

Local Government, Housing and Planning Committee
Tuesday 25 February 2025
6th Meeting, 2025 (Session 6)

Council Tax

Introduction

1. The purpose of this paper is to provide information to help inform evidence taking as part of the Committee's [short inquiry](#) on the potential for changes to the current council tax system in Scotland. The Committee agreed to undertake a short inquiry into council tax reform at its meeting on 14 January 2025.
2. The inquiry is expected to cover the following key themes:
 - Progress made by the [Joint Working Group on Sources of Local Government Funding and Council Tax Reform](#) since its first meeting in 2022;
 - Barriers to change in this area;
 - Ways in which barriers to change could be addressed;
 - Arguments for and against a revaluation of domestic properties being undertaken in Scotland;
 - What Scotland can learn from other countries, including for example, Wales, in terms of their approaches to revaluation and reform;
 - Potential costs of any revaluation exercise in Scotland and how it should be funded; and
 - Assuming that council tax remains one of the main local taxes in Scotland, what other reforms to the tax could be explored?
3. The Committee will take evidence at this meeting from the following panel of witnesses:
 - Heather Honeyman, Assessor for Fife Council and President, Scottish Assessors' Association;
 - Brian Rout, Assessor for Scottish Borders Council and Secretary, Scottish Assessors' Association;
 - Paul Ferguson, Senior Service Manager for Housing, Falkirk Council and Member, Scottish Executive of Institute for Revenues, Ratings and Valuations (IRRV);

- Matthew Evans, Head of Service, Revenues & Benefits at Wrexham Council, and President, Institute for Revenues, Ratings and Valuations (IRRV) Wales Association; and
- Lisa Hayward, Finance Policy Officer (Revenues and Benefits), Welsh Local Government Association

Written submissions, briefing and previous evidence

4. The following submissions have been provided by witnesses and are attached at Annexe A:
 - Submission from Scottish Assessors' Association
 - Submission from IRRV Scottish Executive
 - Submission from IRRV Wales Association
 - Submission from Welsh Local Government Association
5. SPICe researchers have also provided a briefing paper which provides further information and considers submissions received. This is attached at Annexe B.
6. The Committee took evidence from two panels of witnesses, consisting of academics, economists, tax specialists and an equalities organisation at its meeting on 18 February. The [meeting papers and official report](#) are available online.

Correspondence

7. The Committee [wrote to the Cabinet Secretary for Finance and Local Government](#) and [COSLA](#) inviting them to provide an update on progress made by the Joint Working Group.
8. A [response from the Cabinet Secretary was received on 11 February](#). The letter notes the announcement of a joint programme of engagement, which “provides for a period to gather robust data and evidence, ensuring a strong foundation for informed discussions.” The letter further confirms that engagement activities are expected to commence by late summer to “support the development of reforms that reflect the perspectives of stakeholders and the general public” and notes that “the Group remains committed to delivering meaningful outcomes through collaboration, evidence-based decision-making and transparent engagement.”
9. The [President of COSLA also responded](#) on 18 February and confirmed that “as we have very much undertaken progress jointly with the Ministers through the Joint Working Group, I am more than happy to concur with the Cabinet Secretary’s update.”

Background and further information

10. In 2014 the Scottish Government and COSLA established the [Commission on Local Tax Reform](#). It [reported in December 2015](#), concluding that “the present Council Tax system must end” and recommending that local taxation needed substantial reform because “some people are paying more than they should.” It went on to note that previous attempts at reform had failed, and that “the opportunity for reform cannot be missed again”.
11. In response, the [Scottish Government proposed](#) that the overall system of council tax should remain largely unchanged and rejected the idea of a revaluation. The main area of reform was to increase the ratios of the upper bands (E-H) relative to Band D which, the Government suggested, would make council tax fairer.
12. However, as noted in the Cabinet Secretary’s letter of 11 February, changes have also been made to council tax since then as follows—
 - Following a joint consultation with COSLA in 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%.
 - The Scottish Government 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.
13. The Finance and Public Administration Committee reflected on council tax reform in its [pre-budget report for 2025-26](#) which stated that—

“The Committee understands the frustration of witnesses at the lack of progress in relation to council tax reform and revaluation of residential properties. We also recognise that making changes to local taxes would inevitably result in ‘winners’ and ‘losers’ amongst homeowners and those in rented accommodation.

Nonetheless, given this work is long overdue, we ask the Scottish Government to set out, following the Cabinet Secretary’s suggestion that cross-party consensus will be required, how it will create the space for discussions and consensus-building in this parliamentary session. The Scottish Government should also build into the process any learning from the experience in Wales and other countries regarding reform and revaluation.”
14. In [its response](#), the Scottish Government stated—

“We are invested in delivering fairer, more inclusive, and fiscally sustainable forms of local taxation. Our Joint Working Group with COSLA on Council Tax reform has explored a broad range of measures with a core aim of providing fairness to the system and successfully delivered changes to the Council Tax treatment of second and long-term empty homes. This includes a 100% Council Tax premium on second homes from 1 April 2024.

We acknowledge that, in its current state, Council Tax is not as fair as we would like it to be. The Council Tax reform debate has been characterised by consensus on the need for reform, but with differing views on what that reform should look like. The Joint Working Group is looking at processes to build a consensus around meaningful changes to Council Tax. Given the competing views on the nature of reform, the Joint Working Group is in agreement that consensus is necessary to enable progress.”

Next steps

15. The Local Government, Housing and Planning Committee is expected to continue evidence taking on this topic at its next meeting on 4 March in which it will hear from COSLA and the Cabinet Secretary for Finance and Local Government.

Conclusion

16. The Committee is invited to consider the above information in its council tax evidence session.

Clerks to the Committee
February 2025

ANNEXE A: WRITTEN SUBMISSIONS

Scottish Assessors' Association submission

1. The Scottish Assessors' Association (SAA) welcomes the opportunity to contribute to the Local Government, Housing and Planning Committee's consideration of the potential reform of Council Tax in Scotland.
2. The purpose of the SAA, which has been in existence in one form or another since 1855, is to encourage amongst its members:
 - exchange of ideas regarding their statutory duties.
 - to record results of discussions on all subjects brought before its meetings.
 - to promote consistency in the operation of Valuation for Rating, Council Tax and Electoral Registration legislation.
 - to act as both a consultative and advisory body.
 - engage in partnership working both internally and externally with organisations and public bodies.
 - to represent the collective interests of its members in carrying out their statutory duties.
3. Although a voluntary organisation, all Assessors and their senior staff are members of the SAA. One of the principal functions of the Association is to facilitate a consistency of approach in the administration of rating valuation, council tax and electoral registration services. The policies and decisions of the Association have a bearing on how individual Assessors carry out their statutory duties. The Association gives each Assessor equal voice thus ensuring a balanced approach.
4. The Association works through a series of Committees which meet in advance of plenary sessions which are attended by representatives from all Assessors' offices. The SAA also liaises with the Valuation Office Agency (VOA) in England and Wales, the Northern Ireland Valuation and Land and Property Services (NILPS) and the Valuation Division Tailte Éireann in matters of common interest.
5. Given that Assessors may be required to implement any changes arising from a reform of the Council Tax system in Scotland, the SAA does not seek to influence policy decisions that are properly the responsibility of Government Ministers and Parliaments, or to make comment which might be prejudicial to objective implementation of any statutory scheme that is favoured. In this regard, the SAA views the reform of Council Tax as a matter primarily of government and ministerial policy and presents background to the SAA, the current system, and our general view on the merit of revaluations.
6. Assessors are responsible for maintaining the Council Tax Valuation Lists. The Lists show the address of each dwelling and the corresponding Council Tax band. In 2023-24 the bands were used by local authorities to collect £2.879

billion¹ in Council Tax. At 31st March 2024, 2,732,839 dwellings in Scotland were distributed across the eight Council Tax bands. During financial year 2023-24 Assessors added 24,490 dwellings to the Council Tax Valuation Lists. Ongoing Council Tax work included dealing with Council Tax Proposals and Appeals as well as carrying out re-banding of properties on sale where appropriate.

7. Each Assessor also publishes, online via the [Scottish Assessors' Portal](#), the Council Tax List for their own area updated approximately weekly. The Portal allows Council Taxpayers to view the Council Tax Bandings of all dwellings throughout Scotland. There is also a facility to make a Proposal to alter the banding applied to their property, along with an instructional video.
8. Since 2023 Assessors are required to carry out a Revaluation of non-domestic properties on a three yearly basis. This has been a significant shift from the previous five yearly cycle. This change has also been accompanied by a number of other changes including a change to the valuation (tone) date from two years prior to a revaluation to just one, and also a requirement to publish a draft Valuation Roll only eight months after the passing of the valuation (tone) date. Another considerable piece of work introduced for Assessors from 2023 has been the annual audit of self catering units; a piece of work required to ensure relevant properties meet new legislative requirements. These changes, together with other reforms of the nondomestic rating system, have been recently implemented by Assessors. The new, tighter non-domestic timetable would need to be carefully considered in Council Tax reform.
9. Each year the SAA publishes an annual report providing further detail of the work of Assessors, these can be found at [SAA Annual Report – Scottish Assessors](#). The SAA is of the view that revaluations are a positive action as this ensures currency of valuations are maintained and changes in the property market over time are reflected within the tax base. The public are more likely to understand and therefore accept a valuation based on current levels of value, with many having a reasonable idea of the current value of their property. Many Council Taxpayers were not born in 1991, and therefore struggle to comprehend valuations based on levels of value from that time. The SAA would be happy to advise on the implications of any reform options being considered.
10. The SAA has an unrivalled knowledge and experience in the operations of the Scottish Council Tax system, with its members having been involved in administering the system since its inception in 1993. Assessors would wish to make their experience available to Parliament if any reform of the current system is developed.

¹ [Council Tax Collection Statistics, 2023-24 - gov.scot](#)

IRRV Wales Association Submission

1. Operationally, the Institute has a very strong relationship with Welsh Government. We have a Revenues & Benefit Manager Group which meets regularly with officials to discuss issues/changes, along with having a steering group which met over a number of years when reforms were being considered, which involved Welsh Government Officials, WLGA, Local Authority Treasurers & Practitioners, VOA, IRRV & CIPFA.
2. From an institute perspective, there was and remains strong support for revaluation and, in light of this, we favour a more progressive option which was outlined in the later consultation, along with a suggestion to consider for higher value properties to create a more progressive system. The recommendation from the Institute was that reform should happen as quickly as possible, and in any reform that there would be mixed views based upon presumed winners/losers.
3. My personal opinion was that the progressive option, whilst it was seen by many as more radical, would have brought about more fairness to the system.
4. In any reform agenda there are 2 aspects: Political Dynamic, and operational impact of potential changes: the relationships which exist ensure that critical feedback can be provided in relation to potential changes both in a positive and negative sense.
5. There is a recognition that Council Tax income in the future in Wales would be responsible for generating around 80% of the additional income which authorities raise – this was from a piece of work undertaken by Welsh Fiscal Analysis, so is a stable and important form of income.

General Summary

6. Reform in relation to Council Tax specifically in Wales can be broken down into a few areas; I can outline what has occurred in Wales during the past several years.
7. Council Tax Local Discounts: Class C – Removal of 50% discount for properties empty for over 6 months, over a period of time most councils reduced the 50% discount to nil. Few councils which remained received benefit through RSG (as the discount awarded reduced the base for CT purposes) worked with WLGA and through treasurers to model the impact. Now no Council's operate the local discretion.
8. Local Discount Schemes – Foster Carer Discounts: due to rising costs in Social Care placements of children this is a way of trying to get local people to become foster carers, several councils are doing this with discounts from 50-100%. Whilst there are some costs for running such a scheme, if this created an increase in

local foster carers there is the scope to make significant savings instead of placing out of county at significant extra cost.

9. Premiums: Local Decisions as to whether to implement premiums for Long Term Empty & Second Homes; decisions to implement premiums are local decisions which impact CT base. The intention of a premium in reality should not be to raise income, but to ensure property is brought back into use (in case of Long Term Empty Properties), but is perhaps one of the tools in the box of the Council. A number of issues which exist around the implementation of premiums are universal once a premium is levied – appeals/disputes which this generates.
10. Care Leavers (several years ago some councils started operating discount schemes to disregard young care leavers – up to 25 with a discount from Council Tax). There was some criticism of the approach taken by some councils: discussions were held with Welsh Government and then taken forward as a piece of work, new regulations were laid, and they were made exempt from Council Tax.

Welsh Government Reforms/Interventions

11. There have been 4 major reforms which have occurred during the past several years, to which Welsh Government commissioned Policy in Practice to provide a report. I have provided a link to this below:
[Understanding the impact of Council Tax Interventions in Wales | GOV.WALES](#)
12. Council Tax Protocol: This is, in reality, a SLA between Councils and Enforcement which provides some basic standards which was borne from points raised by CAB and we will review again in the future. There is a disparity between Local and National Advice agency views on this, and most councils do not encounter issues with ECB.
13. Removal of Committal Sanction: from April 2019, the sanction of Committal has been removed from Welsh Councils. The use of Committal was very rare, and having someone sent to prison was very rare. It did act as a tool to get difficult customers to engage, in terms of when cases were returned from Enforcement Agents (act of Wilful Refusal, customer not engaging); it could take several years for value to hit bankruptcy, and this clearly would not work on every case.
14. The reality is, since 2019, the level of arrears has doubled. In reality, there would be a number of factors relating to this (the pandemic being one), and it is important there are appropriate sanctions available to deal with customers who have the means to pay. We are aware that there are different sanctions in Scotland which we have made representation to WG officials about. The comparison work which was undertaken by Policy in Practice is inaccurate in that it compared Welsh Authorities to English Councils which operate a different Council Tax Reduction Scheme where any working age customer would be required to pay a proportion of Council Tax.

15. We are undertaking some data work and are working with Welsh Government Officials. It is known we will never get the Committal Sanction back, but alternatives are required.
16. Care Leavers (several years ago some councils started operating discount schemes to disregard young care leavers – up to 25 with a discount from Council Tax). There was some criticism of the approach taken by some councils: discussions were held with Welsh Government and then taken forward as a piece of work, new regulations were laid, and they were made exempt from Council Tax.
17. Severe Mental Impairment: Work has been done to standardise form and approach across Wales - this was highlighted by Martin Lewis, so the work which has been done in Wales more than addresses the issues which were highlighted in his reports/programme.
18. Operationally, we have a very strong relationship with Welsh Government – have a Revenues & Benefit Manager Group which meets regularly with officials to discuss issues/changes.
19. In any reform agenda there are 2 aspects: Political Dynamic, and operational impact of potential changes: the relationships which exist ensure that critical feedback can be provided in relation to potential changes both in a positive and negative sense.

Working Groups

20. A number of operational working groups have been setup to look at areas which could be subject to reform – Discounts and Exemptions, Council Tax Reduction Scheme, and Council Tax Recovery.
21. The CT Reduction Schemes in Scotland and Wales are National Schemes which offer maximum support, although the costs of the scheme are not fully funded in Wales – there is around a £80m gap which is growing each year.
22. The working group has reviewed all current discounts/exemptions as to whether these remain fit for purpose, and a further consultation will take place during 2025 on proposed changes in future years which will cover some of the recommendations made by the working group. Work of this group had identified that the majority of discounts/exemptions remain fit for purpose and some minor amendments are required in others.
23. Review work on the Council Tax Reduction Scheme has since resulted in a Consultation and some amendments and clarification in regulations around the

use of DWP data and Universal Credit Data share and whether this can be treated as a claim for Council Tax.

24. Work on the Recovery Workgroups will likely be restarted in 2025.

Consultations

25. Two consultations have been undertaken in relation to proposals for Reform/Revaluation; some lessons learnt from the consultations would likely focus on the following:
26. Public Perception of Council Tax: a very negative automatic perception of a revaluation is that it is being done to raise more Council Tax, but the political intention was that the intention of the revaluation would be revenue neutral.
27. Questions around discounts/exemptions were too vague and not really understood by those answering. Many complaints around Single Person Discount, with people saying it should be abolished, but there were similar views that the 25% discount was too small.
28. In late 2023, a consultation was held relating to some proposed options and pace of reform. 3 approaches were suggested: minimal change – revalue with updated banding structure; modest reform – maintain 9 bands but review tax rates; and progressive approach – 12 Bands (1 more at bottom and 2 further at top) and review tax rates. The Progressive approach would have helped to address the concerns which exist around council tax being a regressive tax.
29. Alongside seeking the views of the approach, questions were raised around the pace of reform. Again, 3 options were suggested: faster pace (so change effective from 1 April 2025); deferring changes until next Senedd term (earliest date of changes would be 2028); or a staged approach (starting with modest reform and moving to more progressive reform in next Senedd term).
30. Alongside the consultation, the institute of Fiscal Studies provided analysis of the proposals, which I have linked below:
[Assessing the Welsh Government's consultation on reforms to council tax | Institute for Fiscal Studies](#)
31. There were mixed views to the consultation response from authorities: some preferred keeping the status quo of 9 bands but uprating these with new values; some suggested a hybrid approach of keeping 9 but moving to 12 over a phased period, which probably would have added significant complexity to the scheme.
32. As the proposals are supposed to be revenue neutral and would have involved a review of Revenue Support Grant Allocation, there was considerable uncertainty in terms of whether it is better to have certainty through RSG or Council Tax

Funding. There was a lack of clarity around this and, moving forwards, this is something which needs to have greater clarity.

Revaluation

33. Previously, the intention was to have revaluation completed for April 2026 (prior to Assembly Elections in 2027): this will not occur on time, and it is now in Legislation for a Revaluation to occur and take place in 2028; it is planned for 5-yearly revaluations moving forwards.
34. Previously in Wales, Revaluation occurred in 2005 (with AVD of 2003); now that 20 years have passed, it is becoming very difficult to justify keeping things as they are – we are in a situation where new properties are being valued against a base which is over 20 years old and in no way would be reflective of the price paid in 2025.
35. In April 2003, the average house price in Wales was £82,645. 20 years later, this was £214,000.
36. Experience of the earlier revaluation was that this was relatively simple, but there has been a significant increase in property values since this was last undertaken. There were a few areas in Wales which saw considerable changes to property valuations in last revaluation – Cardiff, Conwy, Flintshire and Wrexham. In some of the proposals and analysis undertaken, they show the lowest increases in property values since it was last undertaken, and the valley areas of Wales show considerable potential increases above the national average.
37. Looking at 2023/24: the average Band D charge varies by £500 between the lowest and highest Council in Wales; with the funding gaps which exist between budgets, this is only going to increase further.
38. Public Perception of Council Tax: a very negative automatic perception of a revaluation is that it is being done to raise more Council Tax, but the political intention was that the intention of the revaluation would be revenue neutral.
39. Whilst the Valuation Office agency was commissioned to commence a substantial piece of work to undertake a revaluation which has since been aborted, the evidence gathered from this work would be a useful to help model the potential impact of the redistribution of Revenue Support Grant through a proof of concept when the final revaluation data is completed in 2027. This data can be run through the model which has been agreed to provide certainty.
40. Ultimately, a revaluation exercise will not be popular. When the previous exercise was undertaken over 20 years ago, there has been a significant increase in property prices and significant increases in Council Tax.

41. The general lack of understanding regarding Council Tax by the public will always make reform and revaluation of Council Tax difficult and one which will not be popular with many Council Tax Payers.
42. Attempts to merely revalue properties on the same band system or some part-reform of the system will not address some of the issues which exist. One of the primary concerns made regarding Council Tax is its regressive nature, so any revaluation which merely updates part of the system would be received negatively by taxpayers, especially if they were themselves impacted.
43. Progressive reform (increasing the number of bands and a review of the tax rates), whilst not being popular with all taxpayers, would address a number of the perceived issues. In any reform there will be winners and losers, and in the 2005 revaluation a transitional relief scheme operated in Wales which limited band increases/decreases to 1 Band in 1st year, 2 in 2nd year and, in the 3rd year, the correct band was applied. It is possible that a transitional relief scheme would be considered in Wales in 2028, however this may be difficult to compare in some ways if the tax structure changed, so this will be an area which will be investigated further. The last transitional scheme was developed with practitioners and Welsh Government Colleagues. Any discussion in this area would also likely involve software suppliers.
44. Any revaluation will increase the numbers of taxpayers who wish to appeal their proposed New Council Tax Band, so there would need to be a sound evidence base which the new bands are based on and clear evidence provided to taxpayers showing the assumptions made in the revaluation - this may help improve awareness and reduce the number of appeals which have an unrealistic chance of success. Early provision of this information could also help address any potential clerical errors in the list.
45. In Wales, some provisional discussions had been held between Government Officials, Practitioners and Valuation Office, and it is likely that this will be revisited in the next year as progress for the 2028 will soon begin in earnest.
46. There is a currently an open consultation in Wales in relation to appeals which likely has considerations with the impact of revaluation in Wales and which many local authorities, professional bodies (such as the WLGA and the IRRV), and ratepayers will no doubt respond to.

Matthew Evans
IRRV Wales Association President & IRRV Council Member
14 February 2025

Institute of Revenues, Rating and Valuation (IRRV) Scottish Executive Submission

About the Institute

1. The IRRV is the professional body concerned with all aspects of local taxation and local benefits administration across the United Kingdom. Institute members, in both the public and private sectors, are engaged in local authority benefits administration, local tax administration, valuation of property for taxation and other purposes, the appeals processes and financial management in local government.
2. The Institute is the only professional body in the United Kingdom that specialises in the law and practice of local authority revenues and local taxation collection together with the income-related benefits that support these processes.

Written Submission

Progress made by the Joint Working Group on Sources of Local Government Funding and Council Tax Reform since its first meeting in 2022.

3. The Institute notes the progress made by the Joint Working Group on Sources of Local Government Funding and Council Tax Reform since its first meeting in 2022.
4. It is encouraging that the Group have moved into developing and implementing plans for public engagement to build consensus on the nature of reform, and we would like to see further information of the Scottish Parliament's plan to reach such a consensus.

Barriers to change in this area.

5. One barrier to change in Council Tax is the absence of a universally accepted alternative to the tax.
6. Another barrier remains the insufficient political will to implement change, most likely due to the negative reception that such a change would elicit.

Ways in which barriers to change could be addressed.

7. There must be a clear strategy for change, outlining the primary drivers and benefits and how they outweigh the less favourable impacts of the change (such as raised council tax bills for some households).

Arguments for and against a revaluation of domestic properties being undertaken in Scotland.

For:

8. It is universally accepted that the 1991 'tone' date is not sustainable.

9. A Council Tax revaluation would significantly reduce inequality amongst tax payers.
10. A revaluation is fundamental to enable Council Tax to continue, in the absence of any viable alternative form of local taxation.

Against:

11. A revaluation would require adequate resourcing and time to implement properly. The volume of appeals could be considerable and again would require adequate resource. A public communications strategy would be needed, not least to try to reduce the volume of inquiries that will be misrouted to local authorities.

What Scotland can learn from other countries – for example Wales - in terms of their approaches to revaluation and reform.

12. The Institute will address this question through our Wales representative in an upcoming evidence session with the LGHP Committee.

Likely costs of any revaluation exercise in Scotland and how they should be funded.

13. Whilst the Institute accepts that there will be costs involved in a revaluation, we put forward the view that any element of cost recovery can be built into financial modelling for the Scottish Government; the Scottish Government must cover any and all costs to Local Government associated with the revaluation as and when they occur.

Assuming that council tax remains one of the main local taxes in Scotland, what other reforms to the tax could be explored?

14. The Institute supports the removal or, if not possible, the reduction of Single Person Discount (SPD). Those who require financial assistance could then be supported through other means that better reflected their ability to pay the Council Tax.
15. The removal of discount on water charges needs to be explored, on the basis that Council Tax Reduction allows for 100% reduction in water charges, rather than the current 35%. Water charge debt is a greater concern than council tax debt: the poorest in society are paying 65% of their water charges, despite receiving 100% reduction in their council tax bill. As such, water charges should receive full exemption.
16. We support the creation of additional Council Tax bands alongside the revaluation as this will create a fairer spread of Council Tax values across Scotland; creating one lower band and two higher bands would be a sensible approach.
17. Further devolving of reductions to Local Authorities should be explored, giving them the ability to set their own tax raising powers (as has already happened with non-domestic rates for empty properties).

18. We maintain that a review of all discounts and exemptions is absolutely necessary for Council Tax reform.
19. Finally, regular revaluations will help to create a lasting fairer Council Tax system; therefore allowing 'improvements' to domestic properties to be detected even where there has not been a change of owner.

Clarity of Purpose

20. A key point that must be addressed by the Scottish Government is the intention of a Council Tax revaluation – is it to redistribute values, or to increase revenue? If the intention is to make the system fairer, then this must be addressed by ensuring that those in lower Council Tax bands see a reduction in their bill, as well as those in higher bands paying more; if only the latter is implemented, then the revaluation will serve only as a revenue raising exercise and public sentiment may be of increased antipathy in the revaluation process.

Welsh Local Government Association - The Voice of Welsh Councils submission

The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

We believe that the ideas that change people's lives, happen locally.

Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

Our ultimate goal is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

We'll achieve our vision by

- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce

Background

1. This briefing paper provides a summary view of the experiences of Council Tax Reform in Wales.
2. We focus our response on specific areas, namely the 2005 Revaluation, the ongoing commitment to reform Council Tax and the Local Government Finance (Wales) Act.

The 2005 Revaluation

3. In 2001, the then Minister for Finance, Local Government and the Communities announced there would be a council tax revaluation effective from April 2004, this was later changed to 2005.
4. The key aims of the revaluation were that;

- 4.1 There should be no increase in council tax yield nor a decrease in the all Wales taxbase
 - 4.2 Revaluation and rebanding should not be a reason to increase council taxes
 - 4.3 Fairness to the council taxpayer should be key
5. Following intense collaboration with local government and specific work groups, a consultation was issued in June 2003 which contained proposals for new bands and the introduction of a new band - band I.
 6. The new bandings took effect from April 2005 and included properties now placed in Band I reflecting those with a value of over £424,000 based on the antecedent valuation date of 1 April 2003.
 7. Just under half the properties in Wales saw a change in their valuation band. To mitigate the impact on household finances a Transitional Relief Scheme was designed to reduce the immediate impact where a property had increased by 2 or more bands. At the time the scheme was estimated to cost around £11m.
 8. As expected, there was an increase in the number of appeals against the new banding and figures collated at the time show around 20,000 appeals were lodged with the Valuation Office Agency.
 9. In April 2006 the Local Government and Public Services Committee of the National Assembly for Wales submitted a report to the Lyons Inquiry into Local Government detailing the Welsh experience of revaluation and rebanding and a copy is attached as Appendix 1 for information.

Making Council Tax Fairer

10. In January 2017 the Welsh Government set out its White Paper – Reforming Local Government: Resilient and Renewed which included a desire to reform the local government finance in Wales.
11. Following consultation and extensive work, a detailed [Summary of Findings](#) was published in February 2021. This included a section on Council Tax Reform which confirmed it needed to be revalued and reformed as it was out of date, regressive and distortionary.
12. The Welsh Government made a commitment in their 2021 [Programme for government](#) to reform council tax to deliver a more progressive system. The [Co-operation Agreement](#) set out how Plaid Cymru and the Welsh Government would work together on areas of common interest confirmed this.
13. In July 2022 the Welsh Government launched a detailed consultation titled ‘A Fairer Council Tax’. seeking views on their intention to rebalance the tax burden on households and a detailed [Summary of responses](#) was published in December 2022.

14. The first question in this consultation asked simply ‘Do you agree there should be a council tax revaluation in 2025, with property values based on 1 April 2023?’. 55% of responses (562 respondents) said No.
15. A copy of the WLGA response is attached as Appendix 2.
16. The then Minister for Finance and Local Government, Rebecca Evans confirmed in a Senedd Oral statement on 2 May 2023 that a property revaluation would proceed and that regulations will be drafted to set in place a process of regular revaluations.
17. At the end of 2023 the Welsh Government consulted on 3 possible approaches to designing a fairer Council Tax system.
- **Approach 1** – Maintain current system with revalued properties placed into an updated version of the existing 9 band structure.
 - **Approach 2** – Revalue properties into the current 9 band structure and change the tax rates.
 - **Approach 3** – Revalue properties, increase the 9-band structure to 12, redraw the band widths and change tax rates.
18. The Welsh Government also asked when the changes could be made to the Council Tax bands and tax-rates.
- **Option 1** – April 2025 as originally planned.
 - **Option 2** – Defer until 2028.
 - **Option 3** – incremental.
19. A copy of the WLGA response is attached as Appendix 3
20. On the 15 May the Welsh Government issued a [Written Statement](#) giving an update on council tax reform in Wales, the results of the recent Phase 2 consultation, and the continued plans for making the system fairer and more up-to-date. Following analysis of almost 1700 responses, the Welsh Government announced their decision to proceed on a slower timeframe which reflected the majority view of the responses. All councils agreed that change was needed to the council tax system and whilst there were some who preferred implementation from April 2025, most opted for a slower timeframe of 2028.
21. Deferring to 2028 allows the Welsh Government and local authorities to effectively implement a council tax revaluation in a more considered way and maintain stability to an efficient tax system.
22. It is encouraging that other work associated with the reform of council tax continues to progress, such as a wholesale review of the suite of discounts, disregards, exemptions and premiums alongside a review of the Council Tax Reduction Scheme.

Local Government Finance (Wales) Act

23. The [Local Government Finance \(Wales\) Act](#) which received Royal Assent in 2024 Bill placed the provision to undertake five-yearly revaluations on a statutory footing. Therefore after 2028, taxpayers will have the certainty of knowing that their property values will be regularly updated to reflect market trends.
24. The Bill also contained provided flexibility to make changes to reliefs and discounts as required.
25. Our evidence to the Senedd Local Government & Housing Committee on the scrutiny of the Bill is attached at Appendix 4 and the minutes from the evidence session attached at Appendix 6.

NOTE: The appendices referred to in the above submission can be accessed via the following link: [A letter from the Welsh Local Government Association, Council Tax Inquiry](#)



Local Government, Housing and Planning Committee

6th Meeting 2025, Tuesday 25th February

Council Tax – potential changes

Today's witnesses

- Heather Honeyman, Assessor for Fife Council and President, **Scottish Assessors' Association**;
- Brian Rout, Assessor for Scottish Borders Council and Secretary, **Scottish Assessors' Association**;
- Paul Ferguson, Senior Service Manager for Housing, Falkirk Council and Member, **Scottish Executive of Institute for Revenues, Ratings and Valuations (IRRV)**
- Matthew Evans, Head of Service, Revenues & Benefits at Wrexham Council, and President, **Institute for Revenues, Ratings and Valuations (IRRV) Wales Association**;
- Lisa Hayward, Finance Policy Officer (Revenues and Benefits), **Welsh Local Government Association**.

The Committee has received written submissions from all four of the organisations represented today. These are included in this week's papers.

Summary of last week's session

The main points discussed last week include:

Why has there been no significant changes to council tax in Scotland?

- There are benefits to having something like council tax because it taxes a different form of wealth (i.e. property).
- On some level, council tax works. It's easy to administer and collect and it's a stable form of income for local authorities.
- Problems are not technical, they are political. And the political problem grows the further we are from 1993.

- There is paralysis in the Scottish Parliament that means political parties won't collaborate.

Problems with council tax and need for revaluation

- Council tax is highly regressive.
- Taxing people on the basis of 30-year old valuations is "totally ridiculous and destroys the credibility of the system".
- Successive administrations' failure to significantly reform Council tax risks bringing the Scottish Parliament into disrepute.
- Lots of people are losing out currently from being in the wrong band.
- A third of households in Band E should probably be in Band D.
- Single Discount Person can be seen as a subsidy for single people living in higher value, bigger properties.
- We wouldn't tax people on the relative pay of their jobs in 1991.
- The current system greatly benefits people in high-value properties.
- A revaluation would benefit around 60% of lower income households.
- Council tax is regressive, and women are impacted more by regressive taxes.
- There is a lack of transparency in the current banding system. People have no idea if their property is in the correct band (due to the 1991 prices issue).
- There is fundamental regression *within* bands. More bands could be a partial solution.
- However, the current banding system reduces the number of appeals.
- Bands should be proportionate to the distributional value of property as a whole.
- Wales added on a further band at the top end to make CT fairer.
- The group most likely to see greatest benefit from revaluation wouldn't be the poorest 20% (who mainly receive CTRS) but the next poorest 20%.

Impact of reform on the wider local government system

- Council tax is embedded in the grant and business rates system that was created at the time of the Poll Tax.
- There's a "Rubik's cube" issue meaning that changes to one part of the system means changes to the other parts.
- Revaluation on its own, if it's revenue-neutral, means there would be minimal impact on the wider LG finance system.

Experience of Wales and Northern Ireland

- Northern Ireland has a capital value tax which has been successful. But there hasn't been a revaluation since 2005.
- This was carried out by the UK Secretary of State during the suspension of Stormont.
- Wales has now committed to revaluation every five years through legislation.
- There's been a lot of public awareness efforts in Wales. Important to build public trust in local taxation.
- In Wales, revaluation was not seen as a revenue-raising measure but more about making things fairer and more progressive.

Communication

- There needs to be much better education on the role council tax plays.
- Council Tax Reduction doesn't always reach everyone who is eligible.
- The rationale for including water bills in council tax payments is unclear.
- There is a fundamental misunderstanding about council tax revaluation. People think because their house value has increased by x% then their council tax bills will go up at the same rate.
- It's not about the absolute increase in property value since 1991 it's about how values have changed *relative to each other*.
- The Commission on Local Tax Reform documents are not available online anymore.
- Politicians need to communicate what they are trying to achieve with reforms.

Addressing barriers to reform and moving forward

- Issue of households being property wealthy but income poor.
- There can be difficulties for some people, but the 2015 Commission found the issue of asset-rich/income-poor was not a widespread issue.
- Even with such cases deferral to the point of sale could be considered.
- Council Tax Reduction Scheme could also provide some protection and could be extended.
- In Scotland we can't do winner and loser analysis at a local level because we don't have the data available.
- Publicly available data *is* available in England and Wales.
- On average, households in the east of Scotland are going to lose out in a revaluation and those in the west will generally gain.
- We shouldn't let the perfect be the enemy of the good.
- Revaluation is important first step before any further reforms. Moving away from a band system – to a rate of value - is possible but we would need to know the value of each property.
- The process followed by the Welsh Government is a model Scotland could learn from.
- If there is public consultation and engagement, but no change comes from it then it wastes people's time and erodes trust.
- Any new system needs to be more transparent.
- There are ways to build consensus through citizens assemblies.
- Political parties need to compromise to reach some sort of consensus.
- There is consensus amongst all stakeholders that revaluation must happen.
- People will differ on wider reforms. The SG does not necessarily seek consensus on income tax or benefits changes.

Cost of revaluation

- The cost of revaluation should be seen as an investment.
- Statistical valuation can be used using improved technology, similar to software used by Zoopla etc.

- It could be potentially fairer (and cheaper) to use a computer model used consistently across the country (than the subjective views of assessors).
- Statistical valuation methods are used across the world and have been used in Wales.
- There's no question of costs when it comes to revaluation for NDR (there's no way businesses would tolerate a 30 year old valuation system).

The situation in Wales

Unlike Scotland and England, Wales *has* conducted a revaluation of domestic properties this century. Council tax bands in Wales are currently based on property values in April 2003 with the Welsh Assembly Government implementing changes in April 2005. It was estimated at the time that 58% of dwellings would stay in the same band, 8% would move down and around 33% of dwellings would move up by one or more bands. Anticipating this, the Welsh Assembly Government introduced a transitional relief scheme to ensure that no household's council tax liability would rise by more than one band above the band that they were in immediately before revaluation took place with £11 million provided in 2005-06.

The Welsh Assembly recently passed the [Local Government Finance \(Wales\) Act 2024](#) which establishes a five-yearly cycle of revaluations for council tax purposes from April 2028 onwards. Undertaking a revaluation of 1.4 million properties comes with a cost, and the Welsh Government has estimated a cost of £18 million between 2024-25 and 2033-34. Most of this cost will be for undertaking the revaluation itself by the VOA (£14 million), while it is estimated that there will be a cost of over £2.5 million for local authorities as they deal with an increase in contacts from taxpayers.

Wales has around 1.5 million domestic properties, Scotland has 2.7 million. So a fair estimate of the cost of revaluation in Scotland would be at least £25 million. The Welsh Government anticipates that advancements in technology and data sources on properties, localities and markets will reduce "reliance on manual valuations". The Valuation Office Agency will "make use of the latest digital modelling" and innovative statistical techniques.

It was [estimated in 2003](#) that three quarters of taxpayers in Wales would benefit or be unaffected by new council tax bands. Likewise, in [research conducted by the IFS in 2023](#), it was estimated that 26% of households would go down a band in a future revaluation, 26% would go up and 49% would stay in the same band. However, these national averages hide more significant changes in some local authorities. For example, in Monmouthshire 40% of households would go up by at least one band.

Summary of submissions from today's witnesses

Institute for Revenues, Ratings and Valuations (IRRV) Scotland

- One barrier to change in Council Tax is the absence of a universally accepted alternative to the tax.

- Another barrier remains the insufficient political will to implement change, most likely due to the negative reception that such a change may elicit.
- There must be a clear strategy for change, outlining the primary drivers and benefits and how they outweigh the less favourable impacts of the change (such as raised council tax bills for some households).
- It is universally accepted that the 1991 'tone' date is not sustainable.
- A Council Tax revaluation would significantly reduce inequality amongst taxpayers.
- A revaluation is fundamental to enable Council Tax to continue, in the absence of any viable alternative form of local taxation.
- A revaluation would require adequate resourcing and time to implement properly.
- The volume of appeals could be considerable and again would require adequate resource.
- A public communications strategy would be needed, not least to try to reduce the volume of inquiries that will be misrouted to local authorities.
- Any element of cost recovery can be built into financial modelling for the Scottish Government
- The Scottish Government must cover any and all costs to Local Government associated with the revaluation as and when they occur.
- The Institute supports the removal or, if not possible, the reduction of Single Person Discount (SPD).
- Those who require financial assistance could then be supported through other means that better reflected their ability to pay the Council Tax.
- The removal of discount on water charges needs to be explored.
- Water charge debt is a greater concern than council tax debt: the poorest in society are paying 65% of their water charges, despite receiving 100% reduction in their council tax bill.
- As such, water charges should receive full exemption.
- The IRRV supports the creation of additional Council Tax bands alongside the revaluation as this will create a fairer spread of Council Tax values across Scotland.
- Creating one lower band and two higher bands would be a sensible approach.
- Regular revaluations will help to create a lasting fairer Council Tax system.
- Therefore allowing 'improvements' to domestic properties to be detected even where there has not been a change of owner.
- A key point that must be addressed by the Scottish Government is the intention of a Council Tax revaluation – is it to redistribute values, or to increase revenue?
- If the intention is to make the system fairer, then this must be addressed by ensuring that those in lower Council Tax bands see a reduction in their bill, as well as those in higher bands paying more.

It is worth noting that IRRV have a representative on the Joint Working Group on Sources of Local Government Funding and Council Tax Reform (JWG).

Scottish Assessors' Association (SAA)

- Given that Assessors are required to implement any changes arising from a reform of the Council Tax system in Scotland, the SAA does not seek to influence policy decisions.
- The SAA views the reform of Council Tax as a matter primarily of government and ministerial policy.
- Assessors are responsible for maintaining the Council Tax Valuation Lists.
- The Lists show the address of each dwelling and the corresponding Council Tax band.
- Since 2023 Assessors are required to carry out a Revaluation of non-domestic properties on a three yearly basis.
- The SAA is of the view that revaluations are a positive action as this ensures currency of valuations is maintained and changes in the property market over time are reflected within the tax base.
- The public are more likely to understand and therefore accept a valuation based on current levels of value, with many having a reasonable idea of the current value of their property.
- Many Council Taxpayers were not born in 1991, and therefore struggle to comprehend valuations based on levels of value from that time.
- The SAA would be happy to advise on the implications of any reform options being considered.

Institute for Revenues, Ratings and Valuations (IRRV) Wales Association

- The Institute has a very strong relationship with the Welsh Government.
- From the Institute's perspective, there was and remains strong support for revaluation.
- IRRV Wales favours a more progressive option which was outlined in a Welsh Government consultation – this “would have brought about more fairness to the system”.
- In any reform agenda there are 2 aspects: political dynamic, and operational impact of potential changes.
- Council Tax income in the future in Wales would be responsible for generating around 80% of the *additional income* which authorities raise (see [research](#)).
- Since 2019, the level of CT arrears has doubled.
- There have been two consultations undertaken in relation to proposals for reform/revaluation of council tax in recent years.
- There is a “very negative automatic perception of a revaluation is that it is being done to raise more Council Tax”.
- Many respondents complained about the Single Person Discount, with people saying it should be abolished, but there were similar views that the 25% discount was too small.
- In 2023, there was a consultation on three approaches: minimal change – revalue with updated banding structure; modest reform – maintain 9 bands but review tax rates; and a progressive approach – 12 Bands (1 more at bottom and 2 further at top) and review tax rates.
- The “progressive” approach would have helped to address the concerns which exist around council tax being a regressive tax.

- The Welsh Government favoured, at least in the immediate future, the minimal change option.
- Revaluation was originally intended for April 2026. But the situation now is that a Revaluation will take place in 2028; with revaluations taking place every 5-years thereafter.
- Wales is now in a situation where new properties are being valued against a base which is over 20 years old and in no way would be reflective of the price paid in 2025.
- In April 2003, the average house price in Wales was £82,645. 20 years later, this was £214,000.
- Ultimately, a revaluation exercise will not be popular.
- The general lack of understanding regarding Council Tax by the public will always make reform and revaluation of Council Tax difficult.
- Progressive reform (increasing the number of bands and a review of the tax rates), whilst not being popular with all taxpayers, would address a number of the perceived issues.
- In any reform there will be winners and losers, and in the 2005 revaluation a transitional relief scheme operated in Wales which limited band increases or decreases to 1 Band in 1st year, 2 in 2nd year and, in the 3rd year, the correct band was applied.
- It is possible that a transitional relief scheme would be considered in Wales in 2028.
- Any revaluation will increase the numbers of taxpayers who wish to appeal their proposed new Council Tax band.

Welsh Local Government Association

- The key aims of the 2005 revaluation were that there should be no increase in council tax yield nor a decrease in the all-Wales taxbase, and “fairness to the council taxpayer should be key”.
- The process leading up to changes was characterised by intense collaboration with local government and specific work groups, plus consultation.
- As a result, a new band – Band I – was introduced for properties with a value of over £424,000.
- Just under half the properties in Wales saw a change in their valuation band in 2005.
- To mitigate the impact on household finances a Transitional Relief Scheme was designed to reduce the immediate impact where a property had increased by 2 or more bands. At the time the scheme was estimated to cost around £11m.
- There was an increase in the number of appeals against the new banding, 20,000 appeals were lodged with the Valuation Office Agency.
- A 2021 consultation by the Welsh Government concluded that council tax needed to be revalued and reformed as it was out of date, regressive and distortionary.
- In July 2022 the Welsh Government launched a detailed consultation titled ‘A Fairer Council Tax’, seeking views on their intention to “rebalance the tax burden on households”.

- The first question in this consultation asked simply ‘Do you agree there should be a council tax revaluation in 2025, with property values based on 1 April 2023?’. 55% of responses (562 respondents) said “No”.
- The Welsh Government announced their decision to proceed on a slower timeframe “which reflected the majority view of the responses”.
- All councils agreed that change was needed to the council tax system and whilst there were some who preferred implementation from April 2025, most opted for a slower timeframe of 2028.

Greig Liddell, SPICe Research
20th February 2025

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