

EQUALITY IMPACT ASSESSMENT - RESULTS

Title of Policy	Council Tax Reform
Summary of aims and desired outcomes of Policy	To make council tax fairer by changing how the rate for more expensive properties in Bands E, F, G and H is calculated and asking people in these bands to pay more.
Directorate: Division: team	Communities: Local Government and Communities: Local Government and Analytical Services

Executive summary

The policy intention is to make council tax fairer by changing how the rate for more expensive properties in Bands E, F, G and H is calculated and asking people in these bands to pay more.

Background

The policy builds on the recommendations of the Commission on Local Tax Reform, which found that the present council tax is regressive, both when measured against property values and against household incomes. Although the tax rate is determined by the property value, this results, in most circumstances, in the share of household income going on council tax being greater at lower incomes than at higher incomes. The Commission's analysis suggested that, even with substantially higher rates for the most expensive properties, a property tax cannot be progressive with respect to income for all households.

The Scope of the Equality Impact Assessment

The scope of the Equality Impact Assessment was to identify which groups would be adversely affected by the policy.

Key Findings

Just over one-quarter of Scottish households are liable for council tax on properties banded E to H. Around three per cent of these households are in receipt of Council Tax Reduction and so will be protected from the changes. It is estimated that up to 54,000 low income households in Bands E to H will be entitled to an exemption from the increase in multipliers through an extension of the Council Tax Reduction scheme. The remaining households in Bands E to H will be liable for the increased charges.

Recommendations and Conclusion

The Council Tax Reduction scheme already exists to assist those who need help to pay their council tax because of their low income. It was decided to extend the scheme explicitly to exempt households in properties in Bands E to H on net incomes

below the Scottish median for their household type, up to a maximum of £25,000, from the increased charges.

Secondary legislation to amend the Council Tax Reduction scheme accordingly will be laid with the secondary legislation to implement the change to council tax. It is estimated that this mitigation will cost a maximum of £7 m.