
NORTH AYRSHIRE COUNCIL

12 September 2023

Audit and Scrutiny Committee

Title: Call In: Council Tax Multipliers – Scottish Government Consultation

Purpose: To allow the Committee to consider two call-in request in respect of the decision taken by Cabinet at its meeting on 29 August 2023, in which, having noted the importance of recognising that this was a consultation response, and that decisions on Council Tax setting were made at full Council as part of the annual budget setting process and that no changes were being made to the Council Tax levels currently set, the Cabinet agreed to approve the Consultation response from North Ayrshire Council included in Appendix 1 to the report, for submission to the Scottish Government by 20 September 2023.

Recommendation: That the Committee considers the terms of the call-in request set out at Appendices 1A and 1B and agrees, or otherwise, to make a recommendation to the Cabinet.

1. Executive Summary

- 1.1 In terms of the Scheme of Administration (Section 5), the Audit and Scrutiny Committee has a remit to consider call-in request and invite at least one of the Members who has requested the reference to call-in to attend the Committee to explain the request.
- 1.2 This report sets out the background to two call-in request in respect of the decision taken by Cabinet at its meeting on 29 August 2023 in relation to the report on a response to the Council Tax Multipliers – Scottish Government consultation.

2. Background

- 2.1 The Cabinet, at its meeting on 29 August 2023, considered a report and agreed a response to the Council Tax Multipliers consultation.
- 2.2 Two call-in request have been received in terms of the call-in procedure set out in the Council's Scheme of Administration and Standing Orders, that the Audit and Scrutiny Committee examine the decision taken by the Cabinet. These are presented (in the order received) at Appendices 1A and 1B:

Appendix 1A – Call-in request signed by Councillors McPhater, Kerr and McDonald

Appendix 1B – Call-in request signed by Councillors Billings, T. Ferguson and Stalker

- 2.3 A copy of the original report presented to Cabinet on 29 August 2023 is attached as Appendix 2 to the report. A briefing note has been provided by the Head of Service (Finance) and is attached at Appendix 3.
- 2.4 Both call-in requests are valid for consideration by the Committee. The requests were received within the appropriate timescale, signed by three Elected Members respectively and, in both cases, details were provided on both the reason for the call-in and the desired outcome.
- 2.5 The Elected Members who have submitted the call-in will be invited to address the Committee to explain the respective call-in requests. The appropriate Cabinet Member, will then be invited to clarify the reasons for the decision. The relevant senior officer will also be present to provide information on the report presented to Cabinet and on issues raised by the the call-ins received. The Committee will have an opportunity to ask questions of both parties and of those officers in attendance.
- 2.6 The Committee will then debate the call-in requests and decide whether or not it agrees with the decision of the Cabinet.
- 2.7 The Audit and Scrutiny Committee therefore has to:-
- i) decide if it agrees or not with the decision of the Cabinet; and
 - ii) consider what alternative action the Committee would recommend to the Cabinet if it does not agree with the decision.
- 2.8 When the matter is considered by the Cabinet, the Chairperson or another member of the Audit and Scrutiny Committee will have the right to attend the Cabinet and speak in support of any recommendation.
- 2.9 In the event the Cabinet declines to accept the recommendation from the Audit and Scrutiny Committee, the matter will be referred to Council for determination. The decision of the Council will be final.

3. Proposals

- 3.1 It is proposed that the Committee considers the call-in request set out at Appendices 1A and 1B.

4. Implications/Socio-economic Duty

Financial

- 4.1 The financial implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 2.

Human Resources

- 4.2 The human resource implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 2.

Legal

- 4.3 The legal implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 2.

Equality/Socio-economic

- 4.4 The equality/social-economic implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 2.

Climate Change and Carbon

- 4.5 The climate change and carbon implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 2.

Key Priorities

- 4.6 The key priorities are outlined in the are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 2.

Community Wealth Building

- 4.7 The community wealth building implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 1.

5. Consultation

- 5.1 No formal consultation has been undertaken at this stage.

Craig Hatton
Chief Executive

For further information please contact **Craig Stewart, Committee Services Officer**, on 01294 324130 or by email, craigstewart@north-ayrshire.gov.uk

Background Papers

N/A

Call In Request by Councillors McPhater, Kerr and McDonald

Reason for Call In

“In 2007, the SNP were elected on a manifesto to “scrap the unfair Council Tax”. 16 years later we still have Council Tax, and it is still based on historic property valuations.

Repeating the tinkering on the Council Tax formula for bands E-H, which was first implemented in 2017, does not repair local governments broken finances. The amount raised from the proposal amounts to less than 5% of our current council tax income.

Nor will tinkering with banding formulas make Council Tax fairer. It is a fundamentally regressive form of tax. The size of a property is not a good indicator of wealth or income, and the proposed changes will undoubtedly hit households who are on low incomes. For example, the changes will hit pensioners on a fixed income particularly hard, as well as young families struggling due to the cost-of-living crisis. The Council Tax Reduction is inadequate and will not address the full range of needs of those hit by these Council Tax rises.

Furthermore, without a full revaluation, these changes will exacerbate the inequity between new build properties and those recently valued with those older properties that have been improved or extended. This will make the system less fair.

We are living through the worst cost of living crisis in generations with massive rises in households' energy bills, food costs, mortgages and rent. To hit a large number of households with large Council Tax increases at this time is deeply unfair.”

Desired Outcome

“The consultation response be amended to reflect these points and to oppose the proposal on these grounds.

As an alternative, the Council's position should be to argue for reform of local taxation. This should include exploration of options such as, but not limited to, a full and thereafter regular revaluation of Council Tax, a replacement property tax, a local service tax, land value tax and a local income tax. North Ayrshire Council should advocate for a system based on a mix of local taxation options which are progressive and deliver real fiscal empowerment for councils to provide the services that our communities need.”

Call In Request by Councillors Billings, Todd Ferguson and Stalker

Reason for Call In

“We consider that there should be no changes made to the multipliers used to calculate council tax. The reasons are:

1 – it is well established that Council Tax needs to be changed because it takes no account of people’s ability to pay. This was recognised by the SNP Scottish government years ago but there has been no attempt made to bring forward a fairer system of raising local government funds. This change will further exacerbate the fundamental unfairness of the Council tax system which will create financial harm to many people even though they may live in larger homes.

2 – the current wording of the consultation response does not recognise the significant detrimental impact caused to Arran. Arran has nearly double the numbers of E to H properties compared to mainland North Ayrshire. Cost of living on Arran is already significantly higher than on the mainland and this change will further raise the cost of living on Arran which will put it at a disadvantage compared with the mainland. The Island Act legislation requires that there is a full economic and social assessment made when deciding on policy issues, and island must not be disadvantaged when compared with the mainland. This requirement is not stated with the consultation response.

3 – the comparisons between Scotland’s and England’s council tax rates are too simplistic and don’t recognise the reality of property price differentials between the majority of England and Scotland. England has a lower % of properties in the E to H bands than in Scotland, and on average property prices in England are higher than those in Scotland. In areas which have high levels of Council Tax, such as North East England over 50% of properties in band A (compared with just over 30% in North Ayrshire). Therefore, in Scotland there will be many more families on middle and lower incomes living in higher rated properties, who already pay more council tax than a property of a similar value in England. These families will be hit hard by these proposals with no possibility of obtaining any relief. The cost of living is already at crisis point and these proposals will only add to the existing hardship.”

Desired Outcome

“The desired outcome is that the North Ayrshire Council response on the proposed changes to Scotland’s council tax multipliers is changed to reflect the point made above.

Specifically:

Question 1 – NO

Council tax is a flawed system for raising local taxation as it takes no account of people's ability to pay. This has long been recognised by the Scottish government. These proposed changes will harm many families living in larger properties who are already struggling with the cost of living crisis but fall outwith any support criteria.

Comparisons that try to claim that on average Scotland's rates of council tax are lower than those in England but this is a very simplistic view of council tax comparison. It does not take into account the fact that England has a lower % of properties in bands E to H and where some of the highest rates of council tax are set there are very high levels of properties in band A. The result of this is that more families in Scotland are living in homes with higher bands when compared with a property of a similar value in England. Many Scottish families are already paying more than a family in England in similar valued homes.

When was something in England ever a reason for the SNP Scottish government to do something in Scotland? Scotland already has a higher level of taxation than in England (income tax and Land and Building Transaction tax are two examples). These proposals will further increase the competitive disadvantage of living in Scotland.

Question 2 – NO

There should be no change to the current multiplier rates. Council tax is not based on the ability to pay. Increasing rates of council tax for higher banded properties does nothing to address the basic flaw in the council tax system.

There will be many families living in higher band properties who are on middle to low incomes and will already be struggling with the cost of living crisis. They will be severely affected by these changes further increasing the struggle they have to make ends meet.

Question 3 – no answer as there is no option to say no change.

Question 4 – Other

There should be no change to band multipliers.

Question 5 – YES

The criteria for relief from tax should be the same for all families irrespective of the tax banding of their homes. The levels of relief must take in to account the ability to pay which may result in higher levels of relief for families liable for higher levels of taxation.

Question 6 – use current response.

Question 7 – use current response.

Question 8 – use current response.

Question 9 – use current response with the addition of the following:
Arran has only 25% of properties in bands A and B compared with 57% in North Ayrshire overall. In addition Arran has a much higher % of properties in bands E to H compared to the mainland (36% vs 19%). Therefore, families on Arran are on average already paying a much higher rate of council tax compared with mainland North Ayrshire. Any changes to E to H bands will have a significantly greater detrimental impact on Arran.

Arran already has higher costs of living when compared with the mainland. These council tax changes will increase the cost disparity and will have a far greater negative impact on Arran residents.

The Island Act legislation required that policy changes don't disadvantage island residents compared to the mainland. These council tax proposals will have a greater impact for island residents, therefore, if a change is made to council tax multipliers there must be some form of compensation or mitigation so that island residents are not unfairly disadvantaged.

Question 10 – YES

Arran island residents, who are on average already in higher tax banded properties, will be more greatly affected by these proposals when compared with the mainland. These disproportional impacts must be considered in accordance with the Island Act legislation.”

NORTH AYRSHIRE COUNCIL

29 August 2023

Cabinet

Title: Council Tax Multipliers: Scottish Government Consultation

Purpose: To consider the Consultation response in respect of the review of the level of Council tax multipliers for Band E to Band H properties

Recommendation: Cabinet is asked to approve the Consultation response from North Ayrshire Council included in Appendix 1 and for this to be submitted to the Scottish Government by 20 September 2023.

1. Executive Summary

- 1.1 The Scottish Government and COSLA launched a joint consultation on a proposal to increase the level of increase (multipliers) in respect of Council tax band E to band H properties. This follows an agreement by COSLA leaders at the end of June 2023.
- 1.2 Included in appendix 1 is the draft response from North Ayrshire Council. The proposed changes would impact those properties in Council tax band E to band H.
- 1.3 Based on the current number of dwellings and the current levels of North Ayrshire Council tax this proposed change would impact 21% of properties across North Ayrshire and the annual increase would range from £143 (£2.75 per week) for a band E property to £800 (£15.39 per week) for a band H property.
- 1.4 Any increase in Council tax revenue would contribute towards the cost of providing vital Council services and this is set within the context of significant inflationary related cost increases contributing to a projected budget gap for the Council of over £16million in 2024/25.

2. Background

- 2.1 The Scottish Government and COSLA launched a joint consultation on a proposal to increase the level of increase (multipliers) in respect of Council tax band E to band H properties. This follows an agreement by COSLA leaders at the end of June 2023.
- 2.2 The proposal seeks views on a potential change to the current system of Council tax multipliers. Currently, Councils in Scotland set Council tax rates by determining the rate for a band D property, with charges for bands A to C and E to H then calculated as lower or higher proportions (multipliers) of the band D rate. The size of the

multipliers is determined by national legislation and applies across Scotland, with the last change occurring in 2017.

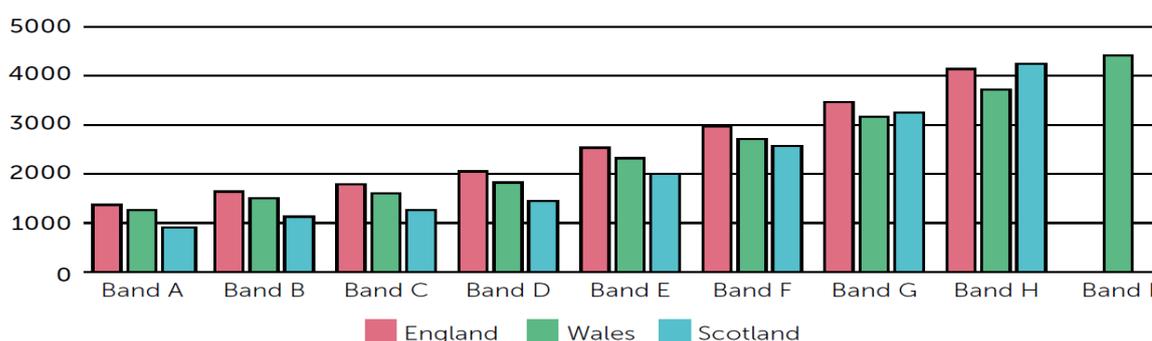
2.3 The current Council tax rates are based on property valuations undertaken in 1991. Lower value properties and therefore, those in the lowest income deciles, currently pay a proportionally higher level of Council tax when compared to the Council tax relating to properties of a higher value. To illustrate this point the Scottish Average Council tax charge for a band A property as a proportion of a mid-point band A property value represents a charge equating to 3.62% of the property value. When compared to the Scottish Average Council tax charge for a band H property as a proportion of a mid-point band H property value this represents a charge equating to 1.33% of the property value. In North Ayrshire Council, based on 2023/24 Council tax levels the proportion for a band A Council tax charge to property value currently sits at 4.03%, with band H 1.48%. If the proposed changes were applied to the Council tax charges then band H would increase to 1.82%.

2.4 The consultation proposes an increase to the multipliers affecting properties in band E to band H. When applied to current council tax rates in North Ayrshire the potential increases are set out in the undernoted table: -

Band	Current Charge £	Multiplier Increase	Potential Charge	Annual Increase £	Weekly Increase £
Band D	£1,452.12	-	£1,452.12	-	-
Band E	£1,907.92	7.5%	£2,051.03	£143.11	£2.75
Band F	£2,359.69	12.5%	£2,654.67	£294.98	£5.67
Band G	£2,843.73	17.5%	£3,341.40	£497.67	£9.57
Band H	£3,557.69	22.5%	£4,358.17	£800.48	£15.39

2.5 North Ayrshire has 70,217 dwellings which attract council tax. A total of 55,467 dwellings (79%) sits within council tax band A to band D, with 14,750 dwellings (21%) across band E to band H. Around 25% of households in North Ayrshire receive support from the Council Tax Reduction scheme and should the proposals be implemented, this scheme should be expanded to recognise the additional burden placed on households across the affected bands. Based on the current number of dwellings and the current levels of North Ayrshire Council tax this proposed change would impact 21% of properties across North Ayrshire and the annual increase would range from £143 (£2.75 per week) for a band E property to £800 (£15.39 per week) for a band H property.

2.6 Comparative council tax rates for England, Wales and Scotland for 2023/24 are included in the table below. The table reflects the proposals to increase the multipliers is implemented:-



For comparative purposes, if the consultation proposals were implemented, council tax rates for those in band A to band G would remain lower than the average charge in England, while the average charge for band D properties would remain significantly lower than in both England and Wales.

- 2.7 The consultation also considers whether any proposed changes should be introduced immediately or phased in over two or three years. This should be considered within the context of the financial challenges facing the Council, with an estimated budget gap of over £16million in 2024/25 which has been influenced by the significant impact of inflationary cost increases. Any increase in Council tax revenue would contribute towards the cost of providing vital Council services.
- 2.8 The potential additional revenue generated for North Ayrshire Council is estimated at £2.743million. It is vital that, should the proposals be implemented, any potential additional council tax revenue to local authorities is distributed to local authorities in an equitable way, recognising that some local authorities have a greater proportion of band E to band H properties than others. Any potential additional revenue should not be regarded as a substitute to the requirement for fair levels of grant funding from Scottish Government.

3. Proposals

- 3.1 Cabinet is asked to approve the Consultation response from North Ayrshire Council included in appendix 1 and for this to be submitted to the Scottish Government by 20 September 2023.

4. Implications/Socio-economic Duty

Financial

- 4.1 The proposals if implemented by Scottish Government could generate an additional £2.743million.

Human Resources

- 4.2 None.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 This is a consultation response. The proposals, if implemented, would financially impact all households across band E to band H. This equates to 14,750 households across North Ayrshire.

Climate Change and Carbon

- 4.5 None.

Key Priorities

4.6 The consultation response aligns with the key priorities of a sustainable council, wellbeing and communities and local democracy.

Community Wealth Building

4.7 None.

5. Consultation

5.1 This is a national Scottish Government consultation launched on the 12 July 2023 and it is due to close on 20 September 2023. The consultation is open to all citizens and organisations.

Mark Boyd
Head of Service (Finance)

For further information please contact **Mark Boyd, Head of Finance**, on **01294 324560**.

Background Papers

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Appendix 1

Council Tax Multipliers: Consultation



Respondent Information Form

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:
<https://www.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- Individual
 Organisation

Full name or organisation's name

North Ayrshire Council

Phone number

01294 324560

Address

North Ayrshire Council
Cunninghame House
Friar's Croft, Irvine,

Postcode

KA12 8EE

Email Address

markboyd@north-ayrshire.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
 Publish response only (without name)
 Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes No

Appendix 1

About You Questions

1. About you Question 1

[For individual respondents] Please tell us which local authority area(s) you live in

Local Authority Area(s):

[For organisational respondents] Please tell us which local authority area(s) your organisation operates in

Local Authority Area(s): **North Ayrshire**

2. About you Question 2

If you pay Council Tax, please indicate which Council Tax band(s) apply to the property (or properties) for which you pay Council Tax:

Band A

Band B

Band C

Band D

Band E

Band F

Band G

Band H

I don't pay Council Tax

I don't know

Appendix 1

Consultation Questions

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/ No/ Don't know

Please give reasons for your answer?

This proposal provides greater parity with Council tax levels across England and Wales for Council tax bands E to G, whilst protecting Council tax bands A to D. The result of which would mean that bands E to G would generally still remain lower than comparative levels in England and Wales, with bands A to D remaining significantly lower. On balance these proposals reflect a fairer model of Council tax charging. In North Ayrshire the additional annual charges would range from £143 for band E (£2.75 per week) to £800 for band H (£15.39 per week). It is important to recognise the additional financial burden that any increase would have on families. Access to the Council Tax Reduction scheme would not be impacted by this change and would continue to offer means tested reductions of up to 100% to those households who meet the eligibility criteria.

More Information:

The table below presents current Council Tax charges in Scotland and shows the 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
Scotland Average Council Tax Charge 2023-24	£944	£1,102	£1,259	£1,417	£1,861	£2,302	£2,774	£3,470
Council Tax charges as a proportion of the charge for a property in Band D	0.67	0.78	0.89	1.00	1.31	1.63	1.96	2.45

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?

Yes/ No/ Don't know

The current Council tax rates are based on property valuations undertaken in 1991. It is recognised that lower value properties and therefore, those in the lowest income deciles, currently pay a proportionally higher level of Council tax

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when compared to the Council tax relating to properties of a higher value. To illustrate this point the Scottish Average Council tax charge for a band A property as a proportion of a mid-point band A property value represents a charge equating to 3.62% of the property value. When compared to the Scottish Average Council tax charge for a band H property as a proportion of a mid-point band H property value this represents a charge equating to 1.33% of the property value. In North Ayrshire Council, based on 2023/24 Council tax levels the proportion for a band A Council tax charge to property value currently sits at 4.03%, with band H 1.48%. If the changes were applied to the Council tax charges then band H would increase to 1.82%.

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)

The recommendation is to apply the full effect from 2024-25. In North Ayrshire the additional annual charges would range from £143 for band E (£2.75 per week) to £800 for band H (£15.39 per week). This would provide additional revenue to fund vital council services, against a backdrop of significant inflationary costs.

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 increase bills by around £139, £288, £485 and £781 per dwelling in these bands, 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?

Yes/ No/ Don't know

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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. The proportion of properties in each valuation bands E - H varies across the country. This means that some councils would benefit more than others from any increases in council tax in these property bands. Should steps be taken to ensure that all councils benefit proportionately from this policy?**

Yes/ No/ Don't know

Please give reasons for your answer?

The key point to note is that any increased Council tax revenue generated from this change will go towards funding vital Council services. This is set against a very challenging financial landscape faced by Councils across the country which has been impacted significantly through rising inflationary costs. Any overall additional revenue generated should not be a substitute to the need for fair levels of funding from Scottish Government. Across individual local authorities It is recognised that some local authorities have a greater proportion of higher band properties than others, therefore, it is recommended that the Scottish Government work with Scottish Council Directors of Finance through the Settlement and Distribution Group to ensure fairness and equity of revenue distribution across all local authorities.

More information:

- If further changes were made to charges for property Bands E to H there would be disproportionate benefits to some council areas where they have more Band E to H properties relative to other councils.
- General Revenue Grant is the main source of funding for local authorities.
- The distribution of General Revenue Grant could be adjusted to ensure the benefits are shared proportionately by all councils.
- This adjustment would mean that any changes would not disproportionately benefit, or disadvantage, any council.

Appendix 1

7. 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

In North Ayrshire, based on the current 2023/24 levels of Council tax the proposed increases would impact the Council tax payer as follows:-

	Current Charge 2023/24 £	% Increase	Potential Charge	Annual Increase £	Weekly Increase £
Band D	£1,452.12	-	£1,452.12	-	-
Band E	£1,907.92	7.5%	£2,051.03	£143.11	£2.75
Band F	£2,359.69	12.5%	£2,654.67	£294.98	£5.67
Band G	£2,843.73	17.5%	£3,341.40	£497.67	£9.57
Band H	£3,557.69	22.5%	£4,358.17	£800.48	£15.39

It is recognised that such increases will have an impact on household finances across the area. The Council supports an expanded Council Tax Reduction Scheme to help protect eligible low-income households living in Bands E to H from the increase in their bill caused by the increase in the multipliers.

8. 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.

Appendix 1

Answer:

Please provide your views

Council Tax Band	Number of Dwellings	%	
A	21,793	31.0%	
B	18,657	26.6%	
C	7,693	11.0%	
D	7,324	10.4%	79.0%
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E	9,183	13.1%	
F	4,238	6.0%	
G	1,272	1.8%	
H	57	0.1%	21.0%
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	70,217	100.0%	100.0%

North Ayrshire is home to 134,220 residents (2.4% of Scotland's population) with around 70,000 dwellings for Council tax purposes. Based on the Scottish Index of Multiple Deprivation (SIMD) datazone statistics across Scotland, North Ayrshire has 186 data zones, of which 52 (30%) are in the 15% most deprived in Scotland. Within the Council Taxpayer base around 25% of Council Taxpayers are in receipt of Council Tax Reduction, with approximately 20% receiving the maximum 100% Council Tax reduction. In terms of property dwellings, 79% (55,467 dwellings) are categorised within Band A to Band D and will therefore not be affected by the proposed change to the multiplier, with 21% (14,750 dwellings) affected.

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

More information:

- If further changes were made to charges for property Bands E to H there would be disproportionate benefits to some council areas where they have more Band E to H properties relative to other councils.
- General Revenue Grant is the main source of funding for local authorities.

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- The distribution of General Revenue Grant could be adjusted to ensure the benefits are shared proportionately by all councils.
- This adjustment would mean that any changes would not disproportionately benefit, or disadvantage, any council.

Answer:

Please provide your views

North Ayrshire has 2 Island communities. Arran and the Isle of Cumbrae within the North Coast locality. Based on recent Economic baseline analysis the working age population in the Isle of Cumbrae is 11% lower than the Scottish average (i.e. 53% versus 64% nationally) with the % share of the population over 65 years old sitting at 38% versus a national average of 19%. In terms of SIMD one of the 2 datazones relating to Cumbrae fall within the top 15% most deprived areas in Scotland. The majority of Council tax bandings fall within the Band A to Band D range and will therefore not be affected by this potential change. Cumbrae has 1,343 dwellings that attract council tax. A total of 1,221 (91%) of properties on the island fall within Band A to Band D and will therefore be unaffected, with 122 (9%) across the Band E to Band H range. The council supports an expansion of the council tax reduction scheme to provide further assistance to eligible households.

With regards to Arran, all but one of Arran's datazones rank above the median overall domain ranking and there is a much higher proportion of properties across the Band E to Band H range. Arran has a total of 3,174 dwellings which attract council tax. A total of 2,029 properties (64%) fall within the Band A to Band D range, with 1,145 properties (36%) across Bands E to H.

It is also important to consider the correlation between this Consultation response and that of the Council tax second home consultation. Both island communities have a high proportion of second homes. North Ayrshire Council supports the policy of having the powers to set any Council tax premium on second homes, however, the extent to which will require further detailed modelling of consequences and any unintended consequences. Therefore, any proposed increase in the level of Council tax multiplier would form part of further modelling and impact assessments in respect of the level of any potential Council tax premium related to second homes.

10. 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

Appendix 1

No

Don't know

Please give reasons for your answer.

This change would impact around 14,750 households across North Ayrshire (21%). The consultation is open for citizens to express their views for the Scottish Government to consider. The council supports an expanded council tax reduction scheme to provide further support to those eligible households who require it.

 <p>North Ayrshire Council Comhairle Siorrachd Àir a Tuath</p>	<p>Call In Request Form</p>
<p>We request in terms of paragraph 26.2 of the Standing Orders Relating to Meetings and Proceeding of the Council that the decision taken by the Cabinet be called in by the Audit and Scrutiny Committee.</p>	
<p>Names of Councillors Requesting Call In</p>	
<p>1. Louise McPhater</p>	
<p>2. Amanda Kerr</p>	
<p>3. Nairn McDonald</p>	
<p>Details of the Decision Taken By The Cabinet (Please specify the Minute reference)</p>	
<p>9. Council Tax Multipliers</p>	
<p>Reasons for Call In (Please specify your reasons for requesting that the Audit and Scrutiny Committee call in the decision)</p>	
<p>In 2007, the SNP were elected on a manifesto to “scrap the unfair Council Tax”. 16 years later we still have Council Tax, and it is still based on historic property valuations.</p> <p>Repeating the tinkering on the Council Tax formula for bands E-H, which was first implemented in 2017, does not repair local governments broken finances. The amount raised from the proposal amounts to less than 5% of our current council tax income.</p> <p>Nor will tinkering with banding formulas make Council Tax fairer. It is a fundamentally regressive form of tax. The size of a property is not a good indicator of wealth or income, and the proposed changes will undoubtedly hit households who are on low incomes. For example, the changes will hit pensioners on a fixed income particularly hard, as well as young families struggling due to the cost-of-living crisis. The Council Tax Reduction is inadequate and will not address the full range of needs of those hit by these Council Tax rises.</p> <p>Furthermore, without a full revaluation, these changes will exacerbate the inequity between new build properties and those recently valued with those older properties that have been improved or extended. This will make the system less fair.</p> <p>We are living through the worst cost of living crisis in generations with massive rises in households’ energy bills, food costs, mortgages and rent. To hit a large number of households with large Council Tax increases at this time is deeply unfair.</p>	

Desired Outcome
(Please specify your desired outcome)

The consultation response be amended to reflect these points and to oppose the proposal on these grounds.

As an alternative, the Council's position should be to argue for reform of local taxation. This should include exploration of options such as, but not limited to, a full and thereafter regular revaluation of Council Tax, a replacement property tax, a local service tax, land value tax and a local income tax. North Ayrshire Council should advocate for a system based on a mix of local taxation options which are progressive and deliver real fiscal empowerment for councils to provide the services that our communities need.

General Comments:

The council has prepared a response to a Scottish Government consultation. This follows an agreement by COSLA leaders at the end of June 2023. Ultimately the Scottish Government will make a determination as to whether the proposals are adopted as policy. When the 2023/24 council budget was approved in March it included a projected budget deficit of £16.773m for 2024/25. This position has been impacted by high levels of inflation. This presents a significant challenge for the council and any additional revenue generated from council tax would help fund vital council services.

The council's response to the consultation included reference to the level of council tax as a proportion of the 1991based property band levels. The response also included comparator levels of council tax in England and Wales. For comparative purposes, if the consultation proposals were implemented, council tax rates for those in band A to band G would remain lower than the average charge in England, while the average charge for band D properties would remain significantly lower than in both England and Wales. It is recognised that the Scottish Government had a council tax freeze in operation from 2007 to 2021 which would have contributed to this position.

Another point to note around properties constructed after 1991. The Assessor has confirmed each valuation band reflects the Assessor's opinion of the open market value of the property if sold at 1 April 1991 but subject to a number of important statutory assumptions. Assessors apply the Comparative Principle of Valuation which relies on comparing the property to be valued with houses deemed similar, in respect of their physical characteristics and locality, and which actually sold on or around the valuation date of 1 April 1991. Assessors are not required to place an actual value on each property but have to demonstrate that its likely sale price would have been within the range of values in the relevant band.

Finally, as set out in the consultation response, due to the varying numbers of band E to band H properties across local authorities, should the proposals be implemented, there would be a requirement to consider a fair distribution of funding across all local authorities from any additional council tax revenue.

From the information contained in this call in document it would be difficult to ascertain exactly what content should be included against each individual question set out within the Scottish Government consultation as part of any revised response.

This form must be received by the Chief Executive's Office not later than 12

noon on the fifth Clear Working Day following, and not counting, the day on which the Cabinet Minute was issued.

	Date	Time
Received by Chief Executive		
Received by Committee Services	04/09/23	10:54
Acknowledged	04/09/23	11:02

 <p>North Ayrshire Council Comhairle Siorrachd Àir a Tuath</p>	<h2>Call In Request Form</h2>
<p>We request in terms of paragraph 26.2 of the Standing Orders Relating to Meetings and Proceeding of the Council that the decision taken by the Cabinet be called in by the Audit and Scrutiny Committee.</p>	
<h3>Names of Councillors Requesting Call In</h3>	
<p>1. Timothy Billings</p>	
<p>2. Todd Ferguson</p>	
<p>3. Ronnie Stalker</p>	
<h3>Details of the Decision Taken By The Cabinet (Please specify the Minute reference)</h3>	
<p>Cabinet Meeting on 29th August 2023 Item 9 – Council Tax Multipliers – Scottish Government Consultation</p>	
<h3>Reasons for Call In (Please specify your reasons for requesting that the Audit and Scrutiny Committee call in the decision)</h3>	
<p>We consider that there should be no changes made to the multipliers used to calculate council tax. The reasons are:</p> <p>1 – it is well established that Council Tax needs to be changed because it takes no account of people's ability to pay. This was recognised by the SNP Scottish government years ago but there has been no attempt made to bring forward a fairer system of raising local government funds. This change will further exacerbate the fundamental unfairness of the Council tax system which will create financial harm to many people even though they may live in larger homes.</p> <p>2 – the current wording of the consultation response does not recognise the significant detrimental impact caused to Arran. Arran has nearly double the numbers of E to H properties compared to mainland North Ayrshire. Cost of living on Arran is already significantly higher than on the mainland and this change will further raise the cost of living on Arran which will put it at a disadvantage compared with the mainland. The Island Act legislation requires that there is a full economic and social assessment made when deciding on policy issues, and island must not be disadvantaged when compared with the mainland. This requirement is not stated with the consultation response.</p> <p>3 – the comparisons between Scotland's and England's council tax rates are too simplistic and don't recognise the reality of property price differentials between the majority of England and Scotland. England has a lower % of properties in the E to H bands than in Scotland, and on average property prices in England are higher than those in Scotland. In areas which have high levels of Council Tax, such as North East England over 50% of properties in band A (compared with just over 30% in North Ayrshire). Therefore, in Scotland there will be many more families on middle and lower incomes living in higher rated properties, who already pay more council tax than a property of a similar value in England. These families will be hit hard by these proposals with no possibility of obtaining any relief. The cost of living is already at crisis point and these proposals</p>	

will only add to the existing hardship.

Desired Outcome **(Please specify your desired outcome)**

The desired outcome is that the North Ayrshire Council response on the proposed changes to Scotland's council tax multipliers is changed to reflect the point made above.

Specifically:

Question 1 – NO

Council tax is a flawed system for raising local taxation as it takes no account of people's ability to pay. This has long been recognised by the Scottish government. These proposed changes will harm many families living in larger properties who are already struggling with the cost of living crisis but fall outwith any support criteria.

Comparisons that try to claim that on average Scotland's rates of council tax are lower than those in England but this is a very simplistic view of council tax comparison. It does not take into account the fact that England has a lower % of properties in bands E to H and where some of the highest rates of council tax are set there are very high levels of properties in band A. The result of this is that more families in Scotland are living in homes with higher bands when compared with a property of a similar value in England. Many Scottish families are already paying more than a family in England in similar valued homes.

When was something in England ever a reason for the SNP Scottish government to do something in Scotland? Scotland already has a higher level of taxation than in England (income tax and Land and Building Transaction tax are two examples). These proposals will further increase the competitive disadvantage of living in Scotland.

Question 2 – NO

There should be no change to the current multiplier rates. Council tax is not based on the ability to pay. Increasing rates of council tax for higher banded properties does nothing to address the basic flaw in the council tax system.

There will be many families living in higher band properties who are on middle to low incomes and will already be struggling with the cost of living crisis. They will be severely affected by these changes further increasing the struggle they have to make ends meet.

Question 3 – no answer as there is no option to say no change.

Question 4 – Other

There should be no change to band multipliers.

Question 5 – YES

The criteria for relief from tax should be the same for all families irrespective of the tax banding of their homes. The levels of relief must take in to account the ability to pay which may result in higher levels of relief for families liable for higher levels of taxation.

Question 6 – use current response.

Question 7 – use current response.

Question 8 – use current response.

Question 9 – use current response with the addition of the following:

Arran has only 25% of properties in bands A and B compared with 57% in North Ayrshire overall. In addition Arran has is a much higher % of properties in bands E to H compared to the mainland (36% vs 19%). Therefore, families on Arran are on average already paying a much higher rate of

council tax compared with mainland North Ayrshire. Any changes to E to H bands will have a significantly greater detrimental impact on Arran.

Arran already has higher costs of living when compared with the mainland. These council tax changes will increase the cost disparity and will have a far greater negative impact on Arran residents.

The Island Act legislation required that policy changes don't disadvantage island residents compared to the mainland. These council tax proposals will have a greater impact for island residents, therefore, if a change is made to council tax multipliers there must be some form of compensation or mitigation so that island residents are not unfairly disadvantaged.

Question 10 – YES

Arran island residents, who are on average already in higher tax banded properties, will be more greatly affected by these proposals when compared with the mainland. These disproportional impacts must be considered in accordance with the Island Act legislation.

General Comments:

The council has prepared a response to a Scottish Government consultation. This follows an agreement by COSLA leaders at the end of June 2023. Ultimately the Scottish Government will make a determination as to whether the proposals are adopted as policy. When the 2023/24 council budget was approved in March it included a projected budget deficit of £16.773m for 2024/25. This position has been impacted by high levels of inflation. This presents a significant challenge for the council and any additional revenue generated from council tax would help fund vital council services.

The council's response to the consultation included reference to the level of council tax as a proportion of the 1991 based property band levels. The response also included comparator levels of council tax in England and Wales. For comparative purposes, if the consultation proposals were implemented, council tax rates for those in band A to band G would remain lower than the average charge in England, while the average charge for band D properties would remain significantly lower than in both England and Wales. It is recognised that the Scottish Government had a council tax freeze in operation from 2007 to 2021 which would have contributed to this position.

With regards to the requirements for a Islands Community Impact assessment, as this is a national Scottish Government consultation open to all citizens then it is anticipated that the views of island communities will be made known as part of their own feedback to the consultation. I appreciate that this could be made clearer within the council's response. Further clarity would be required as to where the responsibility to undertake the Islands Community Impact assessment sits. This matter will be taken up with the Scottish Government.

Another point to note around properties constructed after 1991. The Assessor has confirmed each valuation band reflects the Assessor's opinion of the open market value of the property if sold at 1 April 1991 but subject to a number of important statutory assumptions. Assessors apply the Comparative Principle of Valuation which relies on comparing the property to be valued with houses deemed similar, in respect of their physical characteristics and locality, and which actually sold on or around the valuation date of 1 April 1991. Assessors are not required to place an actual value on each property but have to demonstrate that its likely sale price would have been within the range of values in the relevant band.

Finally, as set out in the consultation response, due to the varying numbers of band E to band H properties across local authorities, should the proposals be implemented, there would be a requirement to consider a fair distribution of funding across all local authorities from any additional council tax revenue.

This form must be received by the Chief Executive's Office not later than 12 noon on the fourth Clear Working Day following, and not counting, the day on which the Cabinet Minute was issued.

	Date	Time
Received by Chief Executive		
Received by Committee Services		
Acknowledged		

