Local Government and Communities Committee

Consideration of the Council Tax (Substitution of Proportion) (Scotland) Order 2016

Submission from the Church of Scotland

Introduction

In 2015 - 2016 the Church and Society Council of the Church of Scotland undertook “Speak Out: 10,000 voices for change”, a process which listened to nearly 11,000 individuals from Churches and communities across Scotland and heard their hopes and concerns for Scotland and the world. From our analysis it was clear there were two immediate conclusions. An overwhelming number of responses emphasised that the way people fail to relate to one another is a key cause of injustice, inequality and unfairness. Correspondingly, changing the way we relate is a primary solution. Secondly, a large number of responses highlighted the need to tackle poverty and systematic injustice, in Scotland and around the world, was a prominent concern. Two of the specific themes we will focus on in our future work are “Creating an economy driven by equality” and “Doing politics differently”. In both these areas of work the establishment of a fair and proportionate system of local taxation that includes high levels of public engagement was identified as essential.

1. Overall, do you support the principles of the Government’s plans to reform Council Tax?

The Church and Society Council of the Church of Scotland does not support the proposals to increase the ratios of the upper bands (E-H) relative to Band D without addressing the underlying unfairness of the Council Tax system.

The Council Tax freeze has had a hugely unfair impact on public services delivered by local authorities. These cuts have hurt many of the poorest in our society the hardest. We appreciate that the proposals do include a lifting of the Council Tax freeze and we welcome this move. However, the proposals as a whole do not enable greater autonomy for Local Authorities to connect directly with Council Tax payers and agree mutually acceptable levels of taxation and service provision. Nor do the proposals represent a more progressive taxation system that the Church has consistently advocated, most recently in our report to the Church of Scotland General Assembly in 20151.

1 Section 4.9.4.1, Church and Society Council, available to download here: http://www.churchofscotland.org.uk/__data/assets/pdf_file/0020/27119/2015_Vol_I_Blue_Book.pdf (Accessed 28 September 2016)
2. To what extent will the Government’s proposed reforms make the system of Council Tax fairer?

According to the Commission on Local Tax Reform “People in the most expensive homes pay no more than 3 times the tax on the lowest value homes, even though we estimate those homes, on average, are now worth around 15 times as much. That means people in less expensive homes are paying a higher proportion of their property’s value in Council Tax than those in the most expensive homes.” One of the Scottish Government’s principles for taxation is that the amount someone is taxed should be proportionate to their ability to pay. This proposal to change Council Tax bills in the upper bands without addressing the underlying problems with valuation does very little to make the Council Tax a fairer system. At the very least a revaluation is required to ensure that Council Tax bills reflect current house values and that the difference between the lowest and highest Council Tax bills is a fairer reflection of the differences in house prices. A fairer system will be one which more adequately reflects people’s ability to pay.

5. Please add any other comments on any aspect of the proposed reforms

The current system of local government taxation has been inherited from the UK and predates devolution. It was scrutinised in the 2006 review of local taxation and found wanting with the report of the Local Government Finance Review Committee concluding “we were unable to recommend either continuation or reform of council tax.”

Little appears to have changed since the publication of the review and its criticisms of the Council Tax remain valid. We conclude that in order to bring about greater equality, transparency and a clearer relationship between the Scottish Government, the Scottish Parliament and local government the system of Council Tax should not remain a long term option.

We encourage the Government to produce more ambitious proposals for reform of local taxation including provision for public participation in the design of the new system. The Church and Society Council have considered the possibility of a Land Value Tax. Our 2015 report considered the implications of moving to a LVT including the possibility that it would result in housing being valued more for its “use” that its “exchange”. We would support a wider political discussion on the alternatives to Council Tax, including a Land Value Tax.


The Scottish Government has consistently advocated the need for a fairer Scotland. The creation of a fairer alternative to Council Tax – rather than tinkering around the edges – is an important plank for achieving this ambition. The Scottish Government needs to put its policy where its rhetoric is.

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On behalf of the Church and Society Council