

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 29 AUGUST 2023**

**COUNCIL TAX MULTIPLIERS: CONSULTATION – PROPOSED ANGUS COUNCIL RESPONSE**

**REPORT BY THE DIRECTOR OF FINANCE**

**ABSTRACT**

This report advises members of a consultation on Council Tax multipliers which would if implemented increase the amount of Council Tax payable for taxpayers in properties in Council Tax Bands E to H and seeks approval for a proposed Council response.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Council:

- a) note the background to the consultation as set out in the report;
- b) consider the proposed response to the consultation in Appendix 2;
- c) approve the proposed response at Appendix 2 with or without amendment.

**2. ALIGNMENT TO THE COUNCIL PLAN**

2.1 This report is relevant to the following priorities as set out in the Council Plan:-

- support business and economic growth by improving the physical and digital infrastructure
- work collaboratively for and with our citizens to keep them safe in resilient communities
- increase the supply of affordable housing and improve the council's current housing stock so it is fit for the future
- listen to the needs of our customers and by working for and with them deliver better public value.

**3. BACKGROUND**

3.1 On 12 July 2023 the Scottish Government and COSLA (on behalf of Local Government) launched a joint consultation on a proposal to change the current system of council tax multipliers. The full consultation document can be found [here](#).

3.2 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. The consultation seeks views on a potential change to the current system of council tax 'multipliers'. The multipliers were changed in 2017, the first such change since Council Tax was first introduced in 1993/94. COSLA has also published a briefing for elected members on this subject which provides additional contextual information and explanation – this is attached as Appendix 1 for reference.

3.3 Taxation and how much individual taxpayers should pay is a complex issue and changes to the basis of taxation will impact taxpayers in different ways. The number of properties in different bands also varies across Scotland which means the proposals in the consultation will impact differently across the country.

3.4 Table 1 below provides additional information on the number of chargeable dwellings (Scottish Government September 2022 published data) per Council Tax Band in Scotland and Angus.

These figures are before discounts and exemptions are applied. In Angus the proposals in the consultation would affect taxpayers in Bands E to H which is 23.5% of all chargeable dwellings. This compares to a Scottish average of 27.9% of chargeable dwellings.

**Table 1 – Scotland and Angus Council Tax**

Council Tax Band	Scotland		Angus	
	No.	%	No.	%
A	498,334	19.5	14,218	25.4
B	577,657	22.5	12,538	22.4
C	415,939	16.2	7,193	12.8
D	355,115	13.9	8,900	15.9
E	354,197	13.8	8,045	14.3
F	211,243	8.2	3,233	5.8
G	135,840	5.3	1,735	3.1
H	14,032	0.6	146	0.3
<b>Total</b>	<b>2,562,357</b>	<b>100</b>	<b>56,008</b>	<b>100</b>

- 3.5 The total Council Tax base used in the Council's budget and Council Tax setting process converts all chargeable dwellings to a Band D equivalent by applying the multipliers set down in legislation – Appendix 3 provides a reminder of what the current multipliers are. This means for example that the 8,045 Band E properties shown in Table 1 would be equivalent to 10,570 Band D properties (8,045 \* Band E multiplier of 473/360). Although Bands E to H represent 23.5% of all chargeable dwellings in Angus the Council Tax yield from the properties in those bands is around 38% of the Council's total Council Tax income due to the effect of the multipliers.
- 3.6 Table 2 shows what the 2023/24 Angus Council Tax is currently for each Band and for indicative purposes only what it would be if the proposals in the consultation were implemented.

**Table 2 – Indicative Impact on 2023/24 Angus Council Tax Levels**

Council Tax Band	2023/24 Council Tax Existing Multipliers	2023/24 Council Tax New Multipliers	Increase	
	A	£877.78	£877.78	£0
B	£1,024.08	£1,024.08	£0	0%
C	£1,170.38	£1,170.38	£0	0%
D	£1,316.68	£1,316.68	£0	0%
E	£1,729.97	£1,859.72	£129.75	7.5%
F	£2,139.61	£2,407.06	£267.45	12.5%
G	£2,578.50	£3,029.74	£451.24	17.5%
H	£3,225.87	£3,951.69	£725.82	22.5%

- 3.7 Using the 2023/24 Council Tax base and Band D Council Tax level the changes proposed in the consultation if implemented would yield an estimated £2.6m in additional Council Tax income for the Council. This would represent an increase in Council Tax income of 4.1%.

#### 4. PROPOSED COUNCIL RESPONSE

- 4.1 The consultation provides a standard online response form to use. Some of the consultation questions are only relevant to individual taxpayers but others are relevant for the Council to provide a view on. Taxation is an essential part of providing public services but views on how to apply taxes is clearly a matter of significant debate. Officers have prepared a proposed response to the consultation on behalf of Angus Council and this is attached at Appendix 2 to this report. Members are asked to consider this proposed response and approve it with or without amendment.
- 4.2 In considering the response members may wish to note the following points which have guided the draft response in Appendix 2:-
- The proposals in the consultation would result in a significant increase in income for the Council at a time when our finances have never been under more pressure. While there are understandable concerns about the impact on individual taxpayers to weigh up here the Council's financial challenges and financial sustainability risks are well documented and

the opportunity to raise more income directly of an ongoing (permanent) nature is therefore, on balance, considered worthy of support;

- Council Tax is regressive in nature and the proposals in the consultation will go some way to making it less regressive. A regressive tax is one which takes a higher percentage of income from people on low incomes. 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 (see Tables 4 & 5 in Appendix 1);
- While a transition period to implement the changes would mean a phasing in of the additional income which could be raised and be more administratively burdensome for the Council it feels like an appropriate step in this instance given the many other pressures on household finances at the current time;
- Council Tax Reduction should be reviewed again as part of these proposals to try to ensure protections are built in. People living in higher value properties may have more of their wealth tied up in that property than is available in cash to pay Council Tax;
- The impact of the legislative changes on taxpayers in Angus will be among the lowest of any area in Scotland due to the lower than average Band D Council Tax in Angus;
- The proposed changes are not a solution to the Council's financial challenges – further reductions in spending and services are still likely to be required if the proposals go ahead but the extent of those reductions will be less than would otherwise be the case.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 There are no financial implications for the Council arising from the recommendations in this report relating to the consultation response. If changes to legislation are made following the consultation then this would mean additional Council Tax income being able to be raised. An updated assessment of the financial implications will be undertaken if the consultation results in legislative changes being implemented.

## **6. EQUALITY IMPACT ASSESSMENT**

- 6.1 An equality impact assessment is not required. The consultation is a pre-cursor to potential changes in legislation which if implemented will require to be assessed nationally as part of the legislation.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 were relied on in preparing this report.

**Report Author: Ian Lorimer, Director of Finance**

**Email Details: [FINANCE@angus.gov.uk](mailto:FINANCE@angus.gov.uk)**

### **Appendices**

Appendix 1 – COSLA Briefing for Elected Members July 2023

Appendix 2 – Proposed Angus Council response

Appendix 3 – Current Council Tax Multipliers