Local Government and Communities Committee

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

Submission from Donald McGregor

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

Overall, I support the principle of reforming the Council Tax. I do not, however, see this proposal as a reform, but an adjustment of the existing. It’s like reforming income tax by changing one or more of the tax bands or tax rates; i.e. NOT reforming.

To what extent will the Government's proposed reforms make the system of Council Tax fairer?

I don’t think it’s possible to comment from a council-tax payer’s perspective, as I’m not aware of any commonly understood method of assessing ‘fairness’ in Council Tax charges. One measure may be that the amount to be paid should reflect the services required – but that then penalises poorer families as they would pay a disproportionate income share for common services. Another is to do as we do now, which is to allocate a payment share based upon a notional ability to pay measured by a 25-year-old estimate of a house ‘value’ measured in market place £s. This method has obvious problems associated with outdated house valuations and some disconnect between house market value and occupant income. I have some comments on this in the final paragraph below, (I’m ignoring here the moral horror of measuring human ‘worth’ by means of house ‘value’ based on market ‘value’; a concept that just destroys the notion of our houses as our homes. I’m ignoring also the fact that Council tax makes up a miserably small proportion of the monies that our Councils receive and that there are thus bigger, more useful reforms that could be considered).

To what extent will the changes be straightforward for local authorities to implement?

Seems to me that the proposed changes should be simple to administer

Do you support the Government’s planned changes to Council Tax reductions?

On balance, I support the idea of allowing a rebate to council tax due, on the basis of low income.
I do not have any knowledge or understanding of the quoted ‘child premium’, which maybe I should, as a parent of three school age children…

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

One of the loudest and most insistent complaints about the current system seems to be the continued application of outdated house valuation figures to the determination of the Council Tax Band that a house is allocated to, and the fact that with an aging population in purchased houses, this allocation bears no relationship to the ability to pay. A mass revaluation is clearly a massive, costly and questionable exercise. If we are going to keep this Council Tax scheme for the apparently foreseeable future, would it not however be a relatively simple thing to adjust an individual house Band allocation each time the thing is sold? Whatever the reported sale price, for the purposes of the LBTT, could be used to reallocate the property at the time of sale into the appropriate Council Tax Band. That way, the criticism of ‘elderly low-earners living in expensive houses and now paying high taxes that their income can’t afford’ would be side stepped, as the new tax band would echo exactly the current price of the house and thus the financial commitment of the purchaser? Housing Association and Council Housing would not be affected.

Putting that to one side, I would support an in depth review of options to replace the Council Tax with some form of ground rent arrangement, where payments by occupants were calculated on the basis of m² of land coupled with land usage. I think there is a way forward that would allow a more progressive taxation, address the ‘land bank’ issue by encouraging appropriate housing development, and creating a more even cost to the tax payers. It would be possible to decide the taxes on a uniform national basis and then allocate back to local councils. It could also be developed further into the realms of income tax replacement, which would indeed be a ‘reform’

I would encourage and support a bold approach to ‘reform’ of our citizen’s responsibilities and representation through reformed taxation.

Donald McGregor