



COSLA & Scottish Government Council Tax Consultation

**COSLA Briefing for
Elected Members**

July 2023



COSLA

The Consultation



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On Wednesday 12 July 2023, COSLA and the Scottish Government launched a [joint consultation](#) on a proposal to change the current system of council tax multipliers. The consultation will run for a total of ten weeks, closing on 20 September and seeks the opinions and views of the public and specific stakeholders.

Council tax is a local tax set by each individual council which, along with the grant councils receive from the Scottish Government, helps pay for the services councils provide. For individual properties, council tax is determined by eight bands based on the value of a property, with Band **A** being the lowest and Band **H** being the highest.

The launch follows an agreement by COSLA Leaders at the end of June, that COSLA proceed with a joint consultation with Scottish Government to look at ways of making council tax fairer.

What is the Proposal?



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The proposal seeks views on a potential change to the current system of council tax 'multipliers'. Currently, councils in Scotland set rates of council tax by determining the rate for Band **D** properties. Charges for properties in Bands **A** to **C** and **E** to **H** are then calculated as higher and lower proportions (or 'multipliers') of this Band **D** rate. The size of these multipliers is determined by national legislation and applies across Scotland. As you can see in Table 1, the last change to these multipliers was in 2017.

Table 1

Comparison Between Pre-2017, Post-2017, and with 2023 Consultation Proposals: Change in Council Tax Multipliers								
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Pre-2017	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00
Post-2017	0.67	0.78	0.89	1.00	1.31 (+7.5%)	1.63 (+12.5%)	1.96 (+17.5%)	2.45 (+22.5%)
2023 Proposals	0.67	0.78	0.89	1.00	1.39 (+7.5%)	1.75 (+12.5%)	2.13 (+17.5%)	2.68 (+22.5%)

Source: [COSLA and Scottish Government Joint Consultation on Council Tax 2023](#), Fraser of Allander Institute

The current consultation proposes increasing the multipliers for those properties in Bands **E** to **H** by the following percentages (average amount for indicative purposes):

- Band **E**: 7.5% (average £139 per year)
- Band **F**: 12.5% (average £288 per year)
- Band **G**: 17.5% (average £485 per year)
- Band **H**: 22.5% (average £781 per year)

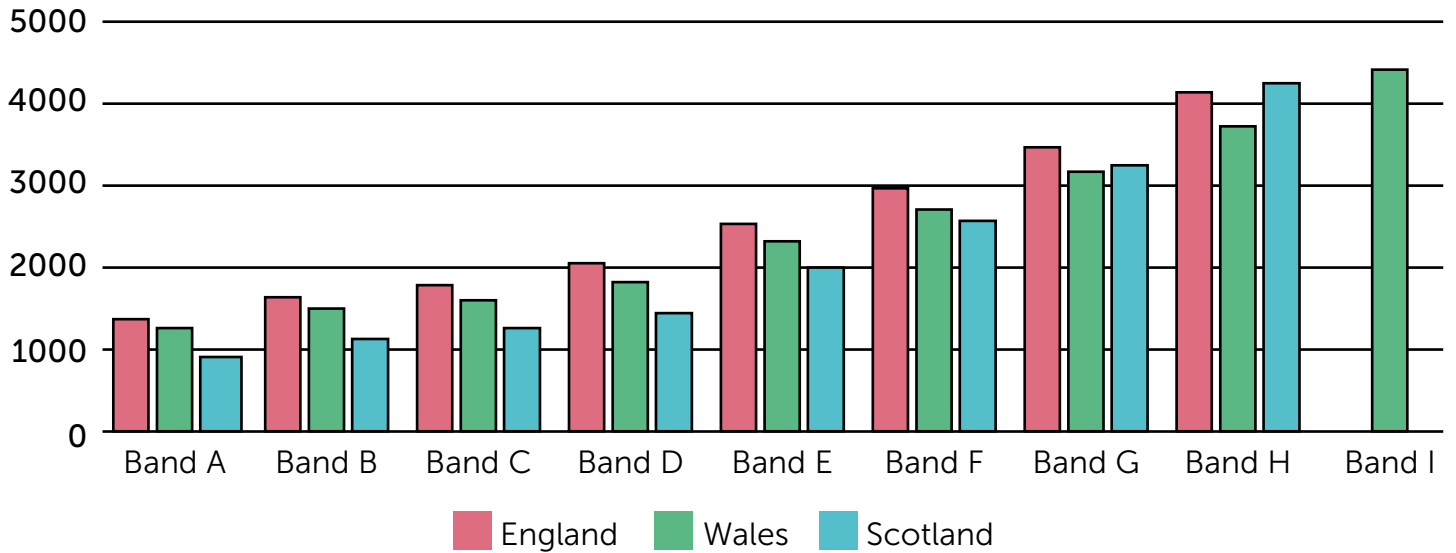
The proposed changes would only impact those properties in Bands **E** to **H**, equating to around 28% of all Scottish properties. While the average annual council tax charge for a household in Bands **E** to **H** will rise if the proposals in the consultation are implemented, the average annual Scottish council tax will still remain lower than comparative charges in England and Wales (see: Table 2).

Though not wishing to prejudge the outcome, if the consultation's proposals were implemented, council tax rates for those in Bands **A-G** would remain lower than the average charge in England, while the average charge for Band **D** properties would remain significantly lower than in both England and Wales (see: Table 3)

The consultation also asks what form the implementation of these proposals should take. Question 4 seeks view on whether any increases should be introduced immediately or phased over two or three financial years, allowing households to adapt to the financial implications.

Table 2

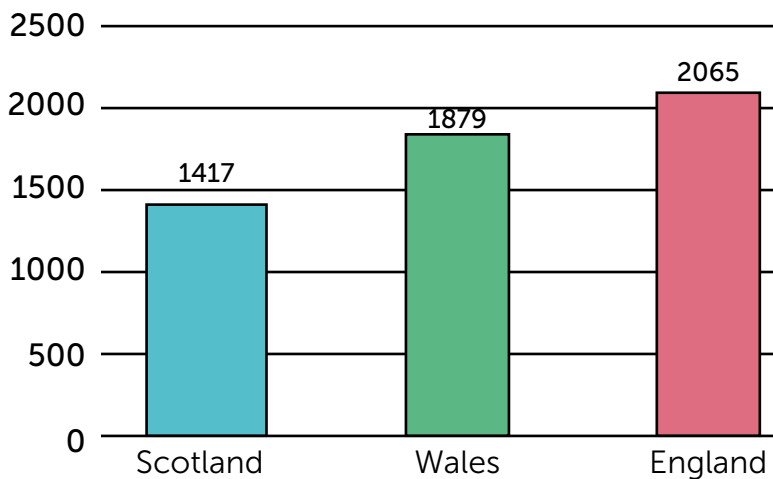
England, Wales and Scotland Council Tax Comparison Per Band, 2023-24 (if Proposals Implemented)



Note: unlike Scotland and England, council tax in Wales has nine bands instead of eight. The highest band, Band I, was introduced in 2005 following the 2003 Welsh revaluation.

Table 3

2023-24 Average Band D Annual Council Tax Rates



Council Tax Reduction



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The proposals in the consultation would not impact eligibility for council tax reduction. The Council Tax Reduction scheme will continue to offer means-tested reductions of up to 100% to those households who meet the eligibility criteria, regardless of the council tax band a property is in.

Following the 2017 change to council tax multipliers, the Council Tax Reduction Scheme was expanded to protect those unable to pay from unaffordable rises in their council tax bill. Question 5 of the consultation seeks views on whether, if the multipliers are increased again, the Scheme should similarly be expanded.

Why Are We Consulting?



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The intention is to make Council Tax fairer and the changes proposed are to try and achieve this. There will be a variety of views about how these proposals will achieve this and we seek as many responses as possible across the country to inform the COSLA/Scottish Government consultation. As seen in Tables 4 and 5, although council tax rates are based on a percentage of a property's value, lower value properties, and those in the lowest income deciles, currently pay a proportionally higher rate of council tax when compared to that paid by properties of a higher value.

However, it is important to note that council tax bands are based on what a property was, or would have been, worth in 1991 – the last time a valuation of properties was carried out.

For example, although properties in Band H are worth on average 8x those in Band **A**, the average council tax paid by Band **H** properties is only 3x that of Band **A**. The proposals in the consultation are a first step in rebalancing this.

Table 4

The Percentage Charge of Council Tax Compared to Value of Dwelling by Council Tax Band			
Council Tax Band	Maximum House Value - 1 April 1991	Average Council Tax Charge 23/24	% of Charge v Value of Dwelling (mid-value)
A	Up to £27,000*	£868	3.62%
B	£27,001 to £35,000	£1,013	3.27%
C	£35,001 to £45,000	£1,157	2.89%
D	£45,001 to £58,000	£1,302	2.53%
E	£58,001 to £80,000	£1,711	2.48%
F	£80,001 to £106,000	£2,116	2.27%
G	£106,001 to £212,000	£2,550	1.60%
H	Over £212,000*	£3,190	1.33%

* Mid-points were used for Band A (£24,000) and Band H (£240,000) for calculation purposes.

Please note that the property valuations used in determining council tax bands are based on the actual or projected value of a property in 1991, the last time valuations were carried out.

Table 5

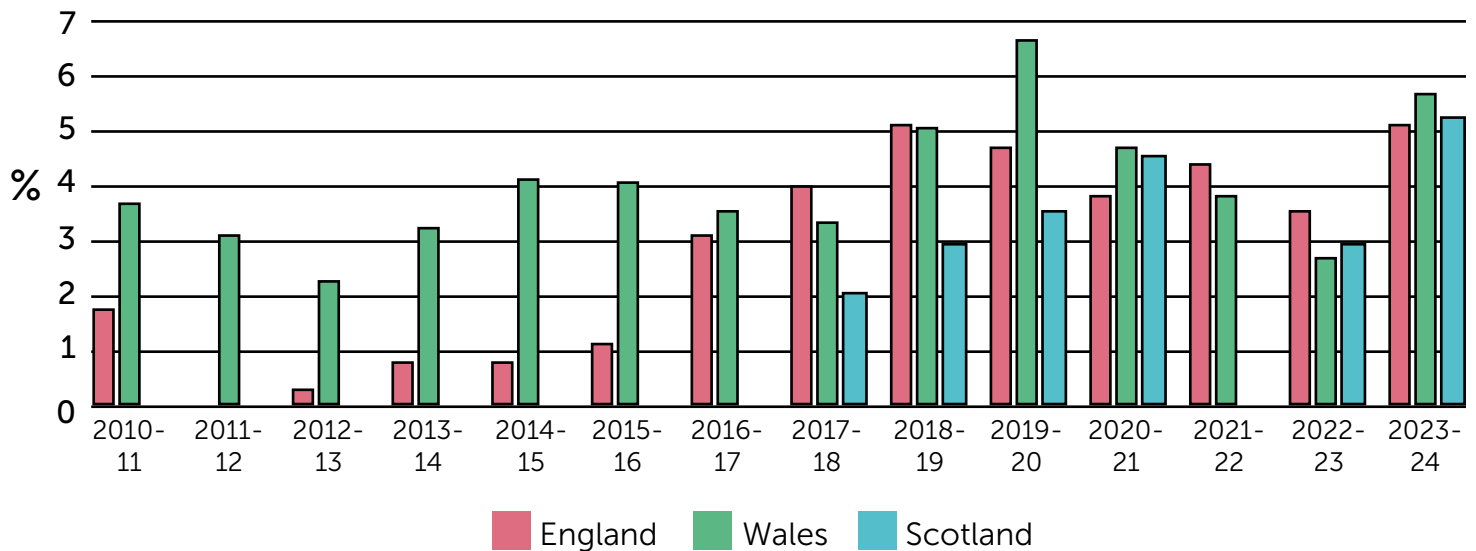
Additional Charges Faced by the Top 50% of Earners			
Income Decile Group	Average Additional Charge	Average Income (Latest Data)	Average Additional Charge as a % of Household Income
6	£201	£27,820	0.72%
7	£201	£31,928	0.63%
8	£222	£37,544	0.59%
9	£258	£46,384	0.56%
10 (i.e. top 10%)	£317	£64,896	0.49%

Source: [Fraser of Allander Institute](#)

The proposals contained in the consultation are designed to increase the revenue available to councils. As seen in Table 6, unlike in England and Wales, Scottish councils were subject to a council tax freeze between 2008/09 and 2016/17, significantly impacting the ability of councils to raise revenue to meet the increasing cost of services.

Table 6

Yearly Percentage Increase in Average Band D Council Tax in England, Wales and Scotland, 2010/2011 to 2023/24



The revenue raised by any proposals would go towards funding the key services provided by councils and ensuring that those in higher value properties contribute a fairer share towards the delivery of these essential services.

Any change to the current system of council tax multipliers will not be experienced evenly across Scotland. The number of properties in Bands **F** to **H** as a percentage of all dwellings varies greatly across councils. Any change to the multipliers will therefore need to carefully consider the varied impact on communities across different parts of the country (see: Table 7)

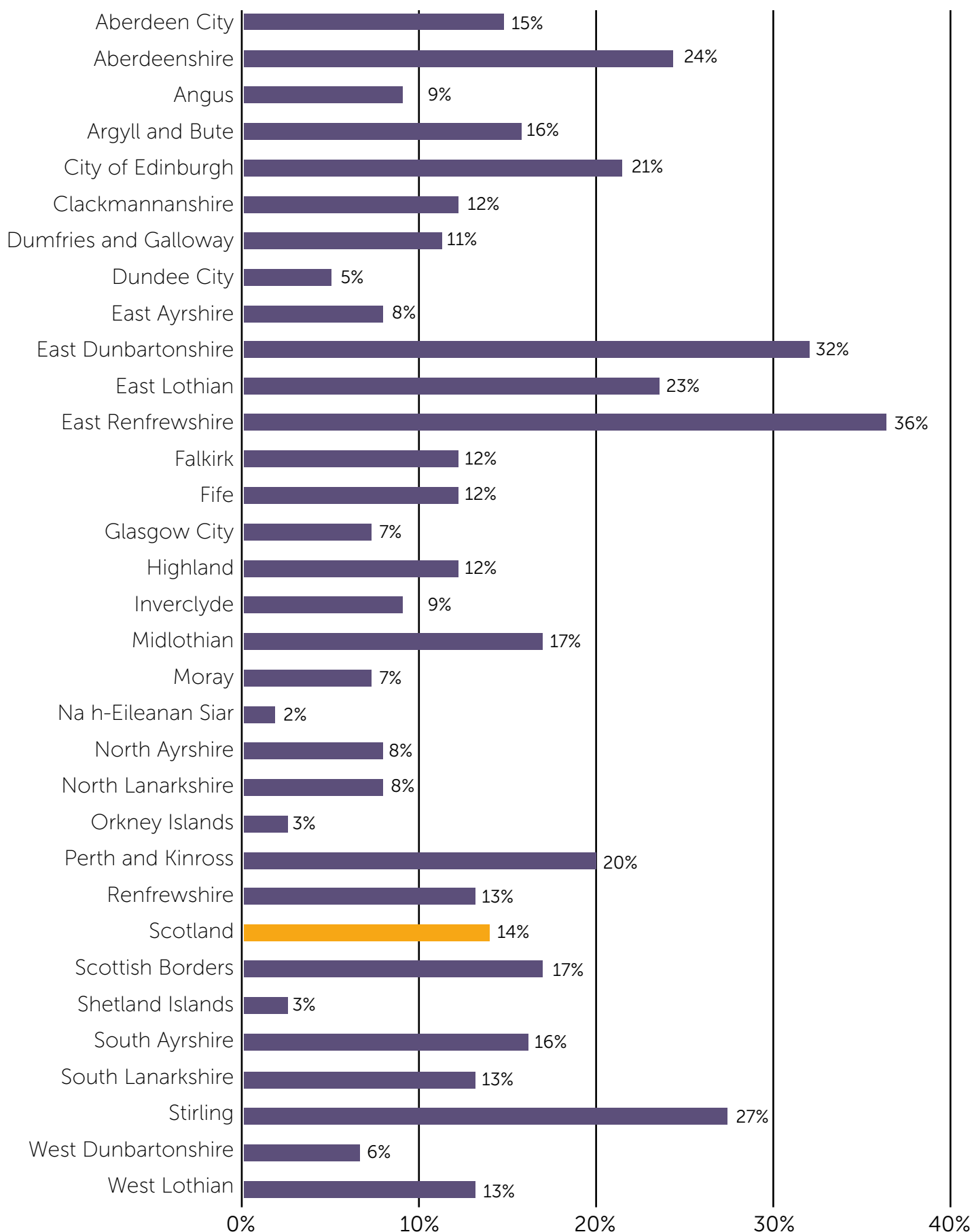
For more information, please contact localgovfinance@cosla.gov.uk

To respond to the consultation please follow this link:

<https://consult.gov.scot/local-government-and-communities/consultation-on-a-fairer-council-tax/>

Table 7

Properties in Council Tax Bands F-H as a Percentage of the Total Number of Dwellings by Local Authority Area, 2022



Source: [Scottish Government Statistics](#) - Figures including Band E properties per local authority area unavailable at the time of writing.



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 to learn more about our approach, our
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