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# NORTH AYRSHIRE COUNCIL

19 September 2023

## Cabinet

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**Title:** Council Tax Multipliers – Scottish Government Consultation

**Purpose:** To allow Cabinet to reconsider its previous decision in light of recommendations of the Audit and Scrutiny Committee following a call-in request 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:** Cabinet is recommended to reconsider its previous decision in relation to the consultation response to the Scottish Government on Council Tax Multipliers in accordance with the recommendation from the Audit and Scrutiny Committee.

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### 1. Executive Summary

- 1.1 At its meeting on 29 August 2023, Cabinet considered a report by the Head of Service (Finance) for Cabinet to consider the consultation response in respect of the review of the level of Council tax multipliers for Band E to Band H properties. The proposed consultation response was noted in Appendix 1 to the report.
- 1.2 Subsequent to the decision of Cabinet, two call-in requests were received and which were referred to the Audit & Scrutiny Committee for consideration.
- 1.3 At its meeting on 12 September 2023, the Audit and Scrutiny Committee agreed the terms of call-in requests received, the recommendation of which was to:-

“refer the matter to the Cabinet for further consideration with the recommendation that Cabinet considers (i) in relation to call-in (A) the terms of the call-in and that the response to the consultation questions 1 and 2 should be “No”, and (ii) in relation to call-in (B) the terms of the call-in and the proposed response tabled which includes reference to the Islands (Scotland) Act 2018.”

Accordingly, Cabinet is asked to review its decision in light of the call-ins.

## **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, as detailed in the Appendix 1 to the report. A copy of the original report presented to Cabinet on 29 August 2023 is attached as Appendix 1.
- 2.2 Subsequently, two call-in request were 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 2(A) and 2(B). Comments in relation to the call-in requests from Officers presented to the Audit and Scrutiny Committee are contained in Appendices 3A and 3B.
- 2.3 The Audit and Scrutiny Committee, at a Special meeting on 12 September 2023, heard from Councillor McDonald in relation to call-in (A) and from Councillor Billings in relation to call-in (B). The Committee also heard from the relevant Cabinet Member, Councillor Larsen, in response to the call-in. The relevant senior officer was also present to provide information on the report presented to Cabinet and on issues raised by the call-ins received. The Committee subsequently agreed to accept the call-ins and refer the matter back to Cabinet for further consideration, as detailed in paragraph 1.2 and in Appendix 4 (Minutes of the Audit and Scrutiny Committee of 12 September 2023).
- 2.4 An amended consultation response, which reflects comments received on the Islands Act only and not the other recommendations contained in the call-ins which Cabinet is being asked to consider, has been provided by the Head of Service (Finance) and is attached at Appendix 5.

## **3. Proposals**

- 3.1 Cabinet is recommended to reconsider its previous decision relation to the consultation response to the Scottish Government on Council Tax Multipliers in accordance with the recommendation from the Audit and Scrutiny Committee .

## **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 1.

### **Human Resources**

- 4.2 The human resource implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 1.

### **Legal**

- 4.3 The legal implications are outlined are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 1.

## **Equality/Socio-economic**

4.4 The equality/social-economic implications are outlined in the Council Tax Multipliers – Scottish Government consultation report attached at Appendix 1.

## **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 1.

## **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 1.

## **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](mailto:craigstewart@north-ayrshire.gov.uk)

## **Background Papers**

Cabinet Minute – 29 August 2023

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**NORTH AYRSHIRE COUNCIL**

29 August 2023

**Cabinet**

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**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.

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**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**

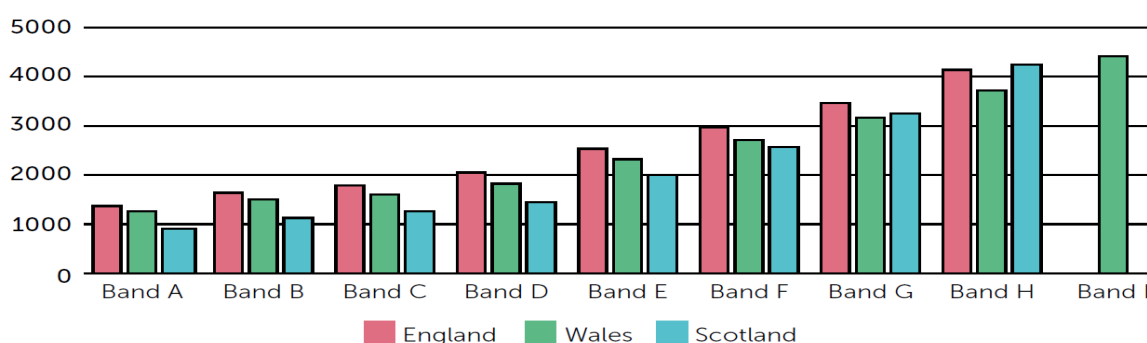
- 2.1 The Scottish Government and COSLA launched a joint consultation on a proposal to increase the level of increase (multipliers) in respect of Council tax band E to band H properties. This follows an agreement by COSLA leaders at the end of June 2023.
- 2.2 The proposal seeks views on a potential 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
<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

#### 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

## Appendix 1

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

## Appendix 1

### 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

<b>Council Tax Band</b>	<b>Number of Dwellings</b>	<b>%</b>	
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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	<b>70,217</b>	<b>100.0%</b>	<b>100.0%</b>

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.

## Appendix 1

- 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.



## **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** 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.”

 <p>North Ayrshire Council Comhairle Siorrachd Àir a Tuath</p>	<p><b>Call In Request Form</b></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><b>Names of Councillors Requesting Call In</b></p>	
<p><b>1. Louise McPhater</b></p>	
<p><b>2. Amanda Kerr</b></p>	
<p><b>3. Nairn McDonald</b></p>	
<p><b>Details of the Decision Taken By The Cabinet (Please specify the Minute reference)</b></p>	
<p>9. Council Tax Multipliers</p>	
<p><b>Reasons for Call In (Please specify your reasons for requesting that the Audit and Scrutiny Committee call in the decision)</b></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>	<b>Call In Request Form</b>
<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>	
<b>Names of Councillors Requesting Call In</b>	
<p><b>1. Timothy Billings</b></p>	
<p><b>2. Todd Ferguson</b></p>	
<p><b>3. Ronnie Stalker</b></p>	
<b>Details of the Decision Taken By The Cabinet (Please specify the Minute reference)</b>	
<p>Cabinet Meeting on 29<sup>th</sup> August 2023 Item 9 – Council Tax Multipliers – Scottish Government Consultation</p>	
<b>Reasons for Call In (Please specify your reasons for requesting that the Audit and Scrutiny Committee call in the decision)</b>	
<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		



Audit and Scrutiny Committee  
12 September 2023

At a Special Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 11.00 a.m. involving participation by remote electronic means.

**Present**

John Bell, Eleanor Collier, Cameron Inglis, Tom Marshall, Davina McTiernan and John Sweeney.

**Also Present**

Timothy Billings, Tony Gurney, Amanda Kerr, Christina Larsen, Nairn McDonald, Louise McPhater and Ronnie Stalker.

**In Attendance**

M. Boyd, Head of Service (Finance); L. Kirk, Interim Head of Service (Economic Development and Regeneration) and N. McIlvanney, Interim Head of Service (Growth, Investment and Employability) (Place); A. Craig, Head of Service (Democratic), C. Stewart, H. Clancy and S. Wilson, Committee Services Officers (Chief Executive's Service).

**Chair**

Councillor Bell in the Chair.

**Apologies**

Donald Reid and Matthew McLean.

**1. Declarations of Interest**

There were no declarations of interest by Members in terms of Standing Order 11 and Section 5 of the Code of Conduct for Councillors.

**2. Call In: B714 Upgrade**

Submitted report by the Chief Executive on a call-in request in respect of a decision taken by Cabinet on 29 August 2023 to (a) agree to the submission of the updated Outline Business Case to the UK Government for approval, informed by feedback on the draft submission; and (b) approve the reallocation of Council funding, detailed at Appendix 1 to the report, to support the delivery of the project, subject to the approval of the Final Business Case. The original Cabinet report was attached at Appendix 1 to the report. Appendix 2 to the report contained a briefing note provided by the Interim Head of Service (Economic Development and Regeneration) in response to the matters raised in the call-in request.

The Cabinet on 29 August 2023 agreed (a) to the submission of the updated Outline Business Case to the UK Government for approval, informed by feedback on the draft submission; and (b) to approve the reallocation of Council funding, detailed at Appendix 1, to support the delivery of the project, subject to the approval of the Final Business Case.

Subsequently, a call-in request was received from Councillors McPhater, Kerr and McDonald in the following terms:

### Reason for Call-In

“Funding should not be cut from important investment in Community Wealth Building, town centre regeneration and economic development to deliver what is a reduced upgrade of the B714. Alternative funding sources should be identified.

Additionally, the B714 project is of major importance to North Ayrshire and our region’s future economic prospects. However, the Cabinet’s proposal removes the active travel elements from the initial project delivery, with no timeframe for future phases nor any guarantees that funding will be available for them. A Council that has declared a climate emergency, that has set an ambitious net zero target and has an administration that supposedly prioritises tackling climate change, shouldn’t be repeating the mistakes of the past and undertaking major road projects without investing in active travel infrastructure as part of that project.”

### Desired Outcome

“The Council should utilise the money available from the PPP service concession as an alternative funding source.

A further report to be brought back to Cabinet outlining a concrete timetable and funding proposal for the delivery of the active travel elements in the project.”

The Head of Democratic Services summarised the procedure for considering the call-in request in terms of Standing Orders and referred to the Cabinet decision.

Thereafter, the Members who had requested the call-in were invited to speak and Councillor McDonald addressed the Committee in support of the call-in request.

The Chair then invited Councillor Gurney, as the Cabinet Member for Green Environment and Economy, to address the meeting. Councillor Gurney explained the reasoning for the Cabinet decision and referred to a briefing note from the Interim Head of Service (Economic Development and Regeneration) provided at Appendix 2 to the report.

The Interim Head of Service (Economic Development and Regeneration) and the Head of Service (Finance) were also heard in relation to the report presented to Cabinet and on issues raised by the call-in, reference being made to the briefing note at Appendix 2 to the report.

Members asked questions of the Interim Head of Service (Economic Development and Regeneration) and were provided with further information in relation to:-

- The timescale of the tender process and assessment of submissions;
- the impact that any budget reduction might have on the intended project specification including project delivery; and
- the deadline for submission of the Business Case to the UK Government.

Councillor Sweeney, seconded by Councillor Bell, moved that the Committee agree to accept the terms of the call-in request and refer the matter to the Cabinet for further consideration.

As an amendment Councillor Collier, seconded by Councillor McTiernan, moved that the Committee agree not to support the call-in request and that the previous decision of Cabinet should stand.

Thereafter, on a division and a roll call vote, there voted for the amendment, Councillors Collier, Inglis, Marshall and McTiernan (4) and for the motion, Councillors Bell and Sweeney (2). The amendment was declared carried.

Accordingly, the Committee agreed (a) not to support the call-in request; and (b) that the previous decision of Cabinet should stand.

## **2. Call In: Council Tax Multipliers – Scottish Government Consultation**

Submitted report by the Chief Executive on two call-in request in respect of a decision taken by Cabinet 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. The two call-in requests were presented (in the order received) at Appendices 1A and 1B to the report. The original Cabinet report and consultation response were attached at Appendix 2 to the report. Appendix 3 to the report contained briefing notes provided by the Head of Service (Finance) in response to the matters raised in the call-in request form.

The Cabinet on 29 August 2023 agreed to approve the proposed consultation response at Appendix 1 to the report, for submission to the Scottish Government by the consultation response deadline.

Subsequently, two call-in requests were received in the following terms from (A) Councillors McPhater, Kerr and McDonald; and (B) Councillors Billings, T. Ferguson and Stalker.

### **(A) Reason for Call-In (Councillors McPhater, Kerr and McDonald)**

“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."

### (B) Reason for Call-In (Councillors Billings, Todd Ferguson and Stalker)

"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 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.”

The Chair outlined the procedure for the Committee when dealing with multiple call-in requests, namely where more than one request had been received relating to one decision of Cabinet.

Thereafter, the Members who had requested call-in (A) were invited to speak and Councillor McDonald addressed the Committee in support of the call-in request.

Thereafter, the Members who had requested call-in (B) were invited to speak and Councillor Billings addressed the Committee in support of the call-in request.

The Chair then invited Councillor Larsen, as the Cabinet Member for Finance, to address the meeting. Councillor Larsen advised that she would respond to the two call-in requests; explained the reasoning for the Cabinet decision; and referred to an explanatory note from the Head of Service (Finance) provided at Appendix 3 to the report.

The Head of Service (Finance) was also heard in relation to the report presented to Cabinet and on issues raised by the call-in, reference being made to the explanatory note at Appendix 3 to the report.

Members asked questions and were provided with further information in relation to:-

- the broader issues involved, specifically on Council Tax reform;
- the expansion of the Council Tax reduction scheme, which already included single person discount, to support as many households as possible affected by the proposal;
- including a reference to the Islands Act in the Scottish Government consultation response, to take account of a full economic and social impact assessment of the proposal;
- the financial challenges and pressures on Council budgets, including funding gaps and the ability to raise revenue;
- the issue of newly constructed properties, and clarification that had subsequently been obtained from the Assessor, relating to the notional market value of new properties as at 1 April 1991; and
- distribution of any additional revenue generated across the country and the role of the Directors of Finance Group in seeking to ensure an appropriate funding allocation across Councils.

Councillor Inglis, seconded by Councillor Sweeney, moved that the Committee agree to accept the terms of the call-ins (the Head of Democratic Services having sought clarification on whether the full terms of call-in (B) were part of the motion and received confirmation that they were) and refer the matter to the Cabinet for further consideration with the recommendation that Cabinet considers (i) in relation to call-in (A) the terms of the call-in and that the response to the consultation questions 1 and 2 should be “No”, and (ii) in relation to call-in B the terms of the call-in and the proposed response tabled which includes reference to the Islands (Scotland) Act 2018.

As an amendment Councillor Collier, seconded by Councillor McTiernan, moved that the Committee agree not to support the call-ins and that the previous decision of Cabinet should stand, notwithstanding that a reference to the Islands (Scotland) Act 2018 should be included in the consultation response.

Thereafter, on a division and a roll call vote, there voted for the amendment, Councillors Collier and McTiernan (2) and for the motion, Councillors Bell, Inglis, Marshall and Sweeney (4), and the motion was declared carried.

Accordingly, the Committee agreed that the terms of the call-ins be referred to the Cabinet for further consideration, with a recommendation that Cabinet considers (i) in relation to call-in (A) the terms of the call-in and that the response to the consultation questions 1 and 2 should be “No”, and (ii) in relation to call-in B the terms of the call-in and the proposed response tabled which includes reference to the Islands (Scotland) Act 2018.

### **3. Call-In: Visitor Levy Consultation**

Submitted report by the Chief Executive on a call-in request in respect of a decision taken by Cabinet on 29 August 2023 in which, having welcomed the principle of having fiscal flexibility at a local level, irrespective of whether it was ultimately exercised, the Cabinet agreed (a) to authorise officers to respond to consultations on the Visitor Levy (Scotland) Bill as detailed in Appendix 1 to the report by expressing support for the introduction of a levy, subject to further exploration of costs and benefits; and (b) to note the formation of an internal Visitor Levy Officer Working Group which would engage with the Tourism Forum, businesses and regional stakeholders to inform any future emerging proposals related to the implementation of a visitor levy. The original Cabinet report and consultation response were attached at Appendix 1 to the report. Appendix 2 to the report contained a briefing note provided by the Interim Head of Service (Growth, Investment and Employability) in response to the matters raised in the call-in request.

The Cabinet on 29 August 2023 agreed to approve the proposed consultation response at Appendix 1 to the report, for submission to the Scottish Government by the consultation deadline of 15 September 2023.

Subsequently, a call-in request was received from Councillors Billings, T. Ferguson and Stalker in the following terms:

#### “Reason for Call-In

The decision of the Cabinet was to respond to the consultation ‘in support of the introduction of a levy’. We do not agree that North Ayrshire Council should be in support of the introduction of a levy at this time. There is insufficient detail in the draft legislation to ensure that any levy would be reasonable, proportionate and not have an overall harm on the visitor industry of North Ayrshire and Arran.

We consider that the responses in the consultation document are incomplete, unworkable and do not reference a number of very important issues that have been raised in discussion with constituents. These are:

The need for a Visitor Levy: The case for a Visitor Levy has not yet been made as there are concerns that a levy will be burdensome, expensive to operate, and removed local control of visitor funds. The cost of operating a business is already high in Scotland with high levels of taxation and VAT at 20% on all visitor services which is significantly more than many countries where visitor levies are applied. In addition, the cost of carrying on business on North Ayrshire’s islands is already higher than the mainland.

**Existing Visitor Gifting Schemes:** There are several voluntary visitor gifting schemes operating on Arran, which cost nothing to run and raise considerable amounts of money that is then used for the benefit of visitors to Arran. The imposition of a centralised compulsory visitor levy will harm the functioning of these schemes and reduce the funds available for use on Arran.

**Where the funds are spent:** A centrally controlled visitor levy will remove local decision-making about how donations from visitors will be spent. If there is going to be a visitor levy then the local authority must undertake full engagement with its visitor businesses and communities and agree how the funds raised should be spent and in what proportion across the local authority area.

**Definition of Chargeable Transaction:** The consultation response states that using the total overnight charge would be preferable to what the Bill suggests, which is just the accommodation element of the stay. Using the total overnight charge would be unworkable, unfair and anticompetitive. This is because:

- Accommodation providers regularly offer a bundled offer that could include a combination of accommodation, breakfast, dinner, parking, leisure facilities, spa treatments, and ferry travel. These are often used to promote the business and attract visitors out of season. It would be totally unreasonable for a guest staying at a multiservice accommodation providers (such as a hotel or bed & breakfast) to pay the visitor levy on the total cost of their stay.
- Having a levy on the total cost of stay would be unworkable as it would be impossible to know what was and was not included. For example, if the levy were to be on the total cost of the stay, would that be for guests who purchase the bundle up front or for all guests even if they only book a room up front but then go on to purchase breakfast, dinner and spa treatments? What about hotel guests who only book a room and then pay as they go for additional services?
- If hotel guests have to pay the levy on more than just the room then hotels would have two prices, one for guests charging services to the room and the second for people not staying at the hotel but using its services.
- Hotels would lose custom because guests could go to local restaurants and not have to pay the levy, giving a competitive advantage to service providers who don't offer accommodation, such as restaurants, hairdressers, spa and leisure facilities.
- Local engagement and publicity – it is essential that local authorities engage with providers, stakeholders and communities about the local operation of any visitor levy scheme they plan to introduce. The local authority must develop a publicly available plan on how the money raised will be spent and the distribution of spend across the local authority. Each year local authorities must report on the performance of the levy with details about the money raised, cost of administration, what and where the funds were spent and the benefits provided to visitors.

**Others** – other various concerns are:

How will the levy be applied to visitors' bills?

When will visitors be told that a levy is payable?

Will the levy be subject to VAT?

What impact will there be on commission-based accommodation sales (such as to Booking.com)?

## Desired Outcome

The desired outcome is to change the consultation paper as follows:

Section 1 – North Ayrshire Council considers that a visitor levy should not be imposed on Scotland's visitors. Scotland is already an expensive place to do business with high levels of taxation. The Visitor Levy is an additional tax on doing business that will be burdensome, expensive to operate and damage Scotland's tourist industry.

However, if a visitor levy system were to be approved then each local authority must have full discretion regarding implementation and control over the design, set-up, implementation and spend of any scheme within their area.

Section 2 – in addition to the current wording the following to be added:

Several visitor gifting schemes operate within North Ayrshire, in particular on Arran. They are operated at no cost by community led charities. They raise and distribute large sums of money for the direct benefit of visitors to Arran. The imposition of a visitor levy will harm the operation of these schemes which operate on good will and voluntary contributions.

Accommodation providers will be impacted by this legislation, in particular smaller providers with less resources to cope with the administration requirements. Tourism is already being harmed by the imposition of short-term licensing and the imposition of a visitor levy will create a further deterrent on small businesses.

Section 3 – remove the current wording and replace with:

Using the definition of 'overnight accommodation' is a simple and easily understandable definition.

There is some concern that some providers may attempt to inflate the costs of any additional items (such as breakfast and parking) to reduce the visitor levy. However, businesses already have to separate accommodation, food and other services for other taxation purposes. Also, to have the levy on the full cost of the overnight stay would add significant complexity and create disparity between visitors. There is such complexity to what a stay at a hotel includes and when additional services are paid for that charging the levy on more than just the overnight accommodation would be totally unworkable, burdensome and anticompetitive (as hotels would have higher prices for its resident guests compared with non-residents, and compared with nearby restaurants, leisure facilities etc).

The definition of 'overnight accommodation' must define if that is the rate inclusive or exclusive of VAT. Some smaller providers operate below the VAT threshold and don't charge VAT. A % levy charged after VAT would further disadvantage larger providers and would be a tax on a tax.

There must be a consistent approach about when and how visitors are informed about the compulsory visitor levy. In the UK there is a requirement for pricing to be transparent and include all the costs associated with the purchase. However, if accommodation providers can advertise accommodation without the visitor levy, at what point must providers inform their guests of this compulsory additional charge? If accommodation providers are required to show a price that includes the visitor levy then providers who use 3<sup>rd</sup> party sales outlets (such as Booking.com) which the vast majority of providers do, will be charged commission on the total price of the stay including the levy. Commission could be as high as 20% which would result in a loss to providers who will still need to pay the full levy.

It is essential that the levy is only payable on a 'chargeable transaction'. If visitors were to stay overnight for free then no levy should be payable. Examples of when this are when visitors are stranded on islands due to ferry cancellations and stranded visitors are accommodated in halls and temporary accommodation that makes no charge.

Section 4 – replace the current wording with:

If the levy is a % then it must be on the accommodation only element of the stay. However, an alternative would be a set £ fee per night. This would be simpler to calculate and would be more transparent. However, depending on the level at which the levy is set it may need to be tiered depending on the cost of accommodation.

Section 5 – add to the current wording:

Local authorities should have the flexibility to limit the levy for a single stay. This could be by a cap on the number of chargeable nights or setting a maximum charge for a single stay. This would lessen the burden on long-stay visitors who are often working in the area.

Local authorities should have the flexibility to change the rates depending on the demand for accommodation at different times of year. This would lessen the impact for visitors in low seasons.

Section 6 – retain current wording

Section 7 – add the following:

It is essential that local authorities undertake a full assessment as to the implications on the introduction of a visitor levy and that the findings on this assessment should be made public.

Then, prior to making any decision about introducing a visitor levy the local authority must undertake a comprehensive consultation with businesses, stakeholders and the public regarding the local implementation of the levy system, that includes details of how and where funds raised are to be used.

The operation of the visitor levy must be made public and contain details of how the funds raised will be spent and the distribution of funds across the local authority area.



Each year the Local Authority should be required to report on the total money raised, the proportion used for administration, what the funds were spent on and to what benefit to visitors. This will ensure that the scheme remains viable, and that visitors and residents retain confidence in the levy scheme.

Section 8 – retain current wording

Section 9 – retain current wording

Section 10 – replace current wording with:

- The requirement for providers to keep detailed records of the chargeable part of their overnight rates will be an additional burden for many, especially small providers. However, using the total overnight charge (including additional non-accommodation items such as food or use of leisure facilities) is not a viable option as it would be complex and create a significant competitive disadvantage for accommodation providers.
- Using a flat rate per night of stay is likely to be less complex and easier to manage. Any flat rate may need to be tiered so as not to disadvantage lower cost accommodation providers, such as campsites.
- Where an accommodation provider operates businesses in more than one local authority, they may have to manage reporting at different levy rates to different local authorities. If they have a central booking system this may become even more complex.

Accounting software used by many small businesses may not provide the flexibility to manage the levy and exemptions which could add to administrative burden and complexity for the providers.”

Thereafter, the Members who had requested the call-in were invited to speak and Councillor Billings addressed the Committee in support of the call-in request.

The Chair then invited Councillor Gurney, as the Cabinet Member for Green Environment and Economy, to address the meeting. Councillor Gurney explained the reasoning for the Cabinet decision and referred to a briefing note from the Interim Head of Service (Economic Development and Regeneration) provided at Appendix 2 to the report.

The Interim Head of Service (Growth, Investment and Employability) was also heard in relation to the report presented to Cabinet and on issues raised by the call-in, reference being made to the explanatory note at Appendix 2 to the report.

Members asked questions of the Interim Head of Service (Growth, Investment and Employability) and were provided with further information in relation to:-

- the tight consultation timescales involved and whether consideration on the consultation response could have taken place earlier, in order to allow more time consideration on the response; and
- the potential impacts on the local tourist industry and economy, together with the financial aspects involved (including penalties) concerning the application process.

Councillor Inglis, seconded by Councillor Marshall, moved that the Committee agree to accept the terms of the call-in request and refer the matter to the Cabinet for further consideration.

As an amendment Councillor Collier, seconded by Councillor McTiernan, moved that the Committee agree not to support the call-in request and that the previous decision of Cabinet should stand, with the consultation response being submitted to the Scottish Government by the 15 September 2023 deadline.

Thereafter, on a division and a roll call vote, there voted for the amendment, Councillors Bell, Collier and McTiernan (3) and for the motion, Councillors Inglis, Marshall and Sweeney (3). There being an equality of votes, the Chair exercised his casting vote in terms of Standing Order 19.6, and the amendment was declared carried.

Accordingly, the Committee agreed not to support the call-in request and that the previous decision of Cabinet should stand, with the consultation response being submitted to the Scottish Government by the 15 September 2023 deadline.

The meeting ended at 12.15 p.m.

## 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
<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

#### 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

## Appendix 1

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

## Appendix 1

### 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.

#### Answer:



## Appendix 1

Please provide your views

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

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.
- The distribution of General Revenue Grant could be adjusted to ensure the benefits are shared proportionately by all councils.

## Appendix 1

- 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. Arran has a proportionally higher level of Band E to Band H properties when compared to the mainland. The island Act legislation requires that an Islands Impact assessment would require to be undertaken by the Scottish Government.

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.**

## Appendix 1

Answer:

Yes

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.

In recognising the Island Act legislation there would be a requirement to undertake an Islands Impact assessment.