



OFFICIAL REPORT  
AITHISG OIFIGEIL

DRAFT

# Local Government, Housing and Planning Committee

Tuesday 4 March 2025

Session 6



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Pàrlamaid na h-Alba

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**LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE**  
**7<sup>th</sup> Meeting 2025, Session 6**

**CONVENER**

\*Ariane Burgess (Highlands and Islands) (Green)

**DEPUTY CONVENER**

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

**COMMITTEE MEMBERS**

\*Meghan Gallacher (Central Scotland) (Con)

\*Mark Griffin (Central Scotland) (Lab)

\*Fulton MacGregor (Coatbridge and Chryston) (SNP)

\*Emma Roddick (Highlands and Islands) (SNP)

\*Alexander Stewart (Mid Scotland and Fife) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Councillor Katie Hagmann (Convention of Scottish Local Authorities)

Mirren Kelly (Convention of Scottish Local Authorities)

Ellen Leaver (Scottish Government)

Shona Robison (Cabinet Secretary for Finance and Local Government)

**CLERK TO THE COMMITTEE**

Jenny Mouncer

**LOCATION**

The David Livingstone Room (CR6)



## Scottish Parliament

### Local Government, Housing and Planning Committee

*Tuesday 4 March 2025*

*[The Convener opened the meeting at 10:00]*

#### Decision on Taking Business in Private

**The Convener (Ariane Burgess):** Good morning and welcome to the seventh meeting in 2025 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are switched to silent.

Our first agenda item is a decision on whether to take items 4 and 5 in private. Do members agree to take those items in private?

**Members indicated agreement.**

## Council Tax

10:00

**The Convener:** The next item on our agenda is to take evidence as part of our inquiry into the council tax system in Scotland. We have around 75 minutes for this discussion. We are joined by Shona Robison, the Cabinet Secretary for Finance and Local Government, and her officials. They are Ellen Leaver, who is the acting director for local government, and David Storrie, who is the head of local taxation policy at the Scottish Government. We are also joined by Councillor Katie Hagmann, who is the resources spokesperson at the Convention of Scottish Local Authorities, and Mirren Kelly, who is the chief officer of local government finance at COSLA.

If we cast our minds back to the 2015 commission on local tax reform, we will remember that it was a major piece of work involving consultation, research and cross-party engagement. I am interested in understanding from the witnesses—starting with the cabinet secretary—why they think that the commission ultimately failed to lead to any significant changes.

**The Cabinet Secretary for Finance and Local Government (Shona Robison):** First, I think that a lot of good work was carried out through the 2015 commission. Although the commission did not recommend any specific form of taxation to replace the council tax, it unpacked a lot of issues. The commission expressed a predominant view that local tax should continue to include some sort of domestic property tax, with a new system that was more progressive than the council tax.

The issue then is probably still the issue now—it is about getting consensus. That is why I have been pretty up front and honest in saying that I do not think that we will be able to move forward unless we can build enough consensus, not just in relation to identifying the problem but about what to do next. Everybody will agree that 1991 property values are out of date and that something needs to be done about that and everybody will agree that the current council tax system is not as progressive as it should be and that it needs to be improved, but the difficulty will be to agree on what should come next to make improvements.

I am quite optimistic that we can genuinely build some consensus around the principles that we agree on. There will be a lot that we disagree on, but there are areas that we can agree on where we could begin to make some changes. It might not be about having a massive big-bang replacement for the council tax, but I hope that we can find areas of agreement so that we can take incremental steps to address some of the issues,

such as progressivity. It remains to be seen where we get but in essence, that is what Katie Hagmann and I are keen to do.

**The Convener:** Thank you very much for that. Certainly, the point about political will came up quite strongly in our previous sessions on the issue. I will direct my second question to Katie Hagmann. In its letter to the committee, COSLA states its intention to work with council leaders to develop cross-party support for reform. Given the political make-up of Scotland's councils and the wide range of views, how do you intend to approach that?

**Councillor Katie Hagmann (Convention of Scottish Local Authorities):** Good morning, and thank you for the question. You will probably hear the word "consensus" a lot from me and the cabinet secretary this morning. Ultimately, we need that in order to move forward.

You also referenced political will, and we absolutely need to bring everybody with us. Everybody has opinions and thoughts on council tax and, as you have rightly pointed out, we need consensus in local government. There is no one political party majority in local government, so we need to bring all our councils and all our leaders with us on this journey.

We have regular updates at our leaders' meetings every month. We had an update just last Friday that allows us to progress to the next stage.

There is a feeling that everybody wants reform to move at pace, but, for us to do so, we need consensus. One of the points that was agreed at the leaders' meeting last week is that we will take a piece of work to our convention in March. The convention brings in the wider local government family; it is not just leaders, and there are political representatives from every local authority and every party. Although it would not necessarily be for the convention to agree to stages as such, it is about information sharing and ensuring that we can all move forward together.

There is clearly a piece of work to be done, and we have plans in place to do that. The first stage will be at our convention in March, so that all councillors can feel part of the process.

**The Convener:** It is helpful to know that that is part of the process. I have a question for Councillor Hagmann and the cabinet secretary. Out of curiosity, why do you think that other taxation and public finance changes—for example, income tax changes—seem to take place without political consensus? What is the difference when it comes to council tax? Why do we need to take everybody with us on that?

**Councillor Hagmann:** Council tax is such a visible tax and everybody is aware of it. Every

household in Scotland gets a letter. We have a legal duty as local authorities to send out that notice. It is one of the most visible taxes that we all pay and face. It creates a huge amount of interest among people, because they pay it every month—although there are mitigations and support for people on the lowest incomes who cannot afford to pay it—and it is prominent in everybody's lives. You only need to look at the newspapers over the past couple of weeks to see the media interest in council tax. Whether or not we like it, it is a tax that everybody can grasp. The payments that go out every month feel tangible, unlike income tax and other forms of taxation that come out of people's wages, which they do not see as much.

**The Convener:** That is interesting. As you say, income tax comes out of people's wages, so they must see it, but there is something about council tax that makes it very prominent. Having reflected on our previous evidence sessions, I wonder whether it is because council tax has a historical link to the poll tax, which was so controversial. Perhaps that is it. Shona Robison, do you have anything to add?

**Shona Robison:** There might be something in that, although people probably have quite a strong reaction to taxes in general. I think that Katie Hagmann's point about the visibility of council tax and the fact that it is a tax that spans two spheres of government, as well as there being interaction with actions that the Scottish Parliament might take—of course, any major changes to council tax would require legislation—goes back to the point about consensus. There is something about the complexity of council tax. There might be a historical legacy aspect and, as Katie pointed out, there is a lot of media attention. It is tricky.

**The Convener:** On your comment about people's reactions to tax, we are, in a way, in an unfortunate situation. In thinking about how we become a modern and progressive Scotland, we often look to the Nordic countries, but what they show is that taxation is really important for all the public services that make life good for everybody. Perhaps, as part of the process of considering the council tax, we have an opportunity to give people a better understanding of what it actually does.

**Shona Robison:** Local government has made a lot of efforts in that direction. I see a lot of local authorities setting out in detail what their council tax payers, if you like, can expect to receive from the investment that is being made. Local government services are funded through a hybrid of funds, of which council tax is just one element, but I think that there is something to be said for being on the front foot in setting out what the council tax will contribute to delivery, and I have seen some really good examples from local

authorities that are doing that sort of thing more and more.

**The Convener:** That sounds great. Alexander Stewart has a brief supplementary question.

**Alexander Stewart (Mid Scotland and Fife) (Con):** There is no doubt that, across the political landscape, there is a will for things to happen, but the question is how to find a way of ensuring progress. Indeed, you have touched on that very issue. Given that there are only 15 months or so left in this parliamentary session, how realistic is it that we will achieve anything? You have talked about the convention in March, but even if proposals were to come forward from that, at what point would we actually achieve something with them? Do you see things coming to fruition in the seventh session?

**Shona Robison:** Realistically speaking, I think that any actual practical changes would be made in the next session of Parliament, but we could lay the groundwork in this session for a willingness to create some consensus on which to move forward. Without that, we could have yet another parliamentary session with property values another five years out of date, no change to the bands and no movement on the issue.

I am keen to explore the art of the possible here. I think that you are right: everybody accepts that there is a problem and that changes are required. However, there are ways of giving such changes a very soft landing that would bring the public with us. Therefore, this is not just about building political consensus in order to do something to the public; that is why the consultation and the public events that we are holding are very much about engaging the public themselves on the options, on what would be acceptable, on what could make the system fairer and on how we ensure that any change lands in a way that deals with some of the obvious problems that might arise.

It would be quite an achievement to create a better landing space for any actual proposals, which could then go forward into the next parliamentary session. It will require a lot of detailed work, including technical work, and it will then require legislation, which, by its nature, will require consensus to some degree.

**Alexander Stewart:** Thank you.

**The Convener:** We heard in the previous evidence session that it might take three years from the beginning of the next parliamentary session to put something in place, so it sounds like a good idea to do some work up front to ensure that we can move forward at the beginning of session 7.

Have you, in your collaboration, kept in mind that an election is coming up, that manifestos are

being written and so on? Are you considering that in your timeline? Katie, did you want to come in here?

**Councillor Hagmann:** These points have been well trailed and discussed by COSLA leaders, and we are acutely aware of the timeline. There is a real desire to move at pace with this work—it is a phrase that comes up often—but we also note how the legislative process works.

It is important that we take a breath, too, and note that we have made progress on, for example, the 100 per cent increase in council tax for second homes. That work has progressed, and we have also done a significant piece of work, looking at multipliers and different bandings. Obviously we had to take soundings on that, and it generated a lot of interest, as I am sure you are all well aware.

We have proposed a series of engagements that will take place and conclude over the summer so that we can make progress on this, but the point about timing is not lost on us. Indeed, COSLA leaders are acutely aware of it. We are all well aware that parliamentary elections will take place soon and that manifestos will be written. Right now, COSLA is engaging with all political parties to ensure that those priorities feature across all the political manifestos.

10:15

**The Convener:** In response to my first question, Shona Robison said that the 2015 commission on local tax reform had some good recommendations but did not propose anything specific. How much you are going to look at those recommendations as part of the process, rather than reinventing the wheel?

**Shona Robison:** It is worth dusting down some of the work that was done rather than repeating it. The fact that there was a conclusion that local tax had to include some form of domestic property tax is not unhelpful. There is a lot in the commission's work that could be drawn on, but we need to address the fundamental point that, by the nature of the issue, any change will progress only if it has enough political support. I keep coming back to that, but it is just a fact. Katie Hagmann and I, in our respective roles, are keen to see what is the art of the possible. Doing nothing and having a position of no change is not sustainable. If we all agree on that, we need to consider where we can move to.

**The Convener:** It is good to hear that you recognise that.

I will move on and bring in other members.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Good morning, cabinet secretary, Councillor Hagmann and colleagues. I first want to

ask Councillor Hagmann about the convention that is planned for March. It would be fair to say that our committee thinks that the best that we can possibly achieve is some kind of agreement on broad principles to take us forward, and you mentioned that that might be the purpose of the convention in March. Has that been rolled out to all the participating political parties to get them to think about what consensus might look like so that we can move forward?

**Councillor Hagmann:** The role of the convention is to set the strategic direction for councils. I am acutely aware that, although council leaders meet every month, that is just one councillor from each local authority. The convention allows us all to come together, and it is absolutely vital. On Friday, COSLA leaders agreed that we will take the issue to the convention, so that is an action that is absolutely happening. We are still developing the programme and how that will work, but there will be a chance to have workshops, speakers and professional advisers, and to lay out what the process will be.

I am acutely aware that we have councillors all over Scotland who might not always be aware of what is discussed at the COSLA leaders meetings. It is absolutely vital that we use that platform and ability to come together, which is why it is really important that the leaders agreed on that. All political parties will be there, whether they are in administration or opposition, and there will also be independent councillors—everybody is represented at the COSLA convention.

**Willie Coffey:** Great—that is good.

Cabinet secretary, you have probably seen the evidence that we took from our Welsh colleagues last week. We heard that one of their main motivations has been to put fairness at the heart of their council tax system. They have managed to progress with that and deliver changes, which we haven't managed to do in Scotland. Why do you think that is?

**Shona Robison:** There are things that we can learn from the Welsh experience. I had a good discussion with Mark Drakeford, who is now the Cabinet Secretary for Finance in the Welsh Government, at the bilateral meeting of finance ministers from across the UK. We talked about the progress that has been made in Wales.

Mark Drakeford had some reflections about things that perhaps they would have done differently—for example, the transitional arrangements were retrofitted after there was quite a hullabaloo about who lost out of the revaluation. There are lessons there; with any changes going forward, you would build in transitional arrangements right from the start that would give those changes a soft landing. Wales is also

looking at further bands. We could look at how many additional bands might be required to make the Scottish system more progressive, and we could look at how the Welsh system works.

You could argue that it is down to how the political arithmetic has changed over the course of their Parliament and our Parliament. It has not been without its difficulties. When you look at the Welsh Government's budget situation—securing its budget by one vote—I wonder whether, if it was trying to make some of those changes now, it would land in the same political environment that it did when it embarked on the consultation on revaluation. I am just surmising that opportunities for such changes will ebb and flow, depending on relationships and good will in Parliaments.

However, I repeat that we can take a lot of good evidence and lessons learned from the good aspects of how Wales did it, but there are also things that it would say in hindsight that it might have done differently.

**Willie Coffey:** You mentioned banding systems. The Welsh added another band—band 1. We made a valiant attempt to adjust the multipliers on the upper four bands. Do you still see a banding system as being the cornerstone and at the heart of the process, or is that up for debate and discussion?

**Shona Robison:** The Welsh Government is adding additional bands in its next iteration. Adding additional bands would help with the progressivity, which is a bit different from the multiplier, which was quite a different proposition. That was about the relative payment of existing bands because of the fact that those in lower bands pay a higher proportion of their income towards council tax. That was the premise. I will leave aside the fact that, as we have said, because that got significant pushback, it is history.

Creating more bands in the council tax system is inherently progressive, because it is then more directly related to the value of properties, and there are not cut-off points like the current system has, so the bands would be smoother. I would hope, as part of the discussion about how to create political consensus—it is a pretty modest change, to be honest—that we could agree that creating more bands in the system would help to make the system more progressive. It would be part of a wider set of reforms.

**Willie Coffey:** Turning to revaluation and whether it can be a tool to make the system fairer, the Scottish Government's "Framework for Tax" document, which came out in 2021, had the broad principle that

"Taxes should be levied in proportion to taxpayers' ability to pay."



We know that, but does the Government still ascribe to trying to embed that vision at the heart of any new system, and how can we use the tool of revaluation to deliver that fairness?

**Shona Robison:** That principle absolutely holds, and that principle was set out in numerous iterations of how we see tax. It should be based on an ability to pay.

The property element of council tax is important, and the commission in 2015 made a recommendation in that regard, but there are subtleties. For example, a property does not always tell the full story of the income of the people who live there, but there is a correlation. Council tax reduction schemes such as the single-person discount are in place to recognise some of those issues.

I am clear that, if we are to land in a positive space, we will have to provide substantial transition schemes. The technical work will also be important. Analysis from the Institute for Fiscal Studies says that a revaluation would result in 60 per cent of households staying with the same bill, 20 per cent of households being better off and 20 per cent of households being the losers. My strong view is that, if we are to build consensus—not just politically, in the Parliament, but with the public—there will have to be strong transitional arrangements that smooth out the position over, potentially, a number of years.

Other jurisdictions around the world have done things to provide a very soft landing. For example, in British Columbia, someone can defer the impact of the changes for 10 years, by which point their property might be sold. I think that there would be political consensus on changes being made at the point of sale. There are 101 ways of ensuring a soft landing, with transitional arrangements in place for people in that category—the figure might not be as high as 20 per cent, which comes from the IFS; it could be significantly lower. I would want to be up front in providing maximum reassurance that there would be no cliff edges for people in that situation. That would require us to work with local government to establish the cost of such arrangements, which would need to be recognised.

I am trying to anticipate where the tricky, sticky bits will be, because, if we do not resolve them, we will not be able to move forward. We need to find a way of providing reassurance not only that we are aware of the issue but that we would actively create substantial transitional arrangements.

**Councillor Hagmann:** I am happy to add to that response. Clearly, the landscape for reform has been set out by previous bits of work. Fairness has to be at the heart of reform. COSLA leaders have been strong in calling for a revaluation to

ensure, in part, that our tax base is built on evidence and is robust, so that we can move forward. I have been invited to sit on the cabinet secretary's tax advisory forum, and the theme of fairness comes up throughout our dialogue and discussions on the issue. It is fair to reference the point that collection rates on property tax are very high—on average, they are about 96 per cent—so the system works, but we want to ensure that it is as fair as possible. From a local government point of view, our starting point on revaluation is the need for fairness.

My other point relates to the ability to pay. We need to ensure that the various discount schemes are still fit for purpose. Those are the conversations and areas that we want to explore. We need to use this exciting opportunity to engage with the public over the summer, with that concluding by the end of the next financial year.

**Willie Coffey:** Thanks for that.

I have a final point. You probably heard everyone at a previous meeting of the committee saying that revaluation must happen, because the system involves 1991 values and so on. Should that necessarily happen on its own if we cannot get agreement on a replacement council tax system, or does it need to be meshed together?

10:30

**Shona Robison:** My worry is that we could spend an eternity talking about a full replacement to the council tax and, because that would create more areas of difference, we would end up debating backwards and forwards—as we have done over a number of years. I have run out of patience for that, to be honest. I am a pragmatist by nature. Rather than make no progress, why do we not just see whether we can make some progress? Even if it is quite modest, that will be better than nothing.

In the future, there might be a different landscape and different views, and there might end up being a consensus around a complete replacement of the council tax, which would be great. However, I do not think that that is on offer in the here and now. There is too much scope for division. Instead of debating that, let us look at possible areas of agreement and move forward with those. If we could do something about 1991 property values in a way that is pragmatic and practical and has consensus, that would be better—it would be progress rather than nothing.

**Willie Coffey:** Councillor Hagmann, if all we get out of this is a revaluation process, would that be worth while?

**Councillor Hagmann:** Absolutely. There is a level of frustration because we spend an awful lot

of time talking. Leaders are clear that they want a revaluation. I therefore echo the sentiments of the cabinet secretary.

We need to make progress. I hear that from all the political parties, in my role as resource spokesperson. When I meet finance leads from all parties, there is a real desire for that. It is on all of us to come together. We might not agree on all aspects, but if we can at least agree on some of the principles and what we are trying to achieve—which comes back to the element of fairness—let us see what we can do.

**The Convener:** I want to pick up on the 20 per cent IFS figure—the people whom it identified as being potential losers. In part of your collaboration and work together, will you try to dig into that data, to get an understanding of what the percentage really is?

**Shona Robison:** Yes. The figure could be much lower than that. The technical work will give us much more information. I ask Ellen Leaver to say something about that.

**Ellen Leaver (Scottish Government):** Briefly, the first stage of the process is that we will commission independent analysis and modelling, which we will dig into, creating our own data set and updating it to the extent that that is possible. That will enable us to test against the IFS reports, comparing and contrasting, which will provide the basis for the work that we will then undertake through public engagement. We will dig into that and do our own independent modelling as well.

**The Convener:** That sounds like one of the good next steps.

**Mark Griffin (Central Scotland) (Lab):** In the document “Scotland’s Framework for Tax”, which Willie Coffey mentioned, the Government states:

“We are committed to reforming Council Tax to make it fairer, working ... to oversee the development of effective deliberative engagement on sources of local government funding, including Council Tax, that will culminate in a Citizens’ Assembly.”

That document was published in 2021. Why did it take more than three years to get the engagement process up and running?

**Shona Robison:** That is a fair challenge. Part of the concern, perhaps, was about what would come out of the end of that—whether it would give us anything new without some political consensus having been built in advance.

The public element of consultation can take many forms. As long as it is there, and as long as it is local and led by local government, I am not sure that it necessarily requires to be in a particular format, whether that is a citizens assembly or anything else. It is a matter of

ensuring that it is done in a way that gives us the same level of engagement with the public.

Why was that not done more quickly? It was probably because there was a bit of scepticism about whether anything arising from the event would change things and move us forward. I have therefore taken the position that we now need to get things in the right order to build political consensus and land changes in an environment that means that they will actually happen, rather than our debating the future of the council tax and replacing it with something that no one will agree on, which would be my worry.

That is my honest reflection on why we have probably not made the progress that we would have liked to make since 2021.

**Mark Griffin:** Do you have anything to add, Councillor Hagmann?

**Councillor Hagmann:** I will not touch on the citizens assembly element but, when it comes to deliberative engagement, we have made a commitment to engage publicly over the summer, and the hope is that that will include town hall events, going out to the community and speaking with people—so, we are deliberately going out to engage.

It is important to recognise that we are not starting with a blank slate. If we come forward with a new proposal, a citizens assembly is a fantastic and wonderful vehicle for asking, “Where are we going to go with this?” As has been referred to at several points, a huge amount of work has been done and a huge amount of evidence has already been gathered. Rather than look backwards and start with a blank slate, we are keen to build on the evidence that we already have.

That is not to say that deliberative engagement is not going to be part of this in the future. It is absolutely vital that the public feel that they are on the journey with us.

**Mark Griffin:** You are absolutely right: as we heard at the committee last week, engagement with the public is vital. The message needs to be clear on what we are engaging on, what the proposed outcome will be and what change we are offering the public.

You have probably encapsulated most people’s feelings on the issue, cabinet secretary. Almost everybody has run out of patience with talking about council tax reform and the “unfair council tax” rhetoric. Everybody is fed up hearing about it; we just want to do something about it. Is there a risk that we might go out for another round of engagement and—again—nothing happens? We could face a real risk of reaching a point where everybody is totally fed up with the talk about council tax reform. We are getting to the last

chance saloon for reform, and it could end up in a basket marked “too difficult to do”.

**Shona Robison:** I want to avoid that. You make a fair challenge. If we were to go out and say, “Council tax: discuss,” that is exactly where we would probably end up.

The joint working group and COSLA leaders have still to narrow down the content of the engagement activity before going out to the public. It would be interesting to hear views from the committee on this. How, specifically, do we make the system more progressive? What do people think about additional bands? What do people think about transitional arrangements? We could begin to get into questions of what the system might be, rather than just saying, “Council tax: discuss.” That does not mean that the process is so narrow that it becomes one of saying, “This is your choice. Take it or leave it.” There is a balance to be struck. People need to get the sense that something could emerge at the end that will help with manifesto setting and a landing space that could be progressed in the next session of Parliament, from which people would see a tangible outcome.

I share your worry about where we could end up if the process is too broad. We do not want that, and I think that the public expects to know where the political consensus might be. Without that, legislation will go nowhere. There has to be a reality check, which should inform our thinking about what goes out to the public.

Katie Hagmann may want to add more.

**Councillor Hagmann:** Any consultation or engagement that we do must have a clear ask and we must know what we are taking to the public. There is also a responsibility on us all to ensure that the consultation is accessible and that we reach a broad range of views. I am sure that you are all well aware that there is a self-selecting group of people who often come forward when we seek public responses. If we do just a little digging into the data from the multiplier consultation, we see that the vast majority of people who responded were council tax payers in the higher bands.

We have a responsibility here, and we are absolutely committed to the consultation being meaningful. Therefore, we must ensure that it is accessible and that we reach everyone because, as we said at the start of the meeting, everyone pays council tax. It is not just one part of society that is eligible.

**The Convener:** I will pick up on the scope of the engagement. The idea of percentages came up at our meeting on 18 February. Would you consider talking to people about that? There are challenges with that idea and no one is necessarily

advocating it, but what was said during that meeting suggests that a percentage system could be more proportionate and potentially fairer than the current banding system.

Would you be prepared to open up the engagement process to include discussion of that idea, so that people can understand that banding is not the only option? It might be the one that we end up with, but there could be other options.

**Shona Robison:** We have yet to look at narrowing down the details, so I do not want to be overly prescriptive. However, my worry about that goes back to the worry that I expressed earlier about creating division rather than consensus. My instinct is that we are more likely to build consensus by adding more bands to make the council tax banding system more progressive.

There is also the issue of the complexity of delivery. Any major change or completely new system would be complex and take a lot of time and resource effort. There would have to be quite a lot of advantages to doing that instead of building on the system that we have already set up. I would be more drawn towards making incremental improvements than to trying to do something that would be challenging.

**Councillor Hagmann:** Those are all interesting areas to explore, which is why we have commissioned the technical experts to gather the evidence that Ellen Leaver referred to. We must base our work on evidence and take advice from the experts. We need to know what we can achieve in the time that we have, because we do not want to be sitting here in a year’s time without having achieved anything at all. There are lots of areas that we could explore, but we are at the point looking at where we are and being informed by technical expertise. That is why it was really important to commission the piece of work that is about to begin. We are not quite there yet and may have to come back to the committee once that has been done.

**The Convener:** I am glad to hear you say that we do not want to be here in a year’s time without having achieved anything. There is a sense of relief in the committee—and perhaps among our adoring fans, who are watching—about that.

Emma Roddick has a couple of questions.

**Emma Roddick (Highlands and Islands) (SNP):** The committee has heard that satisfaction with council services overall is reducing. Will the joint working group look at how to deliver best value for the taxpayer and ensure that folk can see where their money is going and what they are getting out of paying council tax?

10:45

**Shona Robison:** Best value is really important, and not just in local government. It is important that we are all able to show that every public service is striving to deliver the best outcomes with the resources that are available. I mentioned some of the ways in which I have seen local authorities giving more visibility to that. Best-value reviews are built into the Accounts Commission work, which gives the issue a kind of transparency.

As is always the case in all areas of public life, some local authorities are better than others at telling the story around those things and providing evidence and transparency. It is the same across all public services.

**Councillor Hagmann:** Each local authority gets its best-value audit from Audit Scotland, but how accessible is that to constituents or residents? It probably does not mean a whole lot to individuals, so there is a responsibility on councils to have clear communication with each and every resident. There is sometimes a misconnection on how much revenue council tax brings in. It represents only about 18 or 19 per cent of our budget, so it is a relatively small amount of revenue raising, but we do our very best with it.

Financially, councils are in a really challenging position, for a host of reasons. We are still living with the effects of the cost of living crisis, the Ukraine crisis and the high cost of fuel. Historically, there are a lot of reasons why councils are in a challenging position. However, as budgets get tighter, there is more responsibility on councils to engage with the public to explain to the community what we want to achieve, how we are going to achieve it and what the priorities are.

More and more councils are going out and consulting their communities at budget time, and part of that involves looking at council tax. Would people rather see some services safeguarded through council tax going up, or would they rather see it going down? Some services may have to stop if council tax is not able to act, almost, as a bit of a buffer. It is never going to be the main source of income, but it allows local discretion. A lot of it comes down to that communication. It falls to councils to be as open and transparent as possible.

**Emma Roddick:** Yes—that is the important part. As you said, it is about people's expectations and councils' communication around why certain things are being prioritised. Do you feel that there is often a difference between what a council is prioritising out of necessity and what people are experiencing in their everyday lives that makes them think that the council is not running services as well as they want it to?

**Councillor Hagmann:** Everybody has a different experience of council services. Everybody has their own priorities and things that they want to see. For people who have a young family, childcare, education, school bus services and road-crossing patrols are all high up in their minds. Older adults think about front-line services such as social care and how that is delivered. In the meantime, people still have to get to work but there are potholes that need to be fixed or they do not have access to public transport. Everybody has their own priorities. The challenge for local government is to lay out the expanse of services, including front-line services, that we deliver across Scotland.

A slight council tax increase allows us to soften some of the hard edges. Every local authority is different: some smaller ones do not bring in that much revenue; others can get more from their council tax. It is all about the balance, which is a challenge, but we are committed to overcoming it. Engagement would allow us to explain a lot more of the work that we are doing, because we need to educate our communities, too.

**Emma Roddick:** Analysis of Joseph Rowntree Foundation data shows that 17 per cent of low-income households are in council tax arrears. The Scottish Government has acknowledged that

“there is evidence that council tax debt has increased over the cost of living crisis”.

To what extent is council tax's regressive nature responsible for that situation?

**Shona Robison:** The cost of living is probably primarily responsible for it, because, generally, debt rises in a cost of living crisis. People sometimes make a judgment to prioritise the bills that they think would result in more immediate pursuance.

I have often spoken to constituents who are in a difficult situation and they, rightly or wrongly, sometimes perceive the council tax as a debt that is not going to be immediately pursued, so they prioritise preventing power from being shut off and putting food on the table. People will make a judgment, which I suspect comes down to where council tax debt sits in a list of debts with which they are wrestling. That is my first point.

What we do about that is an issue, and the Scottish Government has been supporting a number of debt services. Local government is doing a lot of very good debt work in order to support people and make sure that they know about some of the discounts and what they are entitled to, because they sometimes do not know about council tax reduction support. It is important that people get support and that arrangements are made to enable them to repay in a sustainable

way. I know that local authorities have been very proactive in doing that.

**Councillor Hagmann:** It is fair to say that local councils work with individuals. It is not the case that, if someone gets in arrears, they are referred straight to a third party for collection. Support is in place, and councils have a responsibility to signpost struggling individuals.

I will bring in Mirren Kelly, who has some examples of how we are working with communities on debt collection.

**Mirren Kelly (Convention of Scottish Local Authorities):** I can confirm that, if anyone gets into council tax debt, the first port of call is to consider the support that they need to get out of it. As the cabinet secretary described, individuals make decisions on how to prioritise their debt, which is completely understandable and is always considered and taken into account.

In response to your question about whether council tax's regressive nature contributes to rising debt, I would say it probably does. If council tax takes up a higher proportion of your income, it is a necessary factor in that.

**Emma Roddick:** Cabinet secretary, you mentioned council tax reduction schemes, which are certainly an important method of tackling poverty and lessening its impact. Why has the joint working group prioritised changes to second homes and empty homes instead? What benefit could that bring as part of wider efforts to tackle poverty?

**Shona Robison:** Measures that could help to address policy areas that are very difficult for local government, such as the loss of homes in some areas of remote and rural Scotland to the holiday sector, have been prioritised. In some areas of remote and rural Scotland, nearly all of the homes are now second or holiday homes. The motivation behind the measures was to empower local government to do something about that; they are tools that local government can use. They can also raise revenue, which has been important. That dual policy objective has been quite successful, and there has been a large degree of consensus around it.

Any changes to some of the elements within council tax—for example, changes to the reduction scheme—need to be seen in the context of what we are doing more widely with council tax. We should look at reductions, but we need to maintain consensus. For example, I would be concerned about the removal of anyone's discounts, because that would get us off on an entirely wrong and negative premise when consulting with the public. You do not want to consult on taking something away from somebody—that gets us in the wrong place straight away.

I am not saying that there is not a debate to be had on reductions, but, if we are to take people with us on that journey, we need to centre the policy in the right place.

**Councillor Hagmann:** Council tax reduction schemes are an important part of the landscape that we are working with. At the moment, we are at an evidence-gathering stage. We need to look at a range of options, do some modelling and dig down with regard to what we are trying to achieve. As has come out clearly in the evidence that you have heard—certainly from council leaders—revaluation appears to be at the top of the list.

That is not to say that we should not consider all the options, but I am not sure whether they will all go forward now, as we cannot do everything at this point. Reductions remain an important part of council tax for many individuals, so we need to know what the impact of any changes would be. Let us do some modelling, see what proposals might look like and, certainly, look at what we can achieve right now.

**Alexander Stewart:** In previous evidence sessions, we have discussed the fact that some households are asset rich but income poor. What measures will the Scottish Government consider if revaluation leads to an increase in council tax bills for some lower-income households?

**Shona Robison:** That is one of the issues at the heart of this discussion, and we have to address people's concerns in that regard. That is where strong transitional arrangements are important, and those could be available to everybody. For example, there could be no cliff edges for anyone. There are lots of ways that you could do revaluation. It could be implemented over a number of years, so that changes were incremental, and there could be referral schemes.

There could also be recognition of the fact that some people are asset rich but income poor. The reduction scheme already recognises that, to some degree, through the single person discount. Although that is not income related, it is a recognition of the central premise that we are trying to manage all the household costs. There are options.

We recognise that that is an issue, and whatever changes are made will have transitional support and relief at their heart, which might help to reduce people's concerns. That will also be important in building a consensus as well as public buy-in.

11:00

**Alexander Stewart:** Cabinet secretary, you referred to lower-income households and the council tax reduction scheme. Would you consider

extending the scheme to protect pensioner households?

**Shona Robison:** I am not going to rule anything out at this stage. First, we need to know what we are talking about, which is where the detail that Ellen Leaver mentioned, around who might need transitional additional support, comes in. We need to take it from there and break it down to look at who those people are, what their circumstances are and how we can support the position going forward.

We also have judgments to make about the overall system. Welsh colleagues were clear that one of the important things that they established from the start was that the process would be revenue neutral. I am very sympathetic to that position, because, if we say to the public that this is about making the system fair and that, in doing so, we recognise that some people will require transitional support—rather than it being a revenue-raising opportunity—that lands it in a different space. These things need to be discussed, but it is important that the purpose is set out clearly from the beginning. I would not dismiss some of those options, and the good thing about having detailed cross-party dialogue is that things might be suggested that could help to build a consensus.

**Councillor Hagmann:** I do not have much to add. This is the responsibility of the joint working group. We need to model the potential options and consider that modelling before we go out to engage with the public, so that what we are engaging on is based on fairness. As the cabinet secretary said, we are all agreed that, if we are going to start from the point of view of fairness, this is not necessarily about revenue raising. That touches on my comments about ensuring that we get a broad range of views, so that we hear from constituents and residents on those very issues. It is on us, as the joint working group, to ensure that our proposals are robust.

**Alexander Stewart:** That is good. What are the benefits for local government of revaluation in that regard? Is there a danger that some councils could become more reliant on the general revenue grant and would be able to raise less through local taxation? What would be the implications of revaluation in a broader sense for the local government finance system?

**Shona Robison:** We would have to look at that as part of the modelling, to ensure that we were cognisant of that. Katie Hagmann referred to some of the very small local authorities and the relative value of council tax as part of their financial base. That brings us into other spaces, such as reform, and I am aware of really good discussions between Clackmannanshire, Falkirk and Stirling councils about shared services and how we can

work more closely together. We recognise that that is just one part of the jigsaw; there are plenty of other things that we need to look at, and that work needs to be led by local authorities. For example, we recognise the on-going demand for services, which will continue to increase, not least in areas such as social care, so how do we manage that in the future? What we are discussing today is just one part of that picture.

**Councillor Hagmann:** It is vital that we know what our tax base is. The real prize from revaluation is in getting an honest understanding, based on evidence, of where we are today. It has been such a long time since that was done, and it is one of the key drivers for it. There are lots of technical areas that we could talk about, but it is about gathering the evidence, bringing forward options and undertaking the consultation properly.

**Mirren Kelly:** There is already an element of redistribution of council tax income in the settlement, so that would have to be considered as part of this as a whole. Exactly as has been said, it is about making the council tax base fairer across the board, and those elements would then need to be considered.

**The Convener:** Before I bring in Fulton MacGregor with the next few questions, I note that Katie Hagmann just mentioned—and, throughout the meeting, we have talked about—modelling that will take place imminently. Would you be willing to share with the committee the modelling and the analysis of it?

**Councillor Hagmann:** We are just about to commission that. It will sit with the joint working group. I am not able to confirm more right now, so perhaps I will turn to our officials. We have officials here from the Scottish Government and from local government.

**Ellen Leaver:** The modelling will be procured as a study, so it will be published in the normal way. It will be available publicly, and we will, of course, alert the committee to its publication.

**The Convener:** Great.

**Shona Robison:** If there are recommendations from the committee's work, we will be keen to embrace those as much as we can, as part of cross-party working.

**The Convener:** That is very welcome. After this evidence session, we will discuss how we will communicate our findings so far.

Fulton MacGregor has the next questions.

**Fulton MacGregor (Coatbridge and Chryston) (SNP):** Thank you. Cabinet secretary and Councillor Hagmann, this question is probably one for you. How will the Scottish Government and

local government communicate any proposed changes to council tax?

**Shona Robison:** That is a really important question, and it is why talking to and engaging with the public at an early stage of the process is important. The last thing that we want is to end up with something that is viewed as doing something to the public, with us saying, “We have done this thing behind closed doors, and there it is—take it or leave it”. That is not what we want to do at all.

We want to have dialogue and, as Katie Hagmann said earlier, we want to have as long a reach as possible, so that it is not just about those self-selecting folk who regularly respond to consultations such as this. We want to have a greater reach than that and to spark genuine conversations.

There is a balance to be struck, because we do not want to go out and say, “Council tax: discuss.” We will have to frame the discussion around the type of things that are possible. We do not want to lead people up the garden path and into thinking that this will make changes that it cannot. We have to be clear and honest about the parameters, but we need to look for feedback and take that on board. That has to be the way that this lands. It is not about doing to people; it is about genuinely trying to make a system fairer and being really clear and up front about that.

**Fulton MacGregor:** Thank you. Councillor Hagmann, I will take you back to an exchange that you had with Mark Griffin when you were talking about the people who reflect on proposals for council tax change being likely to be those who are most impacted. The Institute of Revenues Rating and Valuation Scotland told us that there are risks in the efforts to reform being

“ambushed by those who will be disadvantaged.”—[*Official Report, Local Government, Housing and Planning Committee*, 25 February; c 23.]

Can those risks be mitigated? If so, how? If you want to answer my first question, you can just link it in.

**Councillor Hagmann:** We have to be aware of the pitfalls that we could fall into. We understand that any proposed reform will generate a lot of interest—that goes back to your first point about communication, which will be vital. There is a joint commitment from the Scottish Government and local government to move forward together, which in itself gives us strength.

We have to have a clear communications plan. We have a huge advantage in the fact that local authorities communicate regularly and often with communities, so we can tap into that engagement network. We need to think about how we use that in the best possible way. As has been said, there will be groups of people who will make their points

very forcefully, but we need to ensure that we listen to everybody’s voices on the issue, and not just the voices of those who shout the loudest. Ultimately, we need to be guided by the question of what it is that we are trying to achieve. We keep looking back to the nub of the matter, which is about the fairness of a tax that everybody pays.

**Fulton MacGregor:** Cabinet secretary, are there any lessons to be learned for any council tax proposals from the processes around how the Scottish Government has developed and implemented reforms in other areas of taxation, such as non-domestic rates, land and buildings transaction tax and income tax?

**Shona Robison:** Inevitably there will be lessons, and we will seek to draw on what has worked well in terms of communication and where communication could have been better. The main point is that, given the complexity of the system, we need to be clear from the outset what it is that we are trying to achieve and what the options are to meet that objective. We can certainly draw not just on what the Scottish Government has done but on what has worked elsewhere in this area, such as the work that has been done in Wales, as I mentioned earlier, and the work in other jurisdictions.

At the end of the day, we need to get it right for Scotland, and it is our responsibility to land any reform in the right place so that it has the best chance of producing something that is useful for us all.

**Fulton MacGregor:** I will move on to another line of questioning, which is resources and potential costs. Professor David Heald suggested that the costs of revaluation in Wales could be used as a starting point for estimating the costs of revaluation in Scotland. Given the difference in the number of households, is a cost of around £25 million a fair estimate? You may have heard that figure in last week’s session.

**Shona Robison:** There will be a cost; we absolutely need to recognise that. There may then be an on-going cost—is it a system that is going to be updated, and what would be the timeframe for those updates? An investment will need to be made. Basing that on the Welsh experience is not a bad starting point, but the change will require investment.

**Ellen Leaver:** We would also look to the Scottish Assessors Association, which appeared before the committee last week, to give us a cost. The SAA has given us some ideas, but it would need to have the specification for any revaluation before it could accurately cost that exercise. It is important, therefore, to take account not only of the revaluation itself but of the role of assessors and the cost of an appeals process thereafter. I

think Heather Honeyman or her colleague from the SAA will have mentioned that when they were at the committee last week.

**Fulton MacGregor:** Thank you for that—you have predicted my next two questions, which is really good.

**Shona Robison:** As always, Ellen.

**Fulton MacGregor:** That was quite impressive.

I was going to ask whether you know how many assessors might be needed to carry out a revaluation and what the potential impact on the appeals system could be. Ellen Leaver began to touch on that, but I do not know whether anyone wants to say anything else on that.

**Ellen Leaver:** We will be led by the expert view of the Scottish Assessors Association on how many assessors will be required to undertake that exercise—we will take a view from Heather Honeyman, who currently chairs the SAA. The timing of a council tax revaluation and the timing of the assessors' work on non-domestic rates will be factored into considerations of the amount of additional capacity that the SAA will need.

Given the duration of a council tax exercise and the time that has passed since 1991, any revaluation exercise would, almost certainly, coincide at some point with the three-yearly NDR revaluation. We will take a view from the SAA as to the capacity that it would require to deliver both exercises with minimal risk. Similarly, on appeals, we will take our view from the Scottish Courts and Tribunals Service on what resources the local tax chamber would require in order to support an appeals process effectively, alongside the capacity of assessors.

11:15

**Meghan Gallacher (Central Scotland) (Con):** Thank you, convener, and good morning, cabinet secretary and officials. In January, cabinet secretary, you told the committee of your intention

“to publish the fiscal framework alongside the local government settlement next month, if we can reach agreement on it with COSLA”.—[*Official Report, Local Government, Housing and Planning Committee*, 21 January 2025; c 18.]

We have now passed that point. Can you or Councillor Hagmann give us an update on any conversations or progress that has been made?

**Shona Robison:** We have made demonstrable progress on the fiscal framework ahead of the 2025-26 budget, which has been acknowledged. The way that the budget is negotiated and discussed between ourselves and local government has been transformed. I think that Katie Hagmann and I have had about 15 meetings

about the budget. The process has been quite resource intensive and there has been an open-book approach. The principles of the fiscal framework have underpinned the process and are being put into practice. I am keen to publish a version of the fiscal framework jointly with COSLA, but we need agreement on that. The discussions are on-going and we are keen to move forward on that. I think that that is where things have got to. Do you agree, Ellen?

**Ellen Leaver:** Yes.

**Councillor Hagmann:** COSLA leaders are still very keen to progress with a fiscal framework, and we are working on it. I was not aware that there had been 15, but I knew that there had been a lot of meetings in the run up to the budget. Certainly, everything that I have heard from my officials is that the engagement has been much more open than it has ever been in the past, and there has been shared learning from both local government officials and Scottish Government officials. Being able to have those discussions has been really helpful.

We will continue to work closely on the issue, because there is a lot to be gained from it. Fundamentally, it is part of the Verity house agreement, and we want to progress it.

There is always an expectation that people would like these things to have been done yesterday, but they take time. There is a level of complexity in taking forward the fiscal framework that nobody fully understood, but we are absolutely committed to it and will continue to have dialogue on it. I cannot give a commitment that we will have something to present next week, as such, because it is a significant piece of work. We also need to put a lot of capacity into the process.

**Meghan Gallacher:** If I may, convener, I have one final question. I have listened carefully to the responses that have been given this morning about reaching consensus and ensuring that discussions are being had with various political parties. We should remember that there have been periods when the governing party had a majority. Why did the Government not look at council tax reform then? It would not have needed political consensus, and the Government would have been able to move forward with it, if it wanted to.

**Shona Robison:** That is a fair challenge. My party has looked at various options for replacing council tax. For a time, we were focused on looking at whether there could be a local income tax alternative, but the problem was that that would not have raised enough money. Essentially, as the commission noted in 2015, we concluded



that there needs to be a property element to local taxation.

11:22

*Meeting suspended.*

We now have a Parliament of minorities, so the only way to move forward is to try to build consensus. However, with something as fundamental as council tax reform, even if we did not have to build consensus, I think that doing so would be the right thing to do. At the end of the day, we do not want to be seen to have developed something behind closed doors and to say, "Here it is—take it or leave it." Even if we were able to do that, I do not think that that would land in the right way. The reform must stand the test of time, so we need to make sensible incremental changes that create a fairer system. That system might not be perfect, but people should feel that it is much better than the one that we have at the moment. I am keen to continue those discussions.

**The Convener:** We have talked about trying to dive into the detail to determine how many people will be affected by the changes—the figure of 20 per cent of households has been given. I am interested in how you will approach engagement, because we have also talked about the number of people who are in arrears. If you have got to that stage, what is your thinking on how to engage with folk who are in arrears and have lived experience of struggling with council tax, as they will be some of the most vulnerable people in Scotland?

**Shona Robison:** That is a very fair question. The joint working group is working through the detail of what we will ask and how we will consult. The important point is that the process will not be optimal if we just send something out and see who responds to it. We could use networks of support. Local authorities have a lot of such networks, which will be in contact with the very people you are talking about—those who might be struggling with council tax arrears and debt. Through third-party organisations, there might be ways to elicit views that might not otherwise be given. We will take that point away and think about it further.

**Councillor Hagmann:** Absolutely. Our next meeting is this afternoon, so all these issues will be fresh in our minds. It has been really helpful to have the debate today, so I thank the committee for inviting us. We will take your comments away with us. We are not at the stage of developing firm plans, but your questions have been really helpful in guiding us on where to go next.

**The Convener:** Great. That concludes our questions. Whoever organised your diary to have that meeting this afternoon was thinking really well. I thank the witnesses for joining us. It has been a helpful discussion.

I briefly suspend the meeting to allow the witnesses to leave the table.

11:23

*On resuming—*

## **Subordinate Legislation**

### **Cost of Living (Tenant Protection) (Saving Provision) (Scotland) Regulations 2025 (SSI 2025/29)**

### **Local Governance (Scotland) Act 2004 (Remuneration) Amendment (Amendment) Regulations 2025 (SSI 2025/36)**

**The Convener:** The next item on our agenda is consideration of two negative instruments. Do committee members have any comments on the instruments?

**Members indicated disagreement.**

**The Convener:** As there are no comments, does the committee agree that we do not wish to make any recommendations in relation to the instruments?

**Members indicated agreement.**

**The Convener:** We previously agreed to take the next items in private.

11:24

*Meeting continued in private until 12:06.*

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