

## Council Tax Multipliers: Consultation

### Respondent Information Form

**Please Note** this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:  
<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- ☐ Individual
- ☒ Organisation

Full name or organisation's name

Midlothian Council

Phone number

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Address

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The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☒ Publish response with name
- ☐ Publish response only (without name)
- ☐ Do not publish response

#### Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes

☐ No

DRAFT

## About You Questions

### 1. About you Question 1

[For individual respondents] Please tell us which local authority area(s) you live in

Local Authority Area(s):

[For organisational respondents] Please tell us which local authority area(s) your organisation operates in

Local Authority Area(s): Midlothian Council

### 2. About you Question 2

If you pay Council Tax, please indicate which Council Tax band(s) apply to the property (or properties) for which you pay Council Tax:

Band A

Band B

Band C

Band D

Band E

Band F

Band G

Band H

I don't pay Council Tax

I don't know

## 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?

~~Yes/ No/ Don't know~~

Please give reasons for your answer?

Mid suggested response: The Council is facing a budget gap of currently £35m from 2024/25 to 2028/29. Council Tax is a key part of the annual budget setting process and as part of Midlothian's Medium Term Financial Strategy, assumptions have been made of a 3% annual increase in Council Tax already for future years.

The consultation provides the opportunity to consider increases to tax on properties to help close the predicted budget gap, albeit there is not enough information to fully understand the implications of any change at this point in time.

Therefore, Midlothian Council requests that the Scottish Government provide more detailed information about the proposed scheme and how it will work.

### More Information:

The table below presents current Council Tax charges in Scotland and shows the rate for each band as a proportion of the rates applicable to Band D properties.

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

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?

~~Yes/ No/ Don't know~~

Mid suggested response – the modelling below is based on the proposal above and shows the following yield. It is not clear whether all additional income would remain within the Local Authority area and would not have a negative impact on the current grant settlement:

	2024/25	2025/26	2026/27
<b><u>Projection using Dwellings at 1st August 2023</u></b>			
<b>Projected Yield</b>	<b>£62,940,820</b>	<b>£62,940,820</b>	<b>£62,940,820</b>
<b>Projected Yield with increased multiplier</b>	<b>£64,133,133</b>	<b>£65,325,437</b>	<b>£66,517,741</b>
Increased Council Tax Income	£1,192,312	£2,384,617	£3,576,921
<b><u>Projection using projected Dwellings per MTFS</u></b>			
<b>Projected Yield</b>	<b>£64,547,389</b>	<b>£66,153,950</b>	<b>£67,760,511</b>
<b>Projected Yield with increased multiplier</b>	<b>£65,770,126</b>	<b>£68,660,290</b>	<b>£71,611,318</b>
	£1,222,737	£2,506,339	£3,850,807

However, due to the current distribution formula Midlothian is currently losing a significant amount of Council Tax income through the mechanism of the floor and therefore Midlothian Council requests further information from the Scottish Government with regards the proposed distribution mechanisms which will be applied.

**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?**

- The increases should be smaller
- The increases should be greater
- Don't know

Due to the current distribution formula Midlothian is currently losing a significant amount of the Council Tax income through the mechanism of the floor, therefore Midlothian Council requests further information from the Scottish Government with regards the proposed distribution mechanisms which will be applied before this question can be answered.

**4. , When should any increases be introduced if the tax on higher band properties is increased as proposed?**

- Full effect from 2024-25
- Phased-approach over two financial years (2024-25 and 2025-26)
- Phased-approach over three financial years (2024-25, 2025-26, and 2026-27)
- Other (Please state)

Midlothian suggested response: Given the current Cost of Living crisis and challenges faced by households across a range of household and living costs, energy price fluctuations and the cessation of fixed price utility and mortgage rates, and inflation, a phased approach would be more reasonable for citizens. The

modelling above is based on the three-year phasing as suggested in the consultation. There is not enough information to fully understand what negative impact would occur on collection rates with an increase of Council Tax band values.

**More information:**

- Increasing Council Tax on properties in Bands E, F, G and H by 7.5%, 12.5%, 17.5% and 22.5% respectively would increase bills by around £139, £288, £485 and £781 per dwelling in these bands, based on 2023-24 Council Tax rates.
- Changes could take effect from 2024-25, or could be introduced as a phased-approach, with year-on-year increases over a number of financial years (e.g. for Band H a £260 increase in each of the next three financial years starting from 2024-25, such that the full £781 (22.5%) increase does not apply until 2027-28).

**5. Should the Council Tax Reduction scheme be expanded to protect those on lower incomes from any increases to higher band properties?**

Yes/ No/ Don't know

Suggested Midlothian response: Yes if the values are to increase. Midlothian Council does not hold enough household income data to be able to compare against the 4 Council Tax Bands that subject to this consultation (E-H) to understand the financial impacts in real terms for each household.

Given the current financial challenges that residents are facing, it would be fair to assume here that a higher value property does not equate to a higher household income. In order to protect lower income households, it is imperative that a fair Council Tax Reduction Scheme is in place alongside any increase in Council Tax band. Currently Councils receive Scottish Government funding for the Council Tax Reduction Scheme to replace forgone Council Tax income. There is no information in the consultation to indicate that this would continue. Midlothian Council would require assurance that Scottish Government funding would be in place to fund any expansion of the Council Tax Reduction Scheme.

**More information:**

- In 2017, the Council Tax Reduction Scheme was expanded to provide relief to households affected by the changes if their income was in the lower half of incomes in Scotland.
  - The expanded Council Tax Reduction Scheme relief scheme protected low-income households living in Bands E to H from the increase in their bill caused by the increase in the multipliers, and is still available.
- 6. The proportion of properties in each valuation bands E - H varies across the country. This means that some councils would benefit more than others**

**from any increases in council tax in these property bands. Should steps be taken to ensure that all councils benefit proportionately from this policy?**

**Yes/ No/ Don't know**

Please give reasons for your answer?

Suggested Midlothian response – Yes. All increases in Council Tax should be kept within the Local Authority area and not form part of the grant settlement calculation. Midlothian Council is one of the smallest Local Authority areas but the fastest growing in mainland Scotland. The current distribution formula means that Midlothian repeatedly loses out in funding and is not adequately funded to meet growth and deliver services for its communities.

The consultation information does not explain the impact additional Council Tax collected would have on grant distribution. It is fundamental that grant distribution should not result in any additional money raised in Midlothian being re-allocated out-with Midlothian.

**More information:**

- If further changes were made to charges for property Bands E to H there would be disproportionate benefits to some council areas where they have more Band E to H properties relative to other councils.
- General Revenue Grant is the main source of funding for local authorities.
- The distribution of General Revenue Grant could be adjusted to ensure the benefits are shared proportionately by all councils.
- This adjustment would mean that any changes would not disproportionately benefit, or disadvantage, any council.

**7. 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?**

**More information:**

We have undertaken initial work to assess the potential impacts of these changes for individuals and communities. We would welcome your views and comments to help us better understand these impacts.

Answer:

Please provide your views

See earlier responses on modelling

- 8. 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)?**

**More information:**

We have undertaken initial work to assess the potential impacts of these changes for individuals and communities. We would welcome your views and comments to help us better understand these impacts.

Answer:

Please provide your views

Nil response

- 9. Please tell us how you think changes to Council Tax rates for properties in Bands E, F, G and H might affect Island Communities**

**More information:**

- If further changes were made to charges for property Bands E to H there would be disproportionate benefits to some council areas where they have more Band E to H properties relative to other councils.
- General Revenue Grant is the main source of funding for local authorities.
- The distribution of General Revenue Grant could be adjusted to ensure the benefits are shared proportionately by all councils.
- This adjustment would mean that any changes would not disproportionately benefit, or disadvantage, any council.

Answer:

Please provide your views

Nil response

- 10. 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 ? Please tell us what you think these impacts would be.**

Answer:

- ☒ Yes
- ☐ No
- ☐ Don't know

Please give reasons for your answer.

Midlothian response: As set out above in earlier responses, there is no data held that can align household income with Council Tax rates, therefore the assumption that higher band homes have a higher household income is not a fair and equitable assumption. The Cost of Living crisis is putting additional financial pressure on households. That additional pressure could have a negative impact on wellbeing.

For a significant change as proposed, it is expected that a full equalities impact assessment would be undertaken by Scottish Government prior to implementation.