



## UNISON Scotland response: The Scottish Government and COSLA consultation on a Fairer Council Tax.

September 2023

### Introduction

UNISON is Scotland's largest trade union with more than 150,000 members across the public, private and voluntary sectors. We welcome the opportunity to respond to the consultation by the Scottish Government and COSLA on a 'Fairer Council Tax'.

### Overview

The proposals in this consultation are to raise higher band council tax bills, providing increased funds to local authorities. While we broadly agree with the changes, there is important context to note in giving qualified approval.

The SNP were elected in 2007 promising to scrap Scotland's "unfair" council tax and replace it with a local income tax. The Scottish Government dropped that plan but has since totally failed to address the need for sustainable local government funding. Instead, it has added to the serious problems by underfunding councils, starting with the nine-year council tax freeze<sup>1</sup> and continuing in more recent years to the current state of crisis for local authorities; including the current local government pay dispute, with furious UNISON members working in schools from Stranraer to Shetland set to take three days of strike action in late Sept.<sup>2, 3, 4</sup>

UNISON would not describe the proposed changes in this consultation as constituting a 'fairer council tax' for many reasons; the biggest being that the council tax continues to be extremely unfair and there are no proposals on the table to replace it. It is a disgrace if we are looking at years more of this regressive tax, which is fundamentally flawed and is based on property values last assessed in 1991! These proposed changes may be marginally better than currently, and we were among those who have called for such changes as being among a range of options for raising income for local government.<sup>5,6</sup> But they do not make enough difference to justify calling it 'a fairer council tax'. We would argue that that attempted framing is disingenuous, as the description obscures the true situation.

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<sup>1</sup> <https://unison-scotland.org/wp-content/uploads/LG-Comm-Council-tax-order.pdf>

<sup>2</sup> <https://unison-scotland.org/local-governments-largest-union-have-rejected-coslas-revised-pay-offer-and-say-school-strikes-will-still-go-ahead/>

<sup>3</sup> <https://unison-scotland.org/wp-content/uploads/LG-Overview-Report-Policy-Briefing-126-2023.pdf>

<sup>4</sup> <https://unison-scotland.org/stuc-2023-fairness-in-funding-staffing-wages-and-housing/>

<sup>5</sup> <https://www.scottishleftreview.scot/holyrood-can-change-things/>

<sup>6</sup> [https://stuc.org.uk/files/Reports/Scotland\\_Demands\\_Better\\_Fairer\\_Taxes\\_for\\_a\\_Fairer\\_%20Future.pdf](https://stuc.org.uk/files/Reports/Scotland_Demands_Better_Fairer_Taxes_for_a_Fairer_%20Future.pdf)

The consultation document<sup>7</sup> says council tax income (around £2.9 billion this year) is only around 19% of local government funding. UNISON has consistently argued over all this time for local government to have greater autonomy and accountability, with councils having control over a much higher proportion of their own income.

Ministers have promised but failed to deliver change to a fairer and more stable form of local taxation. And they are still not proposing what will replace the council tax – if they scrap it. The document merely notes that longer term reform is being looked at, along with COSLA, through the Joint Working Group on Sources of Local Government Funding and Council Tax Reform (JWG). It says the JWG is “exploring proposals for meaningful changes to be introduced to Council Tax. This includes changes to reflect the circumstances created by the cost crisis, and also approaches to longer term reform of the system.”

With no timescale given, this suggests any reform potentially continuing to be ‘kicked into the long grass’ - at great cost to the delivery of the essential local services upon which we all rely every day. UNISON urges the Scottish Government and COSLA to prioritise reform urgently, replacing the council tax with a fairer and progressive property tax.

### **The proposed changes**

In 2017 some changes were made to the bands meaning that those in higher bands (Bands E, F, G and H) paid more. The consultation is about making some similar further changes.

The table below, on our next page, is from the consultation document and shows current average council tax rates for the different bands in cash terms and as a proportion of the Band D rate. For the changes to go ahead, councils would be given the power to amend Band D.

The multipliers in the second row were increased in April 2017. Those changes affected about 25% of properties. Various calculations are done to ensure councils get a fair share of the income, through a formula applied via the Scottish Government General Revenue Grant to local authorities, to take account of the fact some councils have a much higher proportion of properties in Bands A to D than others.

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<sup>7</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/consultation-paper/2023/07/consultation-fairer-council-tax/documents/consultation-fairer-council-tax/consultation-fairer-council-tax/govscot%3Adocument/consultation-fairer-council-tax.pdf>

**Table 1: Average Scottish Council Tax rates for 2023-24, expressed as a charge and as a proportion of the rate for Band D**

	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

These multipliers were changed from April 2017, increasing the Council Tax for around 25% of properties.

The consultation says: “Repeating the 2017 changes would mean Council Tax would increase by 7.5%, 12.5%, 17.5% and 22.5% for properties valuation Bands E, F, G and H respectively if the rates for Band D properties remained unchanged. The average annual increases, based on 2023-24 Council Tax rates, would be around £139, £288, £485 and £781 per dwelling in these Bands respectively, potentially raising an additional £176 million, with around 28% of all properties being impacted.”

We welcome the income this will raise for local government, but only if these changes are in effect a small stopgap measure while a replacement fair property tax is put in place as soon as possible. Otherwise, it is, as Dave Moxham, Deputy General Secretary of the STUC, said in July, a “sticking plaster measure” when more radical action is needed.<sup>8</sup>

In our response in 2016 to the then Local Government and Communities Committee, we said of the proposed changes, that were then put in place in 2017, that it would be fairer to increase the number of bands. And we raised concerns about support for those on lower incomes, hit unfairly by the increases.<sup>9</sup>

We have similar concerns about the current proposals and argued for a wider number of bands in some of the calls we have made to increase bills for the most expensive properties. Also, we proposed changes to Bands F, G and H, while the consultation proposals also include Band E. However, we will not oppose the changes. We do support making them over two years, to help those affected. And we would want the Scottish Government to ensure that the Council Tax Reduction (CTR) scheme covers those who cannot be expected to afford to pay.

As we noted in that 2016 response, the 2015 Commission on Local Tax Reform<sup>10</sup> indicated that “with a remodelled proportional council tax the tax on highest value homes would need to be 15 times that of the lowest value homes in order to achieve proportionality.” These proposals do not achieve that.

<sup>8</sup> <https://www.dailyrecord.co.uk/news/politics/council-tax-rises-only-tinkering-30376831>

<sup>9</sup> <https://unison-scotland.org/wp-content/uploads/LG-Comm-Council-tax-order.pdf>

<sup>10</sup> <https://web.archive.org/web/20220118235814/http://localtaxcommission.scot/download/1566>

The consultation document says: “Although the changes implemented from 2017 resulted in increases for properties in Bands E, F, G and H, Council Tax remains regressive, with the average tax on a Band H property being around three times the Council Tax for a Band A property, despite the fact that Band H properties are estimated to be worth on average fifteen times the value of a Band A property.”

It argues that the new proposals would build on the 2017 changes, leading to “a very significant step towards making Council Tax a fairer tax, particularly with the continued presence of the CTR scheme.”

## **Conclusion**

We could be forgiven a feeling of déjà vu looking back to our 2016 response, referred to above, which said:

“The funding of local government has been a difficult issue for political parties. At best, proposals have been sticking plaster solutions because change is viewed as being politically challenging. However, we simply cannot go on as we are with short-term fixes that damage services and undermine local democratic accountability. We’ve had two inquiries into local taxation in less than ten years, it’s time to stop tinkering and act on the recommendations for a new fair property tax.”

Increased income for local government is essential to provide quality public services, delivered by a workforce with decent pay and conditions. Our members have worked incredibly hard through the pandemic but now need to see proper levels of funding for local government and proper pay rises, especially in a cost-of-living crisis, instead of constantly being asked to do more with fewer staff and fewer resources. (For more detail on the local government funding crisis and the impacts on staff, see the oral evidence given on Tuesday 19 September by UNISON Scotland (with STUC and GMB colleagues) to the Local Government, Housing and Planning Committee on pre-Budget scrutiny, looking at workforce planning.<sup>11</sup>)

UNISON urges the Scottish Government and COSLA to prioritise reform urgently, replacing the council tax with a progressive property tax.

If together they do not deliver improved pay and conditions for staff now and in future years and a sustainable form of funding for local government as soon as possible, it will show just how little the Verity House Agreement means and the work of the Joint Working Group on Sources of Local Government Funding and Council Tax Reform will be a failure.

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<sup>11</sup> <https://www.scottishparliament.tv/meeting/local-government-housing-and-planning-committee-september-19-2023> <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-local-government-housing-and-planning/meetings/2023/lghps62321>

Our responses to the specific consultation questions:

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## Consultation Questions

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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?

Answer:

Yes

**More Information:**

The table below presents current Council Tax charges in Scotland and shows the average 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

Please give reasons for your answer? **Free Text**

See our full comments in our response above. We note that the Council Tax Reduction Scheme must be implemented in a way that ensures support for those who cannot be expected to afford to pay.

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?

Answer:

Yes

**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

**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)

**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 result in average council tax increases of £139, £288, £485 and £781 per dwelling in these bands respectively, 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?**

Answer:

- Yes

**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. 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

Increased income for local government is essential to provide quality public services, delivered by a workforce with decent pay and conditions. Our members have worked incredibly hard through the pandemic but need to see proper levels of funding for local government and decent pay and conditions instead of constantly being asked to do more with fewer staff and fewer resources. See the oral evidence given on Tuesday 19 September by UNISON Scotland (and the STUC and GMB) to the Local Government, Housing and Planning Committee's pre Budget scrutiny and looking at workforce planning. <https://www.scottishparliament.tv/meeting/local-government-housing-and-planning-committee-september-19-2023>

**7. 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

Increased income for local government is essential to provide quality public services, delivered by a workforce with decent pay and conditions. The underfunding of local government for many years has created a crisis, with vital services and jobs at risk and recruitment and retention problems, including in extremely important social care jobs which are also key to ensuring bed blocking does not add to the intense pressures on the NHS. And workers earning more spend it locally, supporting local economies.

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

Answer:

Please provide your views

Island communities have particular pressures and a need for increased spending and support. Local government services are an essential part of a fairer Scotland and increased funding is vital to maintaining the range of supports needed by those island communities.

**9. 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

Please give reasons for your answer.



Sufficient support via the Council Tax Reduction scheme and a phased introduction of the increases should help to limit any unintended hardship impacts, created due to the regressive nature of council tax and anomalies due to long outdated property valuations. Quality council services contribute to a fairer Scotland, helping to address many equality, human rights and wellbeing issues. The most vulnerable are far worse off if councils are underfunded and cannot deliver essential services, which help provide support and dignity to all.

## **UNISON Scotland**

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