

Submission to the Scottish Government's consultation on a fairer council tax

Reform Scotland

Introduction

Reform Scotland would have been delighted to contribute to a [Scottish Government consultation on a fairer council tax](#). However, rather than take the opportunity to consider radical reform of our outdated local tax system, this consultation is little more than tinkering round the edges.

The current system of council tax was introduced by John Major's government in 1993. Over the past 30 years, and especially since devolution, many problems associated with the council tax have been raised, some of which are repeated in this consultation paper. However, despite the broad title of the consultation, this is a very narrow review of one aspect of the existing regime. No alternatives are discussed. Reform is not offered. Indeed, the consultation acknowledges that the changes to the banding being proposed "*will not fully address the fundamental regressivity of Council Tax.*" No explanation is offered as to why the Scottish Government is refusing to address a tax which it deems to be unfair and outdated.

Changing any tax regime will always cause 'winners and losers', but leadership requires the willingness to make difficult decisions. Reform Scotland hopes that the changes set out in this consultation are only a first step, allowing more immediate change, while work on more long-term reform is also undertaken.

Question 1. Do you think that Council Tax in Scotland should be changed to apply increases to the tax on properties in Bands E,F,G and H?

Yes

Please give reasons for your answer.

In the absence of any other options being brought forward by the Scottish Government, or even discussed as part of this consultation process, we agree with the proposals to increase the bands as the only change being considered. However, we believe that this is the wrong approach to local tax reform.

Reform Scotland believes that this consultation represents a missed opportunity to introduce badly needed change. The council tax system is unfair and out of date. Councils need much more control over how they raise local tax. Even giving local authorities the ability to have more control over the banding proportions would have been a marginal improvement. As the consultation notes, the number of dwellings classed as Band A-D varies significantly across the country, from 89% in Na h-Eileanan Siar to 43% in East Renfrewshire. Centrally setting the proportions means that local authorities have no ability to take these variations into account.

Ultimately, Reform Scotland believes that the council tax needs to be replaced. However, it is essential that any new system offers far more discretion to local authorities – we need to avoid simply replacing one centrally controlled tax with an alternative centrally controlled tax. Reform Scotland believes that local authorities should have complete control over their local tax - including the rates, bands and form of the tax. This would allow individual councils, should they choose, to retain, reform or replace council tax with another form of local taxation, such as a land value tax. Crucially, this would be a decision about a local tax made by a local authority for its local area, taking into account local circumstances and priorities. A true local tax