuing pressures of facing council budgets, the consultation presents an opportunity for local authorities to consider the implications for local government finance, administration and the broader agenda of Council Tax reform.

Policy context and rationale

Council Tax remains one of the principal sources of locally raised income for Scottish local authorities, contributing around £3.5 billion annually towards the funding of essential local services including education, social care, roads, waste management and housing.

The current Council Tax system continues to be based largely upon property valuations dating from 1991. While successive reforms have adjusted rates and multipliers, concerns have continued regarding whether the existing banding structure accurately reflects contemporary property values, particularly at the upper end of the housing market. Current banding structure and relative rates are shown below:

Band	1991 Value (upper threshold)	Share of properties (2025/26)	Tax rate relative to Band D	Standard gross tax bill, Scottish average (2025/26)
A	£27,000	19.1%	0.667	£1,059
B	£35,000	22.3%	0.778	£1,200
C	£45,000	16.3%	0.889	£1,372
D	£58,000	14.0%	1.000	£1,543
E	£80,000	13.9%	1.314	£2,027
F	£106,000	8.4%	1.625	£2,507
G	£212,000	5.4%	1.958	£3,022
H	∞	0.6%	2.450	£3,780

The Scottish Government announced during the 2026/27 Budget that it intends to introduce two additional Council Tax bands above the current Band H:

- Band I – residential properties valued between £1 million and £2 million (using estimated market values as at 1st April 2026)
- Band J – residential properties valued above £2 million (using estimated market values as at 1st April 2026)

Unlike the existing Council Tax bands, which continue to rely on 1991 valuation assumptions, the proposed new bands would be identified through a targeted valuation exercise undertaken by Scottish Assessors using current market values for qualifying properties only. The wider Council Tax valuation list would remain unchanged.

The consultation does not seek views on whether the new bands should be introduced. Instead, it specifically focuses on the Council Tax rates (multipliers) that should apply to the two new bands before these are established through legislation.

The consultation also sits alongside the Scottish Government's broader programme of Council Tax reform, including its separate consultation on the Future of Council Tax in Scotland. Issues such as transitional arrangements, affordability protections and possible deferral mechanisms are being considered through that wider reform programme rather than this consultation.

Why local authorities should engage

Although relatively few properties are expected to fall within the new bands, the proposals have implications for local government beyond the households directly affected.

Local authorities may wish to consider:

- the potential impact on locally generated Council Tax income;
- administrative implications arising from implementation and billing;
- impact on local financial planning medium-term budget strategies;
- public understanding and communication of the new arrangements;
- how the proposals fit within wider reform of local taxation.

As councils will retain the additional revenue generated through the new bands, responses from local government will provide important evidence on both the practical delivery of the proposals and their contribution to longer-term local government finance.

3. Consultation Questions

The consultation questions are available in full below:

Compared to the average Band H charge, it is estimated that:

- **Band I properties** (valued at over £1 million) would pay around £720 more per year. An estimated annual charge of around £4,770 based on 2026/27 average charges.

- **Band J properties** (valued at over £2 million) would pay around £3,600 more per year. An estimated annual charge of around £7,650 based on 2026/27 average charges.

This would mean relative tax rates (multipliers) relative to Band D of approximately 2.886 for Band I and 4.628 for Band J.

These figures are illustrative only. Final multipliers for Band I and Band J will be set through primary legislation.

We are seeking views on what those rates should be.

1. Please indicate your most preferred option for the Band I relative tax rate. For illustrative purposes, a relative tax rate of 2.886 produces an estimated annual charge of around £4,770 for Band I, calculated using the 2026/27 average Band D charge in Scotland.
    - Less than 2.886
    - 2.886
    - More than 2.886
    - Don't know

2. Please indicate your most preferred option for the Band J relative tax rate. For illustrative purposes, a relative tax rate of 4.628 produces an estimated annual charge of around £7,650 for Band J, calculated using the 2026/27 average Band D charge in Scotland.
    - Less than 4.628
    - 4.628
    - More than 4.628
    - Don't know

3. Please provide any comments or views on the consultation themes that you have not been able to share above.

4. APSE Comment

The introduction of additional Council Tax bands represents a significant development in Scotland's approach to local taxation, albeit one affecting a relatively small proportion of residential properties.

While the consultation focuses narrowly on determining appropriate rates for the new bands, it forms part of a broader discussion around the long-term sustainability, fairness and effectiveness of Council Tax as a source of local government funding.

From a local authority perspective, it will be important that any new arrangements are capable of being administered efficiently and consistently, with clear guidance for billing authorities, Scottish Assessors, and taxpayers. Equally, implementation will require appropriate lead-in time to support valuation work, systems development and public communication.

APSE recognises that additional locally retained revenue has the potential to strengthen councils' financial resilience at a time when may authorities continue to face significant budgetary pressures. However, the overall financial impact is expected to vary considerably between authorities depending on the distribution of high-value properties across Scotland.

The consultation also highlights the continuing importance of the wider programme of Council Tax reform. Questions around valuation methodology, affordability protections, transitional arrangements and the future structure of local taxation extend beyond the introduction of the new bands and will continue to be of considerable interest to local authorities.

APSE encourages member authorities to respond to the consultation, ensuring that practical local government experience informs the development of the legislation and supports the delivery of a transparent, administratively workable and sustainable system of local taxation.

David Hinds,
Research and Information Officer
dhinds@apse.org.uk

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

Sign up for APSE membership to enjoy a whole range of benefits

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular networks, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The networks are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Networks are a free service included as part of your authority's membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE network meetings and would like to be added to our list of our contacts for your service area, please email enquiries@apse.org.uk

Our national networks include:

- FM and Building cleaning
- Catering (School Meals)
- Cemeteries and Crematoria
- Local Government Reorganisation Network
- Highways and Street Lighting
- Housing, Construction and Building Maintenance
- Local Authority Social Value, Procurement and Commercialisation
- Parks, Horticulture and Ground Maintenance
- Recovery and Renewal
- Renewables and Climate Change
- Roads, highways and street lighting
- Sports and Leisure Management
- Vehicle Maintenance and Transport
- Waste Management, Refuse Collection and Street Cleansing
- Armed Forces and Veterans Network

Visit www.apse.org.uk for more detail

Carbon Literate Organisation Platinum

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

INVESTORS IN PEOPLE™
We invest in people Gold