

F/T: 0300 244 4000
E: scottish.ministers@gov.scot

Ariane Burgess
Convener
Local Government, Housing and Planning Committee

11 February 2025

Dear Ariane,

Thank you for the Committee's continued interest in the work of the Joint Working Group on Sources of Local Government Funding and Council Tax Reform (the Group). I welcome the opportunity to give evidence, and also to provide an update on the Group's progress and outline the steps being taken to deliver on its remit.

The Group remains focused on achieving meaningful reform to make the Council Tax system fairer and more equitable. Working in partnership with local government is key to progress, in recognition that Council Tax is, first and foremost, a local tax which supports local services.

Below is a summary of our progress to date and the timescales associated with the key areas of activity.

Second and Long-Term Empty Homes

Our aim is for everyone in Scotland to live in a safe, warm and secure home that meets their needs. Nationally, we want to encourage more residential accommodation to be used as homes for living in and for these to be occupied for more of the time.

The Scottish Government and COSLA jointly consulted on changes to the Council Tax treatment of second and long-term empty homes. The consultation, which closed on 11 July 2023, focused primarily on proposals to increase Council Tax rates for these types of properties. Following an [independent analysis](#) of the responses, published on 24 October 2023, the Group carefully considered the views expressed. In December 2023, Scottish Ministers laid regulations to introduce a 100% Council Tax premium for second homes. As a result, from 1 April 2024, councils have the discretion to apply a discount of up to 50% or impose a premium of up to 100%.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

In addition, we also introduced a grace-period from exposure to the Council Tax premium for long-term empty properties, in circumstances when a property is purchased by a new owner, and renovations or repairs are being undertaken. This aims to incentivise the occupation of previously unoccupied properties, by encouraging the purchase of long-term empty properties which may require renovation or repair.

These changes will allow councils to make decisions locally to support them better manage the supply of housing in their areas and where needed prioritise homes for people living in a local area.

The Group continues to consider the analysis pertaining to the other aspects of the consultation, and whether there could be further increases to the Council Tax premium, which would require primary legislation. I will keep the committee updated on those considerations.

Options for Long-Term Reform

The Group has actively engaged in exploring sustainable approaches to Council Tax reform. On 12 July 2023, the Scottish Government and COSLA launched a consultation on a proposal to change the Council Tax multipliers. The basis of the consultation was the perception that the present Council Tax system is unfair and regressive. The consultation outlined a proposal to increase the Multiplier percentages for those properties in Bands E, F, G, and H. The consultation closed on 20 September 2023 with over 15,000 responses, and the majority (95%) of respondents rejected the proposal, which included 15 Councils which responded individually. In the light of the consultation responses, a decision was made not to progress the proposals.

A proportion of those responses also highlighted broader reform of the Council Tax system within their responses. However, what is clear from the consultation and from the range of stakeholders, is that there are differing and competing views on the nature of reform. The Group is in agreement that together we need to work towards building a consensus on a single option for reform. The Group is committed to building on this foundation to ensure future reforms are evidence-based and widely supported.

The Scottish Government's published Tax Strategy reaffirms our continued work to build a consensus on Council Tax reform, in partnership with COLSA. The Group committed to producing and publishing our shared process for building consensus on reform early in 2025 and has now done so.

Approaches to Engagement

The Scottish Government and COSLA have announced a programme for engagement, which will play a central role in the Group's efforts to deliver on its commitment to long-term Council Tax reform. I have provided an outline of that programme in an **Annex** to this letter.

This draws on the approach of the Welsh Government's recent engagement on Council Tax reform, and reflects the expert advice from members of the Group. We have carefully developed a tailored engagement that balances meaningful public involvement with practical considerations around time and resources.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



While the value and importance of a full Citizens' Assembly are recognised, the Group was conscious that it did not want to risk restating the work of the Commission on Local Tax Reform 2015, which explored the landscape of local taxation more broadly. Instead, the aim is to seek views on tangible changes that could be debated by Parliament and, if agreed, implemented to improve the fairness and effectiveness of the current system.

The joint programme of engagement, which we have announced, provides for a period to gather robust data and evidence, ensuring a strong foundation for informed discussions. Preparatory work is already underway, with plans to commence engagement activities by late summer. This structured and considered approach will support the development of reforms that reflect the perspectives of stakeholders and the general public.

The Group remains committed to delivering meaningful outcomes through collaboration, evidence-based decision-making and transparent engagement. We greatly value the Committee's interest and ongoing support for this important work.

I look forward to speaking with the committee at the evidence session planned for 4 March 2025.

Yours sincerely,

SHONA ROBISON

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



Annex - Programme of Engagement:

Outline of Activity:

1. Commissioning of expert and independent analysis

This stage provides for the commissioning and development of an evidence base. This will be an evidence producing exercise, including provide high level analysis and modelling on alternative scenarios and reforms of the system. Expert analysis is required to provide an evidence base for the engagement activity. Engagement activity will commence after this analysis has been procured, undertaken and completed.

2. Public Engagement

This stage will focus on comprehensive public engagement, consisting of three key elements:

- **Public consultation:** A formal consultation process, launching in August, potentially accompanied by a summary discussion paper highlighting previous work in this area, including findings from earlier commissions.
- **Public events and town halls:** A small series of public events or town hall meetings held over the autumn months, ensuring a reasonable geographical spread and diversity.
- **Targeted stakeholder roundtables:** A set of focused discussions with key stakeholders and experts, planned for the autumn.

The public engagement aims to capture a wide spectrum of opinions and considered responses, ensuring a diverse range of perspectives, including representation from different Council Tax bands.

3. Analysis and presentation of results

Once the consultation phase is complete, detailed analysis of the feedback and outcomes from the public events and roundtables will be undertaken. This will lead to the development of outputs for the Joint Working Group to consider, and the findings will be published.

This process will conclude with a Scottish Parliament debate on the consultation results would create an opportunity to seek cross-party engagement and consensus on next steps based on the outcome of the broader engagement.

Subject to parliamentary time and the conclusion of the above stages of work, this could take place in late 2025 or early 2026.