

# Fairer Council Tax: Consultation Analysis



**PEOPLE, COMMUNITIES AND PLACES**

# Fairer Council Tax: Consultation

Analysis of consultation responses

December 2023

---

## About the authors



Alma Economics combines unparalleled analytical expertise with the ability to communicate complex ideas clearly.

[www.almaeconomics.com](http://www.almaeconomics.com)

## Contents

<b>Executive Summary .....</b>	<b>1</b>
<b>Introduction.....</b>	<b>5</b>
<b>Overview of responses received.....</b>	<b>11</b>
<b>Analysis .....</b>	<b>15</b>
Question 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?.....	15
Question 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? .....	25
Question 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? .....	26
Question 4: When should any increases be introduced if the tax on higher band properties is increased as proposed? .....	28
Question 5: Should the Council Tax Reduction scheme be expanded to protect those on lower incomes from any increases to higher Band properties? .....	33
Question 6: 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. ....	34
Question 7: 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. ....	43
Question 8: Please tell us how you think changes to Council Tax rates for properties in Bands E, F, G and H might affect Island Communities. ....	52
Question 9: 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. ....	55
<b>Annex A: List of consultation questions.....</b>	<b>62</b>
<b>Annex B: Technical approach to qualitative analysis.....</b>	<b>64</b>

# Executive summary

Council Tax has been devolved to the Scottish Parliament since 1999 and is administered by individual councils. All households pay Council Tax (unless exempt), and revenue from Council Tax supports a wide range of vital services that communities rely on, including funding for schools, social care, roads, transport and environment/waste services. While the importance of Council Tax and the services and support that it helps fund are widely accepted, the structure and functioning of the present Council Tax system have received criticism from some stakeholders. Although the most financially vulnerable people in Scotland are protected through the Council Tax Reduction Scheme, under the current system the effective Council Tax rate is higher for lower value properties (when expressed as a percentage of the estimated property value), as recognised in the Commission on Local Tax Reform's 2015 report.<sup>1</sup>

In Scotland, each council determines the tax for Band D properties, and the charges for other property bands (A to C, E to H) are fixed in proportion to the Band D charge. These proportions, also known as multipliers, are set in law and the same for all Scottish council areas. In 2017, the Scottish Government changed the multipliers for Bands E to H, increasing the Council Tax for around 25% of properties. For example, under the 2017 change, the multiplier for Band E was increased from 11/9 (1.22 times the Band D tax rate) to 473/360 (1.31 times the Band D tax rate), an increase of 7.5%.<sup>2</sup>

The Scottish Government and Convention of Scottish Local Authorities (COSLA) held a public consultation between 12 July and 20 September 2023 on proposed changes to the Council Tax system in Scotland. The consultation document proposed to address perceived imbalance in the system by repeating the 2017 change of increasing the Council Tax Band E to H multipliers. The proposals that were consulted on would increase Council Tax by 7.5%, 12.5%, 17.5%, and 22.5% for Bands E through H, respectively. The consultation included nine questions and sought views and opinions on:

- Whether households in properties in the highest Council Tax bands (Bands E to H) should make a greater contribution, and
- The relationship between the valuation band a property is in, and the tax rate set by the council for the local authority area.

---

<sup>1</sup> The Commission on Local Tax Reform. *Volume 1 – Just Change: A New Approach to Local Taxation*. Commission on Local Tax Reform, 2015.

<https://web.archive.org/web/20220119190235/https://localtaxcommission.scot/download-our-final-report/>

<sup>2</sup> Scottish Government. *Consultation on a Fairer Council Tax*. Scottish Government, 2023.

<https://www.gov.scot/publications/consultation-fairer-council-tax/pages/2/>

The consultation received 15,628 responses via the Scottish Government's online Citizen Space portal, e-mail and post, with 15,537 from individuals and 87 from organisations (four respondents did not mention their respondent type). Alma Economics was commissioned to provide independent analysis of the responses to the consultation and produce a comprehensive summary of individuals' and organisations' views. Responses were analysed using a mix of quantitative analysis (where summary statistics were calculated for closed-format questions) and qualitative analysis (where thematic analysis of free-text responses was carried out through an integrated manual and automated approach). A more detailed explanation of the research team's methodology can be found in the following sections of the report: [Approach to analysis of closed-format questions](#), [Approach to analysis of open-format questions](#) and [Annex B: Technical approach to qualitative analysis](#).

## Key findings

The consultation received 15,628 total responses, 1,324 respondents who selected Bands A-D and 13,409 respondents who selected Bands E-H. The remaining respondents selected multiple bands, said they didn't know/didn't pay council tax or did not answer the question (more detail on how respondents were asked about their council tax band is included on page 9). Note that respondents were required to answer all closed format questions to the consultation, which meant that respondents who rejected the proposal were still asked what increase would be appropriate (in the event of a decision being taken to increase the multipliers).

The quantitative analysis of the responses to closed-format questions showed that:

- 4% of all respondents supported the proposed Council Tax increase. This included 22% of respondents in Bands A-D and 2% of respondents in Bands E-H.
- 3% of all respondents supported the levels of increase proposed in the consultation document. This included 16% of respondents in Bands A-D and 2% of respondents in Bands E-H.
- 1% of all respondents (6% of respondents in Bands A-D and less than 1% of respondents in Bands E-H) thought any increases should be higher. 88% of all respondents (80% of respondents in Bands A-D and 89% of respondents in Bands E-H) thought any increases should be lower. 11% of all respondents answered "Don't know".
- In the event of a decision being taken to implement increases in Council Tax multipliers, 2% of respondents supported full implementation from 2024-25 (11% of respondents in bands A-D and less than 1% of respondents in bands E-H). 3% of respondents supported a phased-approach to any increase over two years (10% of respondents in bands A-D and 2% of respondents in Bands E-H). 31% of respondents supported a phased-approach over three years (29% of respondents in Bands A-D and 32% of respondents in Bands E-H).

- In the event of a decision being taken to implement increases in Council Tax multipliers, 50% of all respondents (56% of respondents in bands A-D and 50% of respondents in Bands E-H) supported expanding the Council Tax Reduction scheme to protect those on lower incomes.

The qualitative analysis of open-format responses revealed a set of common themes that respondents mentioned in their answers across different consultation questions, including the following:

### **Unfairness of the proposed increase**

Many respondents thought that property values were not correlated with income and that the proposed increase did not consider whether impacted individuals could afford to pay. These respondents often called for broader review of the Council Tax system or suggested changes to the system, including switching to a local income tax, revaluing properties, or setting the amount of Council Tax paid based on services used or current income (instead of property values). Other respondents disagreed that the current Council Tax system was unfair or benefited residents in higher band properties.

Respondents mentioned that the proposed increase could negatively impact a number of specific groups, including the elderly and pensioners (who were on fixed incomes and potentially living in properties they had inherited or bought many years earlier), low-income households, middle-income households (who might not be eligible for any additional support) and families (who would have less disposable income to support their children).

### **Impacts on household spending and housing stability**

Respondents often mentioned they would find it difficult to afford the Council Tax increase due to the broader cost of living crisis (with higher inflation rates, higher mortgage payments and increased expenses on utilities/groceries). Respondents suggested that this might require households to spend less money on necessities such as food or heating or potentially require them to downsize to a smaller property in a different community. This situation could potentially be exacerbated for those living in island communities, which respondents mentioned faced lower wages, higher living costs and lower availability of affordable housing (due to the popularity of second or holiday homes). As a result, respondents suggested that any proposed increase be phased in over a longer period of time to help households adjust gradually to the decrease in disposable income. In addition, respondents thought that downsizing caused by any proposed increase would have an impact on housing markets, with weaker demand for Bands E-H properties and stronger demand for Bands A-D properties (potentially making it more difficult to find affordable housing).

### **Impacts on mental health and wellbeing**

Respondents commented on the potential stress and anxiety caused by the proposed Council Tax increase, for those who were unsure whether they could afford to pay higher rates. They felt that mental health could potentially be impacted

for those who were forced to move to a less expensive property in another community (where they would be separated from friends, family and their existing support networks), uncertain access to support services (if they could no longer afford necessities), general anxiety about the future (for themselves and their families) and resentment towards the Scottish Government (which respondents felt was penalising them despite their hard work).

### **Impacts on provision of council services**

While some respondents thought that the proposed Council Tax increase would lead to greater revenue for councils and improved provision of services, others thought that this would be outweighed by an increase in demand for council services as households faced a decrease in disposable income (potentially placing them in challenging financial circumstances). Respondents also expressed a general lack of trust that councils would use the additional Council Tax revenues for service improvements given challenges with delivery of existing services.

# Introduction

## Background and context to the consultation

Councils provide a wide range of vital services that communities rely on. This includes, but is not limited to, funding for schools, social care, roads and transport, as well as environmental and waste services. The provision of these essential services is partly made possible by the revenue generated from Council Tax, which all households pay unless exempt. In 2023, Council Tax is projected to contribute approximately £2.9 billion to funding such services in Scotland.

Council Tax has been devolved to the Scottish Parliament since 1999, but the administration of the system is the responsibility of individual councils. The tax is paid by the occupiers of domestic properties, and the amount depends on the valuation band that a property is in (A-H). A valuation band reflects an Assessor's assessment of the open market value of the property if sold at 1 April 1991: for example, a property assessed to have an open market value of up to £27,000 would be classified in Band A.<sup>3</sup>

Each council sets the tax rate for Band D properties, with the remaining bands being proportions (known as multipliers) of this charge. The multipliers are set in law and therefore the same for all councils. The amount that an individual pays will depend on:

- The valuation band the property is in,
- The Band D tax rate set by the local authority,
- Any discounts (such as the 25% single person discount), and
- Any exemptions or reductions (e.g., the Council Tax Reduction Scheme).

While the importance of Council Tax and the services and support that it helps fund are widely accepted, the structure and functioning of the present Council Tax system have received criticism from some stakeholders. Although the most financially vulnerable people in Scotland are protected through the Council Tax Reduction Scheme<sup>4</sup>, under the current system the effective Council Tax rate is higher for lower value properties (when expressed as a percentage of the estimated property value). This means that those residing in less expensive properties are paying a higher proportion of their property's value in tax than those in more

---

<sup>3</sup> Scottish Assessors Association. "Council Tax Bands." Accessed 1 December 2023.

<https://www.saa.gov.uk/council-tax/council-tax-bands/>

<sup>4</sup> The Council Tax Reduction Scheme is a means-tested scheme to reduce or eliminate Council Tax liability for lower income households, depending on household circumstances and ability to pay. Local authorities have responsibility for administering the Council Tax Reduction Scheme.



expensive homes, and the system has therefore been considered unfair and regressive.

This discrepancy was partly addressed in 2017 when the Scottish Government increased the Council Tax Band E to H multipliers, meaning an increase in Council Tax for those living in higher value properties, however the current system is still regressive with respect to property value.<sup>5</sup> One approach to address unfairness in the system would be to repeat the changes made in 2017, and thereby increase the Council Tax charges by 7.5%, 12.5%, 17.5%, and 22.5% for Bands E through H respectively, potentially raising an additional £176 million with around 28% of all properties in Scotland impacted. While this proposal would not fully resolve the issue, such a change could play a key role in making council tax less regressive when considering the average Council Tax liability as a proportion of property value.

Through the Joint Working Group on Sources of Local Government Funding and Council Tax Reform (JWG), the Scottish Government and Convention of Scottish Local Authorities (COSLA) sought the public's views on this proposed change to the current system. A public consultation was open from 12 July until 20 September 2023, and aimed to collect views and opinions on:

- Whether households in properties in the highest Council Tax bands (Bands E to H) should make a greater contribution, and
- The relationship between the valuation band a property is in, and the tax rate set by the council for the local authority area.

## **Consultation format and structure**

The joint Scottish Government and COSLA consultation on a fairer Council Tax was hosted online on the Scottish Government's Citizen Space portal. It consisted of nine questions (three closed-format questions, three open-format questions and three closed-format questions which asked respondents to give reasons for their answer in a free text field). The Scottish Government also accepted responses provided via e-mail or post. The consultation was open for 10 weeks, with 15,628 responses received in total. A full list of consultation questions is provided in Annex A.

Alma Economics, an independent research consultancy, was commissioned to analyse the responses to this consultation. This report provides a summary of the analysis in relation to the questions the Scottish Government asked during the consultation.

---

<sup>5</sup>Phillips, D. "Scottish council tax proposals are a small step in the right direction but duck the biggest issue: revaluation." Institute for Fiscal Studies, 2023. Accessed 1 December 2023. <https://ifs.org.uk/articles/scottish-council-tax-proposals-are-small-step-right-direction-duck-biggest-issue>

## **Data processing and cleaning**

At the start of the consultation analysis, responses from Citizen Space and those sent by e-mail were merged into a single anonymised and final dataset. Responses received by e-mail were reviewed, entered manually into the final dataset and analysed alongside responses submitted through the online platform. Five responses received by e-mail or post were unstructured and did not follow the prescribed question format. Where possible, the research team mapped these responses to specific consultation questions. As the responses did not clearly indicate specific answer choices, these responses were not reflected in the breakdowns of the totals of quantitative analysis.

All responses were treated equally regardless of how they were submitted. During the manual review of responses, the research team screened for those that were clearly intended as offensive, abusive or explicitly vulgar, with no responses being removed as a result of this screening.

The consultation responses were also screened to identify duplicate responses or campaigns organised by external groups or individual coordinated responses to the consultation. Campaign responses were defined as responses which shared at least two exact duplicate sentences. Across all six open-format questions, the research team found that no more than 0.2% of responses could be classified as campaign responses, and no more than 2% of responses could be classified as exact duplicates (once very short responses that did not answer the consultation question were removed).<sup>6</sup>

## **Respondent type**

Respondents were asked whether they were responding to the consultation as an individual or organisation. These responses were self-reported and not independently verified by the research team. Two respondents were reclassified from organisations to individuals, as their response to the input field “Full name or organisation’s name” made it clear the respondents were not organisations.

## **Council tax band**

Respondents were asked to indicate which Council Tax band(s) apply to the property (or properties) for which they pay Council Tax. These Council Tax bands were self-reported and were not independently verified by the research team. Responses to closed-format questions in the main body of the report are broken down by respondents in Council Tax bands A-D (who would not be impacted by the proposed increase) and bands E-H (who would be impacted by the increase). This breakdown did not include respondents which selected multiple tax bands, “I don’t know” or “I don’t pay Council Tax” as responses or did not answer the question (these individuals and organisations only made up 6% of total responses to the consultation). A breakdown of responses to closed-format questions by individual tax bands is included in Annex C of the report.

---

<sup>6</sup> For example, “Not Answered”, “No comment”, “Ditto” or “See above”.

## **Approach to analysis of closed-format questions**

Descriptive analysis was conducted on the responses to the six closed-format questions using Python. For each question, the research team calculated both the proportion of all respondents and proportion of subgroups of respondents (based on respondent characteristics) selecting each answer choice. The main body of this report presents the overall findings plus a breakdown of responses to each consultation question by Council Tax bands A-D and E-H, with additional insights presented for breakdowns by respondent type, individual Council Tax band and local authority. Each question includes a chart that summarises responses as a percentage of all consultation respondents who answered the question by selecting one of the available options, including “Don’t know”. Full tables of results broken down by all respondent characteristics are presented in Annex C.

An earlier version of the Respondent Information Form (before the consultation was launched on Citizen Space) included the additional question “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?” (closed question) and “Please give reasons for your answer?” (open question). As this question was removed from the online version published on Citizen Space, only 43 respondents who submitted responses via e-mail answered this question. Because the number of respondents to this question was significantly smaller than the total number of respondents to the consultation (0.3%), the research team has not included any analysis of responses to this question in our report.

## **Approach to analysis of open-format questions**

The consultation included six questions with free-text fields, and there was no limit to the amount of text which respondents could write in their answers. The research team followed an approach to analyse all responses to the consultation that combined manual and automated coding due to the substantial amount of data to review (some responses to a single question were over 2,000 words long). Broadly, the approach taken to analyse the qualitative responses comprised three steps (more detail on this approach is set out in Annex B):

1. Initial manual coding of a sample of 250 responses for each question: This sample was representative in terms of Council Tax band and local authority and weighted towards longer responses. All manually coded responses were double-checked by a second researcher, then codes were added and organised in a separate codebook.
2. Automated text analysis of responses not manually coded, using a set of Natural Language Processing (NLP) models: Outputs from the models were manually reviewed by the research team, with feedback passed to the models for further iterations. This continued until the researcher agreed the codes assigned by the automated text analysis aligned with codes that would have been manually assigned by the researcher.

3. Thematic analysis: For each open-ended question, a descriptive summary has been presented of key themes emerging from the integrated manual and automated text analysis. While it is difficult to provide accurate counts of responses allocated to each theme, in general themes are presented in the report in approximate order of the number of corresponding responses.

Individual quotes have been included where appropriate to illustrate the narrative around specific themes, and quotes were only selected from respondents who provided permission for their views to be published and with any potential identifiers (such as the name of a specific organisation) removed. Quotes were corrected in cases of identifiable personal information, typos, and missing punctuation.

## **Limitations**

- Any information cited in quotes may not be accurate and has not been validated or fact checked. Instead, the quotes represent, and should be treated as, the subjective views or experiences of respondents alone, rather than as factual information.
- The responses to the consultation from individuals and organisations are in general unlikely to be representative of the broader population, of any specific demographic group or to be representative of geographical areas such as local authorities. Responses from some areas or groups may be disproportionately under- or over-represented: for example, respondents from bands E-H were much more likely to respond to the consultation than those from bands A-D.
- The research team could not verify whether all responses identifying as organisations were submitted in an official capacity.
- Some responses did not directly address or relate to the questions set out in the consultation (which are the focus for this report including the qualitative analysis sections).
- All three text classification methods rely on probability-based assignment of themes to topics. Therefore, the analysis is not comparable to full manual coding of the entire dataset (particularly for themes with only a small number of example responses), and it is not appropriate to interpret the outputs with reference to precise counts or measures of accuracy such as confidence intervals.

## **Structure of the report**

The report initially sets out details about the sample of respondents to the consultation. This is followed by sections which cover each of the consultation questions. Each section contains the findings from the quantitative analysis, followed by the qualitative analysis of respondents' free-text answers. Many themes that were discussed in responses to the open-format section of Question 1 were

also referenced in responses to the five other open-format consultation questions. To keep repetition between sections to a minimum, these themes are discussed in detail in the section for Question 1, and responses to other questions discussing these same themes are summarised briefly in the corresponding remaining section of the report.

## Overview of responses received

The consultation remained open for submissions from 12 July 2023 to 20 September 2023 and received 15,628 responses. The majority of responses (99%, 15,547 respondents) were submitted through the online platform hosted by Citizen Space, while 81 responses (1%) were received directly via email.

**Table 1. Responses by Source**

Source	Citizen Space	Share
Citizen Space	15,547	99%
E-Mail	81	1%
<b>All respondents</b>	<b>15,628</b>	<b>100%</b>

The segmentation of the responses by Council Tax shows that the majority of respondents (86%) pay Council Tax for properties belonging to Bands E-H, which are the bands affected by the proposed increase, 8% of respondents are in Bands A-D, and 6% had other or no answers to this question. Overall, the most represented band is Band E, with 31% of respondents paying Council Tax in that band.

**Table 2. Responses by Council Tax Band**

Council Tax Band	Count	Share
Band A	91	1%
Band B	201	1%
Band C	261	2%
Band D	771	5%
<b>Bands A-D</b>	<b>1,324</b>	<b>8%</b>
Band E	4,778	31%
Band F	4,103	26%
Band G	3,899	25%
Band H	629	4%
<b>Bands E-H</b>	<b>13,409</b>	<b>86%</b>
Multiple bands	91	1%
I don't pay Council Tax	44	0%
I don't know	537	3%

Not Answered	223	1%
<b>Other</b>	<b>895</b>	<b>6%</b>
<b>All respondents</b>	<b>15,628</b>	<b>100%</b>

The responses can be divided by respondent type as follows: (i) 15,537 (99.4%) responses from individuals, (ii) 87 (0.5%) responses from organisations, and (iii) 4 (<0.1%) responses where the respondent type was not stated. 15 responses were identified by the research team as being submitted on behalf of councils<sup>7</sup>, and analysis of these responses have been presented separately for both closed-format and open-format questions.

**Table 3. Responses by Respondent type**

Respondent type	Count	Share
Individual	15,537	99.4%
Organisation	87	0.5%
Not Answered	4	<0.1%
<b>All respondents</b>	<b>15,628</b>	<b>100%</b>

The local authority area with the greatest number of respondents was Fife, followed by the City of Edinburgh and Glasgow City. The Shetland Islands, Na h-Eileanan Siar and the Orkney Islands had the fewest number of respondents.

**Table 4. Responses by Local Authority**

Council Tax Band	Count	Share
Fife Council	2,057	13.2%
City of Edinburgh Council	1,612	10.3%
Glasgow City Council	1,129	7.2%
East Renfrewshire Council	1,118	7.2%
South Lanarkshire Council	1,049	6.7%
Aberdeenshire Council	861	5.5%

<sup>7</sup> After filtering the dataset for respondents who selected “Organisation” as their respondent type and filled in the input field “Full name or organisation’s name” with the name of a council, we manually reviewed all responses that remained. Responses that mentioned “I am a councilor” or similar were removed.

Renfrewshire Council	631	4.0%
West Lothian Council	612	3.9%
North Lanarkshire Council	542	3.5%
East Dunbartonshire Council	522	3.3%
Aberdeen City Council	473	3.0%
Scottish Borders Council	470	3.0%
East Ayrshire Council	450	2.9%
Falkirk Council	445	2.8%
Midlothian Council	402	2.6%
East Lothian Council	391	2.5%
Perth & Kinross Council	331	2.1%
South Ayrshire Council	291	1.9%
Highland Council	263	1.7%
Stirling Council	251	1.6%
Dundee City Council	245	1.6%
North Ayrshire Council	236	1.5%
Dumfries & Galloway Council	198	1.3%
Inverclyde Council	154	1.0%
Angus Council	151	1.0%
Argyll & Bute Council	149	1.0%
Moray Council	124	0.8%
Clackmannanshire Council	118	0.8%
West Dunbartonshire Council	94	0.6%
Shetland Islands Council	35	0.2%
Whole of Scotland	24	0.2%
Comhairle nan Eilean Siar	13	0.1%



---

Orkney Islands Council	9	0.1%
<b>Total</b>	<b>15,450<sup>8</sup></b>	<b>-</b>

---

---

<sup>8</sup> This total is less than the 15,628 total respondents in Table 1 as not all respondents answered this question.

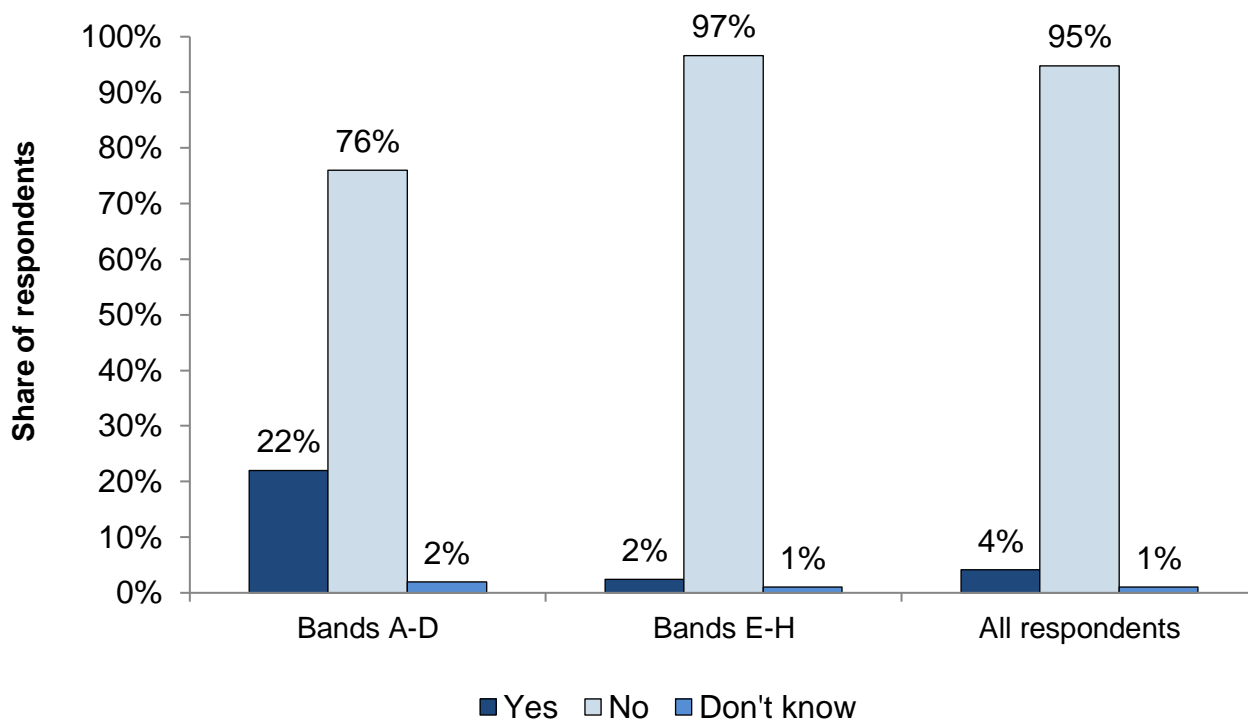
# Analysis

Question 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?

## Quantitative analysis

- There were 14,714 responses to this question (1,321 from Bands A-D and 13,393 from Bands E-H).
- Out of all responses, 95% of respondents did not agree with the proposed tax increase, 4% agreed, and 1% did not know.
- A greater proportion of respondents in Bands A-D agreed with the proposed tax increase (22%) compared to respondents in Bands E-H (2%).
- A smaller proportion of individuals agreed with the proposed tax increase (4%) compared to organisations (20%).
- Out of 15 councils responding the consultation, 67% (10 councils) did not agree with the proposed tax increase, 27% (4 councils) agreed with the proposed increase and 7% (1 council) responded “Don’t know”.

**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?**



## Qualitative analysis

There were 14,557 respondents to the free-text question, which asked respondents to give reasons for their answer. Respondents who agreed with a proposed increase typically mentioned the same key themes and concerns as respondents who disagreed with a proposed increase.<sup>9</sup>

### Proposed increase in Council Tax would be unfair

The most common theme raised by respondents was that the proposed increase was unfair, as respondents thought that Council Tax bands did not act as an accurate measure of one's ability to pay a higher tax rate. In particular, respondents believed that a property's value did not always align with an individual's current income level. Many individual respondents discussed their own personal experiences to emphasize this point.

“There is a fundamental misconception that council tax banding is linked to wealth or affordability. This, however, is wildly inaccurate. Council tax banding relates only to the size of the property and not the means of the occupant.”  
(Individual, Clackmannanshire, Band D)

“There are many homeowners who purchased their home when prices were significantly lower than they are now. At this point in time, actual property values between bands A-H were much closer. [...] My household income has decreased since I bought my house over 25 years ago. I cannot afford to pay Council Tax charges based on the value of property that I could not afford to buy today.”  
(Individual, City of Edinburgh, Band G)

“[...] The value of someone's property and/or the council tax band they are in are not direct correlations to their income. We believe that these proposed increases could result in lower-income households paying a higher proportion of their income on council tax, further burdening those who are already in a financially vulnerable position. We argue that as households can be asset rich but income poor.” (Organisation)

For example, some respondents pointed out that house prices could be related to geography (these respondents thought that prices for properties in all bands would be lower in rural areas or working-class communities).

“Bands don't mirror very closely the actual income and spending capacity of owners or residents in lots of areas of Scotland [...] lots of houses in rural areas or in various zones of lower-income cities, such as Dundee or certain parts of Glasgow [...] have relatively low prices. This means that being the owner or resident of a relatively good and large home in Scotland doesn't correlate straightforwardly at all with being a high earner. If you tax way more the houses in those bands, you often won't tax people who are rich, only people who got

---

<sup>9</sup> In other words, respondents who answered “Yes” to the closed-format component of Question 1.

houses in those bands because the houses were relatively cheap.” (Individual, Dundee City, Band G)

Some individual respondents thought that their hard work (saving over many years to buy a home) was being unfairly punished by the proposed increase.

“I worked hard for 40 plus years and made sacrifices to buy my home, missed out on holidays, luxuries, etc. and now the Scottish Government wants to penalise me.” (Individual, Fife, Band F)

Other individual respondents thought the proposed increase was unfair as they did not utilise council services.

“As a professional couple with no children in a band F property, we are already overcharged as we use very little of the council and utility services council tax goes toward, yet we are expected to pay more because of the ridiculous scenario that we must be using more of said utilities and services just because of the size/value of our property.” (Individual, Glasgow City, Band F)

## **Proposed increase in Council Tax would disproportionately impact specific groups**

Respondents cited specific groups who they believed would be disproportionately affected by an increase in Council Tax among these bands. The groups most frequently mentioned were pensioners, lower-income households and other “asset rich, cash poor” households. Respondents typically argued that although pensioners were once able to afford purchasing a property in a higher tax band, they now earned a fixed income. As a result, these respondents thought that while pensioners might own a property of high value, their current income might not be sufficient to cover a corresponding increase in tax. This view was often held by individuals in Bands E-H.

“The premise that those in bands E-H can afford to pay more council tax, fails to take into account the financial reality of many of these households or the inequalities that exist [in] current banding. [...] Many of the properties in my constituency are occupied by those on a fixed income (state pension, etc.) who will lack the ability to find additional income to pay for these rises, on top of increased energy costs for example.” (Organisation based in Fife)

“The substantial increase will affect householders who may be asset rich and cash poor in terms of their properties being higher assessed but who have no savings or fixed incomes from pensions/lower/reduced incomes.” (Individual, City of Edinburgh, Band F)

Similarly, respondents believed that lower-income households could also live in bands E-H properties (for example, these households could have inherited a higher band property or moved to an area with lower house prices across all bands).

“[...] we live in a higher band property and currently live on a low income. My partner's work has been badly affected by Covid and my work is not highly paid. [...] The only reason we live in a higher band property is that we moved areas (we could not afford to buy a bigger property with a garden in the area we lived previously) and house prices are lower where we bought. [...] We are already struggling to keep up with all our bills each month with the cost of living crisis and an increase in council tax for us would have a significant negative impact on our ability to stay afloat.” (individual, Fife, Band E)

Other respondents thought that the increase could potentially have the greatest impact on middle-income earners rather than high-income earners who could more readily afford the increase. This view was held mostly by individual respondents discussing their own personal experiences.

“Our house was a band D when we bought it, it was not until the paperwork was completed and the local council checked paperwork that they changed it to a band E based on footprint of the property [...] Increasing our council tax would mean yet more pressure on us middle earners that make enough to not get benefits, but don't make enough to comfortably absorb all these cost rises.” (Individual, Dumfries and Galloway, Band E)

Finally, respondents raised potential concerns that the proposed increase could negatively impact larger families (as they would need a larger home to meet their needs) and single parents (who might find it even more difficult to adjust their household spending in response to the proposed increase compared to households with additional earners or other forms of support).

“We are also concerned that this increase in council tax rates may lead to larger families being burdened as they will need a larger home for their needs. This may lead to larger families accruing council tax debt or being forced to move into a smaller home which is unsuitable for their needs.” (Organisation)

“The opportunity to move into smaller properties locally is simply not an option in today's housing market in Scotland. People with larger families require a larger home. They often make sacrifices in other areas to afford their home [...]” (Individual, South Lanarkshire, Band D)

“[...] Council Tax has never been fit for purpose as a method of taxation. It makes an assumption that the size of a person's house is directly correlated to their wealth and ability to pay tax. This is certainly not true for many sections of society for example [...] single parents who may have found themselves living alone, single income, in a house as part of a divorce settlement again living in a house beyond their means to purchase [...]” (Individual, Scottish Borders, Band G)

“Several years ago my marriage broke down and I have become a single parent. I have been able to afford to stay in what was the family home to try and provide some ongoing stability and security for my daughter, however it has been

extremely difficult and can be a challenge at times. [...] I am not a high earner and with the current cost of living situation and every household bill on the rise, increasing council tax bills on an 'assumption' that people can afford it because of their address is both unfair and irresponsible of the Government." (Individual, West Dunbartonshire, Band E)

"Single parents, the majority of whom are women, often find themselves in the position of struggling to cover mortgage costs or rent in higher band properties. As well as this they need to cover essential bills such as council tax on one, normally low, income without any support following the breakdown of relationships. This situation affects the whole family as the single parent has to adjust to budgeting on a reduced income." (Scotland-wide organisation)

### **Need for further review or alteration of the Council Tax system**

Most respondents who mentioned the need for further review or alteration of the Council Tax system recommended adjustments in the way Council Tax was levied. In particular, respondents who disagreed with the proposed increase often thought that the increase was only a temporary solution and did not address more fundamental issues with the Council Tax system. The most common suggestion (proposed by both individuals and organisations) was to link Council Tax to current income.

"A fair and reasonable council tax charge is far more related to disposable household income than to the value of the property they inhabit. [...] I don't dispute that those who are wealthier should pay more, but only suggest that the means of identifying their ability to pay should be assessed on more than property value/band in isolation." (Individual, Fife, Band F)

The second most common suggestion, mostly raised by individual respondents, was to modify Council Tax so it was levied based on use of services (or replace it with a new tax based on use of services). Respondents suggested that this could be implemented by taxing households based on the number of individuals in the household older than 16 (or 18) and not in full-time education, number of earners or number of residents in the property.

"If a change of council tax rate is needed it, then the whole way that council tax is calculated should be reviewed and changed. Simply basing it off the 'value' of a property in my opinion is not a true reflection on what that property and its occupants consumes from the Local Council in services." (Individual, Aberdeenshire, Band G)

"Council tax burden should not be tied to the value of the property. Council tax is levied for the maintenance of roads, provision of education, waste refuse etc. The amount of waste generated per household is not intrinsically linked to the burden upon the council in terms of key public spending obligations listed above. It is however linked to the number of persons residing or able to reside in the property." (Individual, Aberdeenshire, Band G)

“If anything, council tax should be replaced with a tax on number of persons within the household who are 16 or older and not within full time education. The more people like this within a household means a greater household income (wealthier) and greater use of services (cost to councils). Therefore it's fairer for them to pay more.” (Individual, South Lanarkshire, Band F)

Compared to the number of respondents who suggested modifying the Council Tax system, a smaller number of respondents recommended replacing Council Tax with a new tax. Most of these respondents were organisations. In general, these respondents did not use their answer to explain how the new tax would differ from Council Tax other than the specific tax base. Respondents most commonly suggested a property tax or local income tax as more progressive replacements for Council Tax.

“Making further changes to band modifiers now in the absence of revaluation and further-reaching reform will exacerbate some of the issues inherent in the system and require Council Tax Reduction (CTR) to do even more work to compensate. This is not the way a well-designed tax approach should operate. [...] Design of Council Tax’s longer-term replacement, likely based on proportionate property value (potentially with a land component) should commence immediately so that the Scottish Government is in a position to begin consultation on the proposed new design by 2026.” (Scotland-wide organisation)

“More broadly we believe the present council tax system does not meet the needs of a Scotland where tax should be based on ability to pay. We agree the council tax system in Scotland needs to be reviewed and be replaced by a fairer system. Property is the most valuable type of wealth held by households in Scotland, making property taxation a natural starting point for improving wealth taxation. Any reforms or replacement of the Council Tax must tax property wealth more fairly and seek to contribute towards gender equality.” (Scotland-wide organisation)

“If fairness and ability to pay are the criteria for a revised system of local authority finance, Council Tax should be abolished and replaced by a local income tax. There are many people with modest incomes living in larger properties and the size of the property is a poor method of assessing the current income of its residents.” (Individual, Glasgow City, Band F)

Some respondents also suggested increasing the role of Local Councils in administering and defining Council Tax in their jurisdiction.

“[...] Local authorities should have complete control over their local tax - including the rates, bands and form of the tax. This would allow individual councils, should they choose, to retain, reform or replace council tax with another form of local taxation, such as a land value tax. Crucially, this would be a decision about a local tax made by a local authority for its local area, taking into account local circumstances and priorities.” (Organisation based in City of Edinburgh)

## **Proposed increase would be unaffordable due to cost of living crisis**

Respondents frequently mentioned that they believed the proposed increase would be unaffordable due to the ongoing cost of living crisis, with households facing a combination of higher mortgage rates, increase in energy and food prices as well as overall economic uncertainty. These respondents felt that households were currently struggling to keep their heads above water, and the proposed increase could potentially push them towards fuel poverty, financial security or increased levels of debt.

“The proposals are terrible to bring in during a cost of living crisis, with a number of people who will still be under a mortgage in these higher bands [...] who will be facing vastly increased costs from their mortgage, only to be compounded by an additional large increase on the cost of the council tax.” (Individual, West Lothian, Band F)

“An increase of the rates suggested would see my home income reduce further when times are really hard for people. [...] A council tax bill rise by the rates proposed could see my annual bill rise by £600 per year which would mean something else would have to give, on top of [...] heating costs, solid fuel, food, travel inflation and inflation and mortgage rates this is another burden.” (Individual, Stirling, Band F)

“To increase Council tax for these bands by such huge amounts is totally unjustified and can only cause financial hardship at a time of real difficulty for all households in Scotland caused by the cost of living crisis and the current economic uncertainty [...]” (Individual, Scottish Borders, Band G)

“While it is true that the Council Tax Reduction scheme reduces the Council Tax liability of many low-income households, it does not capture everyone in bands E-H who would struggle to pay these increased rates. As such, we are concerned these proposals would put many older households at risk of fuel poverty, financial insecurity, and debt, and reduce their quality of life by cutting their disposable income”. (Organisation)

“The current levels of cost inflation and higher interest rates associated with an overall increased cost of living is impacting across all households and the proposed changes will increase these pressures for some households”. (Organisation based in Dumfries and Galloway)

## **Validity of Council Tax bands and need for revaluation**

Respondents believed that current tax band valuations were outdated given that a general revaluation of the Bands has not occurred since they were first set in 1991, leaving many properties allocated in the wrong Council Tax band. For this reason, respondents thought there should be a revaluation of Tax Bands before an increase in tax was considered (this was the most common theme mentioned by organisations).



“I think the whole Council Tax system should be the subject of a general revaluation. The current system of banding properties on the basis of sales values [in] 1991 badly needs [to be] updated [...]” (Individual, Angus, Band E)

“Currently, each Council Tax Band represents a range of capital values at 1 April 1991. This consultation does not address the fundamental issue that a substantial number of properties are in bands that are not reflective of their current value. [...] A revaluation and the introduction of new council tax bands would go some way to achieving the Scottish Government’s objective of having a fairer Council Tax system.” (Organisation)

“Making further changes to band modifiers now in the absence of revaluation and further-reaching reform will exacerbate some of the issues inherent in the system and require Council Tax Reduction (CTR) to do even more work to compensate [...] Many households who should be paying more will not be, and some who should not be paying more will end up doing so, even after mitigations like CTR. It will also set the Scottish Government and Local Authorities up for substantial problems further down the line when properties are eventually revalued, and when Council Tax payers, many of whom will be on low incomes, find out that they have been paying more than they should have due to inaccurate property value, potentially having done so for many years.” (Organisation)

“If council tax as a system is to remain, the only fair means of using it as a basis of payment is to conduct a full property revaluation. [...] I understand that there may not be an appetite for doing this, as it is a huge undertaking. However, failure to do so and simply adding large payments to current bandings is unfair. [...]” (Individual, South Lanarkshire, Band G)

Some respondents also recommended that upon revaluing the current tax bands, new tax bands at the top and bottom ends should be added to reflect the current range of property valuations. These respondents believed that adding top-level bands could better account for the overall growth in property prices since 1991, and adding bottom-level bands could help make the tax more progressive.

“We believe a better and fairer way to make the Tax fairer (and potentially raise the additional revenue) is to have regular revaluation of all council tax properties with an increase in the number of bands at both top and bottom end. This would ensure that every dwelling is properly banded and thus then pays the proper share of the tax due. By adding bands at the bottom end and the top end of the valuations also makes the tax fairer and less regressive.” (Scotland-wide organisation)

“[...] I also think that there needs to be an additional band (at least 1) that allows for a more granular distribution of property prices, as well as the top band being designed to only include the small proportion of ‘millionaires’ mansions’, potentially based around the difference between median and quoted mean 15 times difference in value between Band A and Band H properties.” (Individual, Perth and Kinross, Band G)

## **Concerns around provision of council services**

Respondents expressed concern about the use by Local Councils of tax revenue to provide adequate services. Of those respondents that brought up this relationship, most expressed a dissatisfaction with the provision of Councils' services relative to the amount of council tax that was being paid. This view was held primarily by individual respondents.

“As a resident paying council tax, I am seeing less return for my tax and it has been this way for several years. I have seen funding for essential services cut or dropped entirely, and decreased access to local services. [...] In short, I do not feel I receive value for money for my council tax and cannot afford to pay further increases.” (Individual, Midlothian, Band B)

## **Concerns around structure and information provided by the consultation**

A small number of respondents expressed concern around the structure of the consultation and the information included in the consultation document. Respondents who raised this theme typically characterised the consultation as too narrow, and inadequate to provide a sufficient review that would be needed to reform the Council Tax system. Some respondents believed that the consultation had focused too specifically on a predetermined proposal (rather than requesting views on Council Tax more generally).

“The purpose of this consultation – in seeking views upon a single proposal to increase the multipliers for Council Tax Bands E-H – is very narrow. [...] The narrowness of the consultation severely limits a proper consideration of a range of issues which go to the heart of local taxation (and have been considered on multiple previous occasions with recommendations for improvement), such as its fairness, and its adequacy in supporting local services.” (Organisation based in Scottish Borders)

Other respondents felt that the consultation was based on an incorrect premise (that Council Tax was a regressive tax, the current system was unfair and benefitted owners of higher-band properties).

“The paper does not provide any evidence that there is a correlation between property values and income or between property values and use of or need for services. [...] The document attempts to justify its proposals by saying that current rates are lower in Scotland than other parts of the UK. This is irrelevant. Indeed, any valid meaningful comparison would need to take into account the wider context, housing characteristics, and availability and quality of services.” (Individual, Scottish Borders, Band G)

Respondents were also likely to share their disagreements with the Scottish Government, although these were not relevant to the specific consultation question they were asked (and thus not included in the analysis). A smaller number of respondents felt that the consultation had not been sufficiently publicised, did not

include sufficient data, cited incorrect data<sup>10</sup> or did not specify how the revenues raised by the proposed increase would be used.

## Themes raised by councils

The most common theme raised by councils was need for further review and reform of the Council Tax system. Councils felt that increasing Bands E-H multipliers were too blunt or short term of a tool to make the overall tax system fairer, as they believed the increase would not address systematic issues with the system (in particular failure to link Council Tax to household or occupier income, leading to an unequal approach to valuations).

“Merely altering the multipliers for Bands E-H represents a short-term approach. In our perspective, this approach does not foster equitable taxation through the assumption that residents in Bands E-H possess the means to accommodate these increases.” (Council)

Specific solutions proposed by councils included increasing the number of bands or revaluing property values more frequently.

“[The Council] does not consider that the proposed increases to multipliers for Bands E-H delivers the policy intent of making Council Tax fairer. Expanding the range of Bands to increase the number of lower and higher bands would generate additional revenue and provide a fairer tax system. The system of revaluation every 3 years for Non-Domestic Rates ensures valuations are current, generates revenue, and is workable. A similar system of revaluation for Council Tax would deliver similar benefits.” (Council)

Councils also mentioned the impact that cost of living pressures (including increases in mortgage rates, energy costs and inflation) had on household incomes. As a result, these respondents believed it would be unfair to increase Council Tax on some households in the midst of these pressures. Some of these councils thought that the Council Tax Reduction scheme would be insufficient to support taxpayers and called for an increase in CTR grant allocation and widening of CTR income eligibility criteria.

“The response from the Council is subject to caveat with the affirmative response being dependent on there being [...] a widening of the CTR income eligibility criteria to enable those households that will be significantly impacted by the new multipliers to apply for and be awarded CTR. This is particularly relevant to those households that are in Council Tax Band E.” (Council)

Several councils also believed that revenues raised by the proposed increase would not be retained by the local authority (which they viewed as negatively impacting local residents who would not benefit from the increase), or that the

---

<sup>10</sup> For example, one respondent expressed their belief that that new builds were assigned to higher property bands that did not reflect the value of the property.

proposed increase would lead to a reduction in the general revenue grant from the Scottish Government.

“When the previous change was made to the multipliers in 2017, the whole sum came to local authorities. Our assumption is that this is the intention with the present proposals. If this was not the case, and the additional monies raised were intended simply to shift the balance of council income from central to local funding, not only would the impact be marginal (effecting no meaningful change in the relationship between taxation and local empowerment), it would in no way address the issue of council funding adequacy/sustainability.” (Council)

Four councils also expressed concern that the proposed increase could impact tax collection levels:

“While adjusting Council Tax multipliers could yield increased revenue, it remains essential to question its collectability. Councils must also factor in provisions for potential bad debt and the associated collection expenses.” (Council)

Finally, four councils agreed that the proposed increase would provide additional revenue to address budget gaps and increase service provision.

“Any increase to the multipliers provides the ability to raise much needed income for local authorities to support local services.” (Council)

**Question 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?**

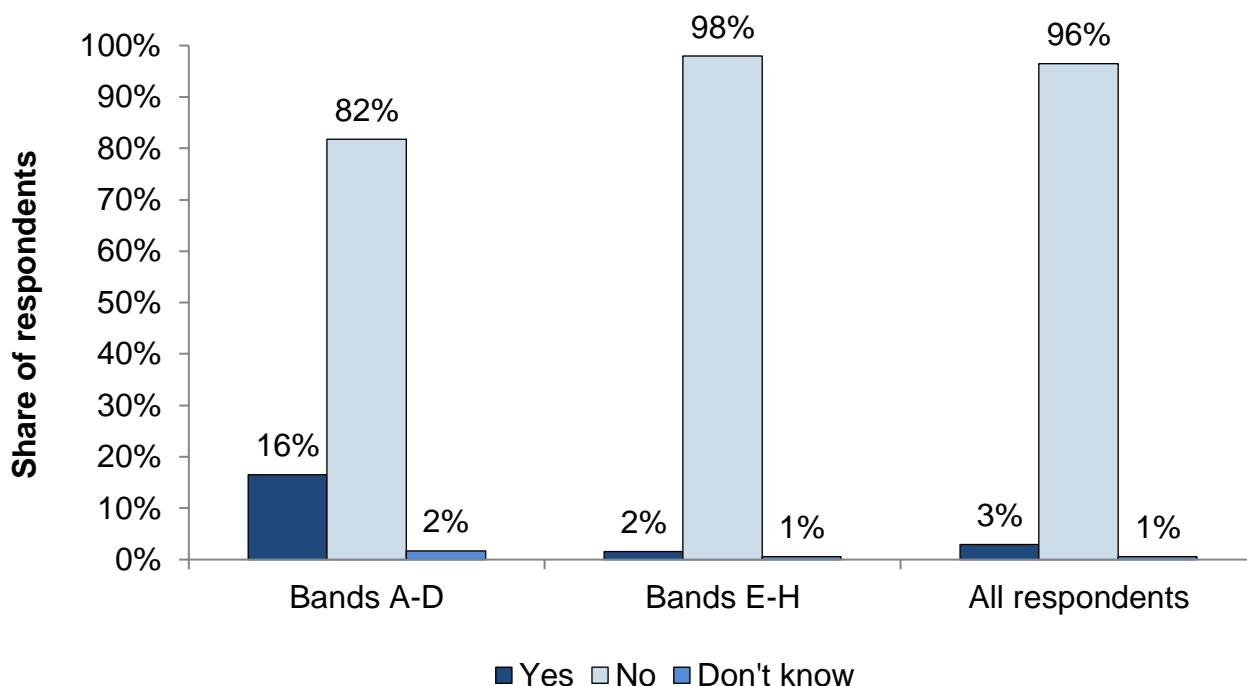
### **Quantitative analysis**

- All respondents were asked to comment on the proposed levels of increase for Council Tax (even if they answered “No” to question 1). There were 14,700 responses to this question (1,322 from Bands A-D and 13,378 from Bands E-H).
- Out of all responses, 96% of respondents did not agree with the proposed levels of increase, 3% agreed and 1% did not know.
- A larger proportion of respondents in Bands A-D agreed with the proposed levels of increase (16%) compared to respondents in Bands E-H (2%). A larger proportion of organisations agreed with the proposed levels of increase (20%) compared to individuals (3%).
- 64% of respondents who agreed with a proposed tax increase also agreed with the proposed levels of increase. In comparison, almost no respondents

who opposed a proposed tax increase (<1%) agreed with the proposed levels of increase.<sup>11</sup>

- Out of 15 councils responding the consultation, 53% (8 councils) did not agree with the proposed levels of increase, 27% (4 councils) agreed with the proposed levels of increase and 20% (3 councils) responded “Don’t know”.

**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?**



**Question 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?**

### Quantitative analysis

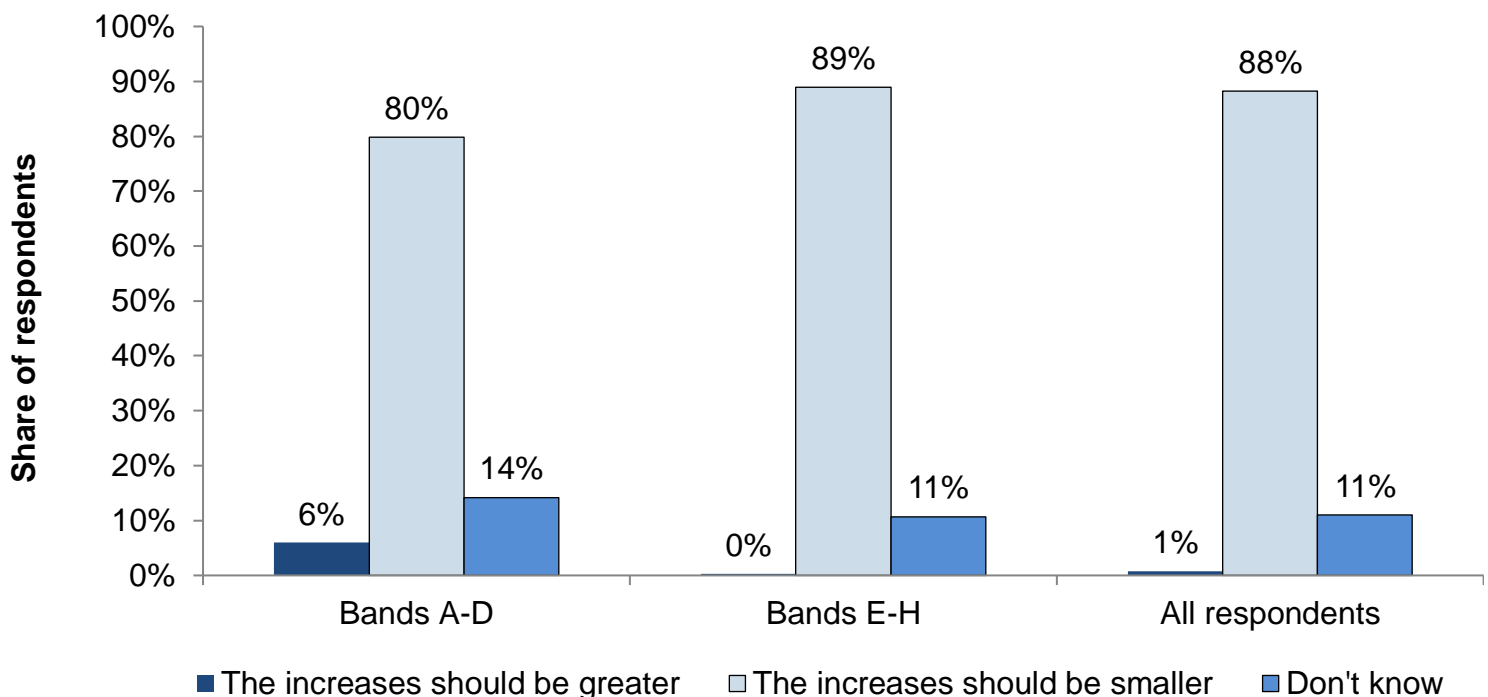
- There were 13,831 responses<sup>12</sup> to this question (1,076 from Bands A-D and 12,755 from Bands E-H).
- Out of all responses, 88% of respondents answered that any increases should be smaller, 1% wanted greater increases, and 1% did not know.

<sup>11</sup> “Respondents who agreed with a proposed tax increase” refers to respondents who answered “Yes” to the closed-format component of Question 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?”)

<sup>12</sup> Although the text of question 3 prefaced that the question should only be answered by respondents who replied “No” to question 2, the consultation did not include survey routing, so all consultation respondents could answer this question (regardless of their response to question 2).

- A smaller proportion of respondents in bands A-D (80%) answered that any increases should be smaller, compared to respondents in Bands E-H (89%). A larger proportion of individuals (88%) answered that any increases should be smaller, compared to organisations (69%).
- A larger proportion of respondents in bands A-D (6%) answered that any increases should be larger, compared to respondents in bands E-H (<1%). Only 1% of individuals and 2% of organisations overall answered that any increases should be larger.
- A larger proportion of respondents in bands A-D (14%) answered “Don’t know”, compared to respondents in bands E-H (11%). A larger proportion of organisations (29%) answered “Don’t know” compared to individuals (11%).
- A greater proportion of respondents who supported a proposed tax increase answered that any increases should be larger (34%) compared to respondents who opposed a proposed tax increase (<1%).
- A smaller proportion of respondents who supported a proposed tax increase answered that any increases should be larger (50%) compared to respondents who opposed a proposed tax increase (89%).
- Out of 15 councils responding the consultation, 27% (4 councils) favored a smaller increase and 40% (6 councils) responded “Don’t know”. The remaining 33% of councils (5 councils) did not answer the question.

**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?**

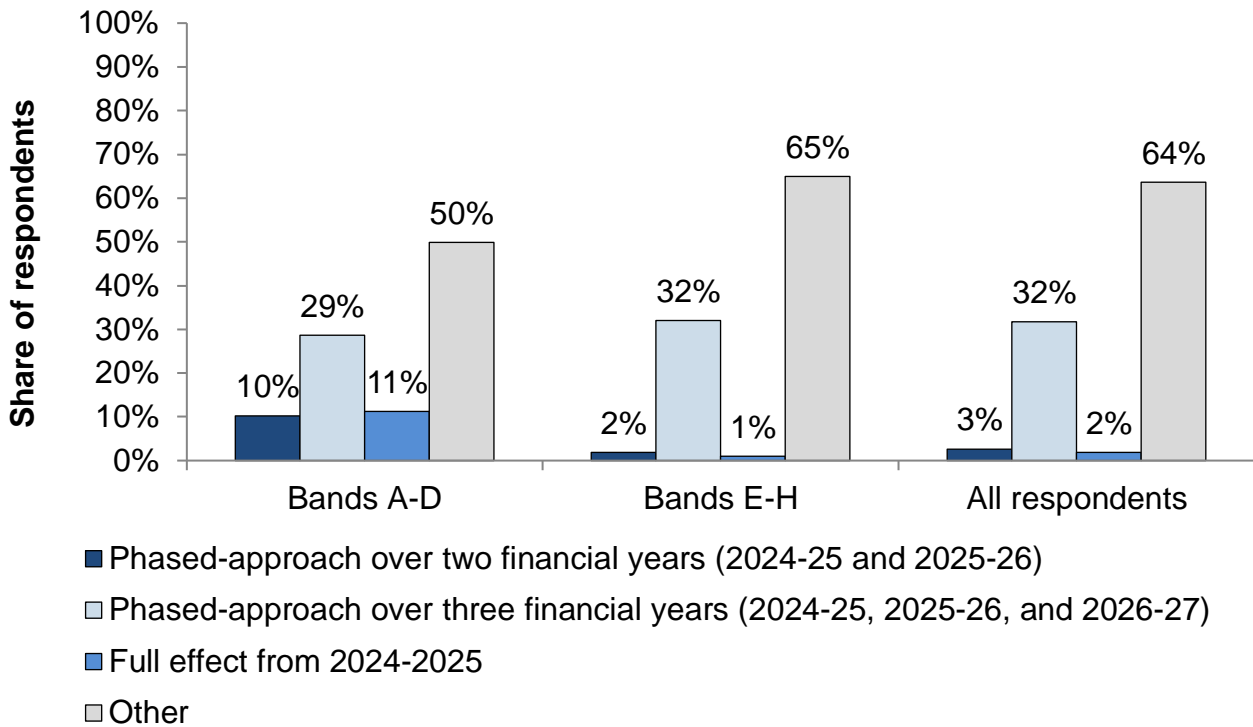


## Question 4: When should any increases be introduced if the tax on higher band properties is increased as proposed?

### Quantitative analysis

- There were 14,546 responses to this question (1,304 from Bands A-D and 13,242 from Bands E-H).
- Out of all responses, 64% of respondents had other propositions for the timeline of the introduction of the higher tax, 32% supported a phased approach over three financial years, 3% wanted a phased approach over two financial years, and 2% agreed with the increase coming into full effect from 2024-2025.
- 11% of respondents in Bands A-D supported the proposed increase coming into full effect in 2024-25, 10% supported the phased approach over two financial years and 29% supported the phased approach over three financial years. In comparison, 1% of respondents in Bands E-H supported the proposed increase coming into full effect in 2024-25, 2% supported the phased approach over two financial years and 32% supported the phased approach over three financial years.
- 2% of individuals supported the proposed increase coming into full effect in 2024-25, 3% supported the phased approach over two financial years and 31% supported the phased approach over three financial years. In comparison, 13% of organisations supported the proposed increase coming into full effect in 2024-25, 7% supported the phased approach over two financial years and 20% supported the phased approach over three financial years.
- A smaller proportion of respondents in Bands A-D answered “Other” (50%) compared to respondents in Bands E-H (65%). In addition, organisations were less likely to answer “Other” (60%) than individuals (64%).
- Among respondents who opposed a proposed tax increase, 67% answered “Other” and 31% supported a phased approach over three financial years.
- Among respondents who supported a proposed tax increase, 38% supported the proposed increase coming into full effect from 2024-2025, 29% supported a phased approach over two financial years, and 26% supported a phased approach over three financial years.
- Out of 15 councils responding the consultation, 13% (2 councils) agreed with the increase coming into full effect from 2024-2025, 13% (2 councils) wanted a phased approach over two financial years, 7% (1 council) wanted a phased approach over three financial years and 53% (8 councils) responded “Other”. The remaining 13% of councils (2 councils) did not answer the question.

**When should any increases be introduced if the tax on higher band properties is increased as proposed?**



**Qualitative analysis**

Respondents who selected ‘Other’ were asked to provide reasons for their response. There were 10,700 responses<sup>13</sup> to this question. Around three-quarters of respondents did not directly answer the specific consultation question and instead discussed their general opinion towards the proposed increases. In addition, around 20% of respondents who selected “Phased-approach over two financial years...” or “Phased-approach over three financial years” also expressed their opposition to the proposed Council Tax increase and stated it should not happen at all. Common themes discussed by these respondents included general opposition to any increase in Council Tax (many respondents felt that all three options forced them to “agree” with the increase which they did not), the unfairness of the proposed change and its impact on specific groups, concern around provision of council services and proposed revisions to or replacement of the Council Tax system. This section does not include discussion of these themes, as an in-depth discussion can be found in the analysis to [Question 1](#).

**Implementation should be phased over an even longer period**

Of the respondents who directly answered the specific consultation question, the majority supported phasing in any proposed increase over as long of a period as

<sup>13</sup> The same caveat applies here as with question 3: even though the question text stated that only people who selected “Other” should respond, all respondents could answer this question as the consultation did not include survey routing. Out of the 10,700 responses to this question, 9,765 selected “Other” and 804 selected one of the defined options to question 4 (the remaining 131 respondents did not provide an answer to the closed-format component of question 4).



possible. Many respondents in this theme mentioned the economic effects of tax increases on households as the main reason behind their view. Those respondents argued that with the current inflation pressures leading to increases in basic expenses such as food and energy bills, a longer implementation period could help ameliorate any negative financial impacts of the tax increase.

“[...] increases must be phased over as long a period as possible. I honestly don’t think the government understands that even with both adults in the house working in ‘decent’ jobs we are struggling with energy bills, food increases and mortgage rate increases [...]” (Individual, Aberdeenshire, no band provided)

Additionally, respondents noted that impacts on household disposable income could be less acute if the increases were spread over a longer period of time.

“Phase in over more years - people may have time to reorder their affairs including moving house to manage and reduce their council tax liability. [...]” (Individual, Highland, Band F)

Finally, some respondents highlighted that many households - such as those whose main income was a pension – were living on fixed incomes, and thus might need more time to make adjustments to be able to pay any increases in Council Tax.

“Many homes in the higher bands will be owned by pensioners who are, consequently, asset-rich, but cash poor. If they have no opportunity to increase their income a sudden increase of these magnitudes could mean they have to sell their home.” (Individual, Midlothian, Band F)

Most respondents who supported phasing over a longer period did not propose a specific timeframe for the increases. Among the small number of respondents who did, the majority suggested a phased rate expansion over a period of 5 years. A smaller number of respondents supported a phased expansion over a period of 10 years.

"The increases should be spread over 5 years pending reforms to bring non-payers into the system. This could be a Council Tax surcharge on properties with three and four or more adults to mirror the discount for single occupant properties or complete abolition, with local authority income coming from a combination of local income tax and local sales tax." (Individual, Fife, Band E)

“[...] the furthest I would be prepared to go is to say that any increases should be very phased over a ten year period, and should only be made in line with any increase in average pay awards and only by that same % amount. To do otherwise is to place an increasing burden of taxation on people, increasing the likelihood of financial hardship and in-work poverty.” (Individual, South Lanarkshire, Band E)

## Agreement with phased introduction

For respondents who agreed with one of the proposed phasing options, the most common reason presented (<1% of all respondents) was that an increase over two or three years would allow households to adjust to the new financial circumstances and thus minimise the effects of the tax increase. Among those who specified which of the phased expansion option they preferred, most supported a phased expansion over three years, though respondents generally did not distinguish between a two- or three-year phased introduction (instead expressing their support for a phased over an immediate introduction).

“[...] I think it is critical to give people time to adjust to this new reality should the change come into effect. People may end up selling up and moving to lower Council Tax bands and I do think that is appropriate and normal; people know their own finances. So a phased approach gives time for people to respond.” (Individual, South Ayrshire, Band H)

“While full implementation from 2024/25 would offer most mitigation against reductions in council services, it is acknowledged that there may be practicalities in implementing the changes, which mean that a phased approach over 2 or potentially three years may be the reality. In addition, it is acknowledged a phased approach could help to reduce the financial impact on households.” (Organisation)

“[We believe] that if the proposed increases were to proceed, then they should be phased over 3 years as a minimum. [...] What the consultation is silent on is the fact that budget Council Tax will also be increased by an estimated 3% plus per annum for these three years. [We] would be concerned over the cumulative impact of the proposed increases would have for these households.” (Organisation based in Fife)<sup>14</sup>

“If the increase has to be brought in (rather than looking at a formula based on affordability) then it should be phased in. This would allow people some time to adjust or to downsize.” (Individual, Scottish Borders, Band G)

## Agreement with immediate introduction

A small number of respondents supported fully implementing the proposed increase in 2024-25, as they believed this would provide the most benefit to local authorities facing revenue shortfalls due to high inflation rates, loss of EU funding and general cost of living crisis.

“It will make little difference if the policy is phased [instead of] implemented in full. [It] will reduce complexity by introducing [the] measure completely in the first instance. Households in these bands will afford the [Council Tax] increase and [immediate introduction] will ensure that local authorities benefit immediately from the increased revenues as a result.” (Individual, Glasgow City, Band A)

---

<sup>14</sup> “Budget Council tax” refers to a 3% increase across all Council Tax bands – this was the maximum increase allowable by the Scottish Government for 2022/23.

“We believe that these changes are necessary, and overdue, and therefore should be implemented soon to address the historic imbalances in the system. Even with these changes, the annual council tax will still be lower than comparative rates in England and Wales, and in Edinburgh, the maximum increase will only affect 2% of households.” (Organisation based in the City of Edinburgh)

## **Themes raised by councils**

Out of 10 councils which provided reasons for their response, seven agreed with a phased introduction to avoid worsening cost of living pressures (due to current high levels of inflation).

“[...] the first option, ‘full effect from 2024’, may lead to an increase in taxation while inflation remains relatively high, potentially putting a disproportionate pressure on some households’ budget. While a reduction in the rate of inflation does not equate to a fall in prices, phasing the increase in Council Tax rates across the financial years 24/25 and 25/26 would allow for a return to economic stability prior to most of the tax increases, avoiding a situation where a higher council tax rate coincides with a sharp increase in prices, while still providing for an increase in LA finances in a relatively short-term.” (Council)

In addition, one council commented on the time required to update and test the revenue and benefits software used by councils across Scotland to align with the proposed increase.

“As will be the case across Scotland, these proposals would require changes to the Revenues & Benefits ICT System used to administer Council Tax. Changes of this nature usually require a 6 month lead in time by the system’s supplier, to allow the change to be properly developed, tested and implemented with workload balanced across their client councils who will all be competing for the same supplier resource. There are concerns that given the consultation is due to end 20th September, it will take time for regulations to be finalised, and there may be insufficient time to deliver this for 2024/25 Council Tax billing.” (Council)

The remaining three councils responded that the proposed increase should not go ahead (without a full review of the Council Tax system) or that the council did not have sufficient information to provide a response (as it was important to first consider potential unintended consequences such as a decline in collection rates).

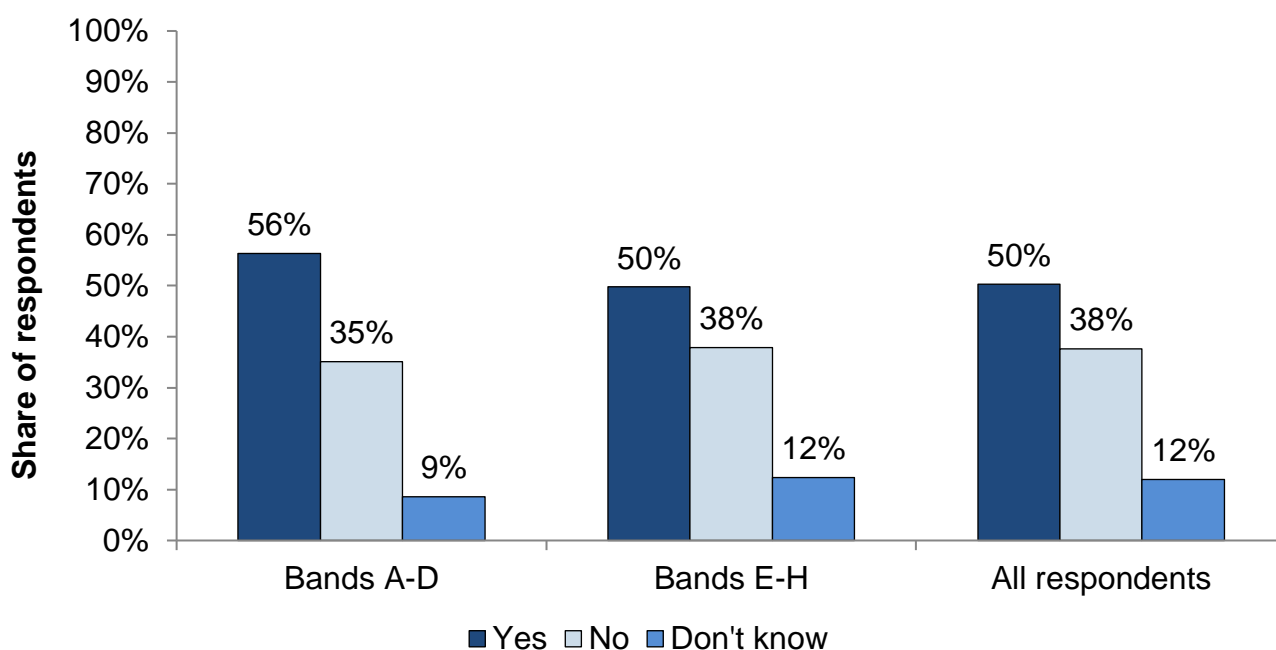
“Considering individual proposals to change the Council Tax system in isolation could result in outcomes that are disproportionate and unaffordable for individual households and give rise to unintended consequences without having identified mitigation. For example, there could be a decline in Council Tax collection rates which would impact this important income stream for Councils and therefore Councils’ abilities to deliver local services.” (Council)

## Question 5: Should the Council Tax Reduction scheme be expanded to protect those on lower incomes from any increases to higher band properties?

### Quantitative analysis

- There were 14,591 responses to this question (1,313 from Bands A-D and 13,278 from Bands E-H).
- Out of all responses, 50% of respondents agreed that the Council Tax Reduction scheme should be expanded to protect those on lower incomes, 38% did not think that the scheme should be expanded in this case and 12% did not know.
- A greater proportion of respondents in bands A-D (56%) answered “Yes” compared to respondents in Bands E-H (50%).
- A greater proportion of organisational respondents (78%) answered “Yes” compared to individual respondents (50%).
- A greater proportion of respondents who supported a proposed tax increase answered “Yes” (69%) compared to respondents who disagreed with a proposed tax increase (49%).
- Out of 15 councils responding the consultation, 87% (13 councils) agreed with the proposition. Out of the remaining councils, 7% (1 council) responded “Don’t know” and 7% (1 council) did not answer the question.

#### Should the Council Tax Reduction scheme be expanded to protect those on lower incomes from any increases to higher Band properties?



Question 6: 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.

### **Qualitative analysis**

There were 14,805 responses to this question: 7% from respondents in Bands A-D, 88% in respondents in Bands E-H and 5% from respondents who did not report their Council Tax band. Following standard practice, responses were categorized into a set of labels/themes and displayed and summarized in decreasing order of importance/relative frequency.

### **Timing of implementation during a cost of living crisis, particularly for vulnerable groups**

Many respondents felt that changes to the current Council Tax scheme could have an impact on their cost of living for themselves or their families. They argued that not all residents of properties in bands E-H had high levels of income (referring to “asset-rich, cash-poor” households). As a result, these respondents said they might have to dip into their savings or cease contributions to pensions and other forms of future financial security to absorb the financial demands of a higher taxation scheme.

“The current cost of living crisis - meaning that average earners who may be living in/ renting accommodation in this category are paying substantially more for food for their families, household heating, travel to work, out-of-control mortgage and rent increases and raised prices for all other household bills - has already had a very damaging impact. As this crisis deepens, debt and borrowing by individuals is likely to increase, leading to personal debt crises. [...] The increases proposed are not small increases - they are very, very substantial cost increases that families will be asked to pay - with what?” (Individual, no local authority or band provided)

“I will end up paying more, by around £500 per annum. I am a pensioner and have no scope to increase my income to pay for this. I will inevitably have to use my savings.” (Individual, Fife, Band G)

Individual respondents frequently discussed their own challenging financial circumstances and stated they could not find the disposable income to cover the proposed Council Tax increase.

“Even though we are retired and living on state/private pension we are not eligible for any reductions from the Council Tax Reduction Scheme. This is due to us having savings which we earned during our lifetime of work. Considering we may have to pay £440.63 pm (over 10 months), this is a sizeable proportion of our monthly income. Due to the current cost crisis all our costs have risen and although we received a reasonable state pension increase it does not cover all these additional costs. [...] Every month we use savings to supplement our income which I believe is unfair.” (Individual, Aberdeen City, Band G)

“I am a charity worker and my partner is a police constable. [...] We are financially prudent, we work hard and save where we can. Our council tax is already very high. Energy costs as you know have been high over the last 18 months. I work from home, so we have increased energy costs in the winter. [...] We do not have children yet and likely could not afford them in the current climate. Our mortgage is currently manageable but we do not know what we will be facing when our fixed term is up. We could pay the 12.5% increase in council tax, and would not qualify for the reduction scheme, but it would severely limit our budget, alongside the multitude of further rising costs. We are concerned that when the patchwork of rising costs comes together, living in our home may no longer be affordable to us.” (Individual, East Lothian, Band F)

In addition, respondents referenced specific vulnerable groups such as older individuals, pensioners, retirees, mortgage holders, individuals with fixed or insufficient income and families composed of single parents, numerous dependents or with disabled members. Both individuals and organisations mentioned that they thought these groups of people could face significant challenges in absorbing the financial impact of an increase in council tax, potentially making them more susceptible to poverty or debt.

“We are concerned that given the current cost of living crisis, many over 50s on low and fixed incomes are at risk of falling into poverty and/or debt. [...] Over a number of years, we have heard that Council Tax is a bill which many older people struggle to pay. [...] To hike charges for higher Council Tax bands as a means of boosting income for local government will fail many older households. Often older owner occupiers live in homes which were family homes – although these properties have often accumulated value, this does not mean householders have the financial liquidity to pay hugely increased Council Tax bills in addition to other potentially higher bills, such as energy costs.” (Organisation)

“I am a single parent of three children, one of whom has just turned 18 and therefore I have now lost my 25% discount. My payments have jumped to £368 per month during this cost of living crisis. [...] I cannot comprehend how you expect someone like myself, a single parent, to be able to afford any further increases and survive with my children.” (Individual, Renfrewshire, Band G)

## **Possible negative effects on housing security**

Both individuals and organisations expressed concern that the proposed tax increases might make it unaffordable for some people to continue living in their current homes. These respondents believed that if respondents could no longer afford their current homes, some might need to sell their properties and seek more affordable housing options, downsizing in the process.

“We have significant concerns on the impact this proposal could have and can only anticipate that this will push a significant number of those renting properties to the brink of housing insecurity / requiring to move within an already overcrowded housing market / at risk of homelessness / experiencing homelessness.” (Organisation)

“Potentially we will need to sell up and buy a smaller property with a lower tax band as already we struggle to pay the increasing cost of living. As a family of 5 we have 4 bedrooms and would need to give this up to afford another increase to monthly bills.” (Individual, Glasgow, Band E)

## **Possible negative impacts on the market for properties in Bands E-H**

Some individuals emphasized that the policy could negatively impact the demand for housing in Bands E-H, potentially affecting the health of the real estate market within those areas. For instance, some respondents in bands A-D stated that the policy might make it more challenging or less appealing for them to consider purchasing properties in Bands E-H.

“We have been looking to move and have been looking at properties in bands D and E. There are often just small differences between D and E, often one extra bedroom, or a slightly bigger kitchen or a slightly bigger garden. However, after previous council tax increases we are mindful of the way the Scottish Government views Band E property owners as rich and therefore a repeated source for extra taxation, so we are not going to buy a property in band E.” (Individual, South Ayrshire, Band D)

“[...] we have no major savings and are finding the ability to move on from our ‘first time buy’ is hampered by the cost of the Council Tax bands relative to properties available of a decent size.” (Individual, East Lothian, Band C)

Other respondents believed that if individuals were less willing to purchase Bands E-H properties due to the proposed increase, this could make it difficult for households in Bands E-H to sell their property and downsize to a more affordable property in a lower tax band. Some respondents expressed a similar concern about the overall tightening of the housing market, in which the proposed increase could exert downward pressure on property prices within Bands E-H.

“This will have a detrimental effect on the housing market as a whole during a cost of living crisis. Those in larger houses who are currently struggling to pay increased mortgages will be unable to sell their property and downsize in an attempt to manage their bills and the demand for larger properties will plummet when the council tax figures are made available to potential buyers.” (Individual, Falkirk, Band F)

“[...] This proposed change will make bigger properties more difficult to sell. There will be situations where household income suddenly drops (e.g. bereavement or retirement) [and] council tax becomes unaffordable but the property won't sell.” (Individual, Fife, Band F)

“Real estate agencies and property developers might face a more sluggish housing market, particularly in the higher bands, due to potential buyers being discouraged by the higher ongoing costs of owning properties in these bands.” (Individual, Falkirk, Band F)

## Potential impact on household spending and budgeting

Many individual respondents believed that they would potentially need to reduce their expenditures to cope with the increased tax burden from the proposed increase. Most respondents expressed this in general terms: stating that cuts would need to be made but also mentioning uncertainty around where cuts would be made.

“Increases in this area would take more money out of my budget which helps provide healthy food, a warm home and clothing for my children. Like every family in Scotland we are facing increasing pressure to make our incomes/outgoings match. We aren't a family that can go on holiday when we choose or go out every weekend. We buy our food from lower budget supermarkets like Aldi and Home Bargains....so where do we cut back anymore?” (Individual, Aberdeen City, Band E)

Some respondents provided more details on how they could potentially respond to the proposed increase, mentioned needing to rely more on foodbanks or reduce spending on essential areas like heating.

“I will be using the food banks more regularly and be even less able to heat my house and feed my children despite myself and my husband working full time. [...] The price of everything including mortgages and food has increased with no increase in wages. I struggle monthly to find £330 to pay it. I will not be able to find an extra 17%.” (Individual, Fife, Band G)

“I live in a rented, rural property, and am responsible for council tax. My property is band F but is an old farmhouse with a single bathroom. [...] I am already worse off as my salary has not been keeping pace with inflation (like a lot of people) and I don't actually know how I would be able to afford this proposed increase - probably by not heating my house.” (Individual, Perth and Kinross, Band F)

“We are under real pressure but do not qualify for help. These proposed increases will make it even tougher. We know we will need to make tough choices if this happens - use heating less in winter, cut back on broadband/mobile and other services, spend less on food, etc.” (Individual, East Ayrshire, Band G)

Respondents also mentioned they might have to reduce expenses that directly affect the education and quality of life of their children as a result of the proposed increase.

“We also have a one year old kid who can't go to nursery because we can't afford it and a huge mortgage which will increase from £570 a month to £1,127 a month from November [...] I find this very crippling for my family and we are already considering we'll have only one child as times are very hard these days and it wouldn't be wise to have more kids, which is very sad for us.” (Individual, Aberdeenshire, Band F)



“[...] any increase in council tax rates would further strain the ability of our family to allocate funds for our child's education.” (Individual, Fife, Band F)

Some individuals indicated that they may potentially no longer be able to invest in and maintain their properties, with these respondents mentioning examples of property improvements needed for their day-to-day quality of life.

“We are a couple living on pensions in a Band G property. We would not have been in a property of this band if we had not had to look after elderly parents. Maintaining the property occupies a large proportion of our time and income, an income which is largely fixed and not keeping pace with inflation. [...] Savings can only be spent once - care of the elderly, food, transport, investment in the property or Council Tax. Pick one but don't expect us to be able to meet them all.” (Individual, Dumfries and Galloway, Band G)

“[...] the likelihood is that we will need to save money elsewhere. That is, it means forgoing other expenditure[s]. Holidays went long ago. The next phase of home improvements will likely suffer, including the building of a walled garden where we might get some respite from the winds that impact our property. We will also not be able to afford the replacement windows for which we have been saving.” (Individual, Scottish Borders, Band H)

Other respondents stated that they might have to reduce spending at local businesses, and this could potentially have a negative impact on the local economy.

“We are already cutting back due to the cost of living crisis. [...] Quite simply we would be forced to stop supporting local business[es] i.e. butcher, dairy farmer, green grocer in our village as they are more expensive than supermarkets.” (Individual, Fife, Band E)

“It will effectively mean that our disposable income for the month will be nearly fully depleted. We will have nothing to spend on small things like a coffee at a local business, or contribute to our local economy in a small way.” (Individual, East Dunbartonshire, Band G)

## **Potential impact of increase in funding for council services**

Respondents disagreed about what impacts an increase in Council Tax revenue could have on provision of council services. On one hand, some respondents agreed that the Council Tax increase could result in an increase in public funds, which could potentially improve delivery of public services aimed at reducing disparities and enhancing people's quality of life. These respondents highlighted that the additional resources could be allocated to support different front-line services that had been adversely affected by previous budget reductions.

“Changes to council tax will enable local councils to generate more income, which can then fund vital public services, which have been underfunded for years. Whether that be council housing, after school clubs, libraries,

infrastructure (lighting), or housing and homelessness services, our members experience every day the limit of lack of funds at the local level.” (Organisation)

“I'm currently living in a Band C property so wouldn't be directly impacted by the changes but they would protect and benefit the council services I use. Councils need more money to keep libraries and community centres open and improve public transport and active travel infrastructure [...]” (Individual, City of Edinburgh, Band C)

“As a local government employee, I see firsthand the impact of budget cuts to council effectiveness. I therefore see this rise, targeted at those who can most afford it and who still use council services like the lowest paid in society, as being a fair way of ensuring councils can provide the level of service ALL residents deserve.” (Individual, Renfrewshire, Band D)

Conversely, other respondents raised concerns that the proposed Council Tax increases could also lead to increased reliance on both public and charitable services by the general population. Some respondents thought that the proposed increases could potentially increase demand for services from food banks, the money advice sector, mental health services or council housing. These respondents pointed out that the increase in Council Tax might have an uncertain effect on public funds due to an increase in demand for public services, which could require higher public expenditure to meet this increased demand.

“This is going to [have] a serious impact on the mental health of families who are already struggling with the cost of living crisis, increased energy prices and are having to rely on food banks. Many will be unable to pay their rent or mortgage with this increase and homelessness will undoubtedly increase which goes against current efforts to reduce it.” (Individual, Glasgow City, Band F)

“We are also concerned about the impact that this rise in Council Tax arrears will have upon the money advice sector as we know that this sector is already stretched to capacity due to lack of funding and resources. Moreover, we are hearing of more clients presenting to money advice with mortgage arrears as interest rates continue to rise. This presents two problems relating to the proposed increase in council tax: firstly, that this group may not be able to financially withstand this rise, and secondly money advisers may not be able to cope with further demand. We are therefore concerned that the sector would be unable to offer the support needed to this new group of people who would need money and debt advice to resolve their Council Tax debt resulting from this increase in rates.” (Organisation)

“For people who have been 'banded' into a bracket by the council with little to no justification, they may find that they are unable to afford their mortgages, energy and food bills [...] thus pushing more people into debt and ultimately poverty.... which will in the longer term create bigger problems for the council when the demand for additional council tenancies, benefits support and mental health support sky rockets.” (Individual, City of Edinburgh, Band H)

“[...] Along with these proposals you will need to provide details of council housing stock that many people forced out of their homes due to being unable to pay this unfair tax will need.” (Individual, East Renfrewshire, Band E)

## **Potential impact on mental health**

Respondents in income bands E-H thought that the proposed increase could add significant stress to their lives and lead to greater anxiety about the future, including their ability to financially support their family.

“All the bills in my household have risen substantially over the past 2 years. It has taken a toll on my husband and myself. We both work even longer hours and weekends to keep our heads above water and increasing the council tax will mean more pressure. [...] Financial pressure is crippling and has a very detrimental impact on your mental health and I think increasing this would definitely take its toll on us as a family and many more hard working families.” (Individual, East Ayrshire, Band F)

“I am completing this at 1:20 am because I am lying awake worrying about the future and whether we will be able to provide for our son and unborn baby. We do not qualify for any government supports because we both work, yet I’m frightened we won’t be able to live.” (Individual, Fife, Band F)

## **Potential impacts on migration**

Some individuals pointed out that the proposed changes could diminish Scotland's overall attractiveness as a place to live, potentially resulting in fewer people considering migration to or remaining in the region. Respondents mentioned this could have implications in terms of retaining skilled workers who might be attracted by more cost-effective international markets. Moreover, they thought that it might deter skilled professionals from considering Scotland as a destination for immigration, thereby affecting Scotland’s ability to attract talent that could contribute to the economy.

“[...] cost of living in Scotland at the moment, however, is making the regular employment offers from other countries more appealing. I would imagine this situation is not unique and I further believe additional increases such as Council Tax higher band increases will force many of the highly skilled workforce out of the country.” (Individual, South Lanarkshire, Band G)

“[...] Higher-paid professionals will view Scotland as a less attractive place to live and those [who] can will move elsewhere, increasing the shortages already experienced in many professions. How will this affect me, personally? I will [...] be living in a country that will not be able to attract the talent necessary to boost her economy and provide the necessary professional services required to underpin the well-being of all our citizens.” (Individual, Perth and Kinross, Band G)

## Potential impacts on employment

Respondents mentioned that the proposed Council Tax increase could potentially impact their approach to employment. Respondents felt that their household costs might increase to a level that could mean they might have to work additional hours, contemplate switching to a higher-paying job (such as working for the private sector instead of the NHS) or close their businesses.

“We currently pay between 240-250 per month on council tax, and for it to go even higher I would need to work more hours than I already do while juggling childcare costs, which could leave me further out of pocket.” (Individual, Aberdeenshire, Band E)

“The only alternative option we have is to leave the NHS and work in the private sector in order to negotiate a better salary [...]” (Individual, Highland, Band F)

“An increase in the cost of council tax would cripple us and force us to sell our dream family home and likely mean we'd have to close our business too to try and earn more money.” (Individual, Highland, Band F)

## Themes raised by councils

The most common theme raised by councils was the potential impact of a proposed tax increase on lower-income households or households whose wealth was in property (rather than income). One council thought that the existing Council Tax Reduction scheme would be insufficient to protect lower-income households. Another council believed that if the tax increase led to more difficult financial situations for low-income households, demand for financial advice services could increase, placing pressure on service provision.

“[...] it is expected there will be increased demand for Money Advice and Citizen Advice services. The impact on residents could be that their financial circumstances are worsened by the change in band ratios. [...] If CTR [Council Tax Reduction] levels are increased due to the higher levels of charge in the higher banded properties for those in lower incomes, there will be a shortfall in the funding available for CTR which will adversely impact service delivery in other areas.” (Council)

The second most common theme was the potential impact of a proposed tax increase on worsening cost of living pressures. One council mentioned the potential spillover impacts the tax increase could have on other areas of spending: for example, reduced spending on leisure and sport activities could impact health and wellbeing, and reduced spending in local businesses could lead to loss of local employment and decreased vitality of town centres.

“The proposed additional costs for taxpayers in Bands E-H, particularly during a period of high inflation and challenging living costs, carry the potential to exacerbate debt concerns for a broader segment of the population. Such an outcome could increase homelessness presentations. This is particularly

pronounced given the impact of the Cost-of-Living Crisis, increasing private and affordable housing rent levels, decreasing private rented stock, increasing interest rates and other economic uncertainties impacting on the Housing sector.” (Council)

“The proposed changes will increase pressures on already stretched household income and will have implications on [the] ability to spend on other opportunities and activities for some. Spending by families on Leisure and Sport activities will be impacted because of tough decisions that individuals and families will have to make. An unintended consequence may be a reduction in health & wellbeing if mitigations can’t be identified to balance this out. [Another impact of the proposed increase would be] less local spending, impacting on local businesses [...] This leads to a loss of local employment, further impacting households, while also impacting on the vibrancy and vitality of town centres through business closure and vacancy.” (Council)

In addition, six councils provided estimates of the increase in Council Tax paid for specific bands, the percentage of households that would be impacted or the expected increase in revenue, while two councils said they did not have sufficient data to draw conclusions about affordability of the proposed increase for residents.

“The council does not collect or hold data that would enable robust conclusions to be drawn regarding the affordability of the proposed changes for council tax payers in [our local authority], including the combined impact of these changes with the significant increases to the band D charge which may be needed in order to balance the council’s budget in future years.” (Council)

Finally, three councils expressed concern that the actual increase in revenue available to spend on public services could be uncertain due to potential changes in local government funding distribution arrangements.

“While this may generate an additional source of revenue to the council, as stated elsewhere, we are concerned that this may result in a reduction to other sources of funding through the local government finance settlement and the level of additional revenue generated will not be sufficient to close the budget gap in 2024/25.” (Council)

Question 7: 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).

## Qualitative analysis

There were 13,683 responses to this question. As with Question 4, around 20% of respondents did not directly answer the specific consultation question and instead discussed their general opinion about the proposed increases, including the unfairness of the proposed change and proposed revisions to or replacement of the Council Tax system. An in-depth discussion of these views can be found in the analysis to [Question 1](#).

## Impact on provision of council services

Respondents mentioning the impact of the proposed increase on the provision of council services could be classified into two groups. First, some respondents stated their opinions on current operations of council services (most of these respondents expressed a dissatisfaction with levels of service provision or quality of services). These examples were used to illustrate these respondents' belief that the tax levied currently was not being put to good use as things stood now.

“Councils need to demonstrate that they use funds more effectively for the benefit of the citizens paying council tax. At the moment there is a lot of dissatisfaction with councils' use of money. They are using our money but not on the things we feel to be important, even essential, [and] far more is being spent on vanity projects and simple wastage of money. Roads and streets are badly maintained, street drains [are] blocked and fewer cleaned, with flooding ensuing. Public transport does not meet the needs of their working and business population who are the main groups paying council tax.” (Individual, City of Edinburgh, Band D)

“I do not believe the increases will provide any benefit at all to our area. I have seen no investment by the council in our area for years - I am not in easy walking distance of a doctor surgery, pharmacy, secondary school, post office, convenience store, library, or park with benches and play/exercise area, for example. The rate of new build houses is high in our area, yet we see none of these basic services being put in place despite the significant increase in residents.” (Individual, North Ayrshire, Band G)

Second, respondents commented on the potential impact of a Council Tax increase on future provision of council services. These respondents felt that the increase would not raise sufficient funds to make a meaningful impact on their local councils and the services they provided for four reasons. First, respondents thought that if the increase would be unaffordable for many households, it could lead to greater reliance on public funds, such as the Council Tax Reduction Scheme, to mitigate the impacts of an increase.

“We are concerned that this will have a negative impact on Local Authority services or may result in greater reliance on public resources as we believe that there is a risk that households may have more need to access public funds such as the Scottish Welfare Fund to alleviate the financial hardship that this increase in Council Tax will result in.” (Organisation)

“The cumulative effect of price increases of which council tax would be one will likely impact all aspects of society. This may drive an increase in areas such as crime, substance misuse and health inequalities requiring more public sector / council resources to deal with the effects and perpetuating a vicious cycle.” (Individual, Fife, Band E)

Second, respondents thought that increased Council Tax debt by individuals and rising collection expenses meant that councils might not receive the full additional revenue from the proposed increase.

“[...] this could lead to further burdens on courts and local authorities through increased arrears and associated collection action, never mind the residents taken to court for money they may simply not have.” (Organisation based in North Ayrshire)

“There may also be increased levels of debt as more people are unable to pay their council tax. Councils therefore [will] not collect the cash due, so then [they] cannot afford the services they provide. In this situation, councils cannot expect to collect the full additional revenue brought about by the change.” (Individual, Fife, Band F)

Third, respondents thought that the additional revenue from the proposed increase would only be used to address deficits in existing funding (instead of increasing provision of services).

“I feel that a rise in council tax would not improve anything, as there is a huge deficit in funds at the moment and as a result, the extra money would only go a small way to filling an ever-increasing black hole.” (Individual, North Lanarkshire, Band E)

“I don’t think it will bring in enough to touch the deficit local authorities are facing, more of a sticking plaster to fill a gaping hole.” (Individual, West Dunbartonshire, Band G).

Fourth, respondents thought that Council Tax represented a small proportion of overall local government funding (with most funding coming instead through block grants from the Scottish Government). These respondents suggested that increased funding from the Scottish Government was needed to improve service provision.

“Given that council tax makes up a very small proportion of local authority spending, I would not expect to see any positive difference in the local authority

services in my community, nor Scotland as a whole.” (Individual, Aberdeenshire, Band F)

“I understand that that the Council Tax accounts for only 10% of councils revenue, the balance comes in the form of a grant from Westminster via the Scottish Government so there would only be limited benefit in raising the property tax for a small proportion of higher value properties affecting only a fraction of total revenue. I live in Midlothian where properties in council tax Bands E-H as a percentage of total dwellings is less than 10% so there would be a negligible impact on service provision in my local area.” (Individual, Midlothian, Band F)

## **Impact of households relocating to more affordable areas (within Scotland)**

Respondents thought that an increase in Council Tax for Bands E-H could lead households to relocate to more affordable areas. Some of these respondents focused on relocation within Scotland (to more affordable areas with a greater proportion of lower band properties). These respondents mentioned a number of potential impacts caused by households moving to more affordable areas.

First, respondents thought there could be increased market pressure placed on lower-band properties due to greater levels of demand, leading to an increase in prices for these properties. Some of these respondents were concerned this could lead to barriers for lower-income households or young people to get on the property ladder. Other respondents believed this could also lead to increased demand for social housing or higher levels of homelessness (due to shortages of affordable housing across local authorities).

“The proposed changes would mean that those living in or intending to move to larger houses or those within more popular areas may be unable to afford the increased bills. This would artificially affect house values and may lead to devaluation of properties and/or entire areas. This would, in turn, increase demand for smaller or less valuable properties as many owners relocate or downsize in the quest for more manageable bills. The result of this would be that those on lower incomes - exactly those whom this flawed proposal is designed to protect - would be forced down the housing ladder or off of it completely.” (Individual, South Ayrshire, Band F)

“This also limits the property pool available to lower earners who wish to purchase a property, as they cannot budget for such high council tax costs if the property is in bands E, F, G or H. Meanwhile, the pool for higher earners [...] will be the same, but they will flood the market for the lower tax bands to avoid paying more council tax. Again, lower earners take the hit as they can't afford to enter the property ladder.” (Individual, City of Edinburgh, Band B)

“It may have a negative impact on house prices as more people try to downsize and look for more affordable housing which councils already struggle to meet the demand of social housing and may also increase already high levels of



homelessness due to not being able to afford to keep their house.” (Individual, Fife, Band F)

Second, respondents thought that the number of households in bands E-H trying to sell their properties (to move to more affordable areas) could potentially lead to market saturation, making it more difficult to sell their property in the first place and limiting housing mobility. Respondents were also concerned that the decrease in prices for bands E-H could lead to households facing negative equity.

“With the state of mortgage rates currently, it's likely [with] this additional rise in council tax that residents of Bands E-H will feel the need to downsize their house to a lower council tax band, increasing demand for smaller housing in cheaper areas, thus putting further pressure on the shortage of housing. This would also probably result in lower demand for band E-H housing, thus residents would find it difficult to sell their house [...]” (Individual, West Lothian, Band G)

“Additional tax will make homeowners consider downsizing. This is already the case due to interest rates, but a further level of tax will exasperate the situation leading to a downturn in the housing industry and potentially a recession in that sector, leaving many homeowners with negative equity. As this escalate[s], more people will be in arrears and any perceived uplift in tax revenue from increasing the rates in bands E and above will be negated and may subsequently cost more.” (Individual, Aberdeen City, Band F)

Third, respondents thought that households moving to more affordable areas could disrupt existing social networks in local communities, impacting mental health and wellbeing and leading to a loss of community identity or cohesion. Some respondents also expressed concern that this could lead to greater stratification of communities by socioeconomic status: only higher-income households would be able to afford to live in more affluent areas.

“Some residents in higher banded properties might consider moving to lower banded properties leading to demographic changes within areas. Residents of the same neighbourhood often form strong social networks that contribute to a sense of belonging and mutual support. The proposed changes could disrupt these networks if residents are forced to relocate [...]” (Organisation)

“This would also contribute, very significantly, to further economic segregation and fewer 'mixed communities' as those who cannot afford the area will simply not live there. At the moment more affluent areas with the higher banded properties can be lived in by those of lesser means; someone could have bought their property earlier before the area was regenerated or became more affluent, they could have used retirement money to purchase property, inherited or simply be middle class professionals with family who are scrapping by in the current circumstances - this will simply price all of these people out of the area and only those who can afford the cost of living in these housing schemes, villages or islands will live there.” (Organisation based in North Ayrshire)

“[...] People might have to move out the area they have lived in their whole [lives] away from their family and friends. It could lead to a very different lifestyle altogether for people and the end of social friendships. Starting all over again in a new community is not easy for anyone and it should never come to this [...]” (Individual, Glasgow City, Band G)

“[...] They might have to move from homes they have lived in for many years. This will have a huge impact on them, losing familiar surroundings [and] neighbours that they know who often look out for them, and the effect this will have on mental health is terrifying to even think about.” (Individual, Fife, Band E)

## **Impact on specific groups, including pensioners and families**

Respondents also discussed the potential impact of the proposed increase on specific population subgroups, including more vulnerable households. Many respondents who discussed the adverse impact on specific groups held the view that Council Tax did not reflect individuals' ability to pay. The most common subgroup was families, with respondents stating that families often required larger homes and also faced higher food and childcare costs.

“Families are already struggling with huge increases to mortgages and rents, and energy costs are still high, as are food and childcare costs. Another increase to bill which they can't reduce will push many families into poverty”. (Individual, Argyll and Bute, Band F)

“[...] Many families living in higher band houses have children, have large mortgage costs, large energy and food bills plus the costs associated with growing children. Many already find it difficult to make ends meet and these additional costs will drive middle earners toward poverty.” (Individual, Aberdeenshire, Band G)

The second most common subgroup mentioned was pensioners and the elderly, with respondents believing that pensioners' fixed income might not be sufficient to keep up with the increased cost, driving them out of properties which they previously had been able to afford.

“The most direct social impact would likely be financial strain on households in the higher bands. These could disproportionately affect elderly homeowners and those on fixed incomes who may struggle to meet the increased financial burden. This could lead to social inequality, with some people potentially having to move out of their homes if they can no longer afford the tax.” (Individual, Falkirk, Band F)

“We live in an area (with the odd exception) where our neighbours are in the older age group (60+) and have lived in their properties for years. When talking to them, they are worried about the cost of living crisis because of what it means to them and their loved ones. Another increase will cause a lot of worry and anxiety which will no doubt lead to an increase of ill health, particularly their mental health.” (Individual, West Lothian, Band E)

## **Broader impacts of potential decrease in disposable income**

Respondents commented on how a decrease in disposable income could potentially change household spending decisions. Most respondents who discussing impacts on disposable income believed that individuals would be less likely to support local businesses (in particular businesses in the hospitality sector) and instead opt for cheaper alternatives when making purchases. Respondents believed that downsizing or closure of local businesses could have spillover effects on the broader local economy.

“The rise in Council Tax will undoubtedly lead to further reduced spending in small businesses within the city. These local businesses are the backbone of our community, providing employment opportunities and contributing to the vibrancy of our neighbourhoods. A decrease in consumer spending due to tighter budgets will inevitably result in reduced revenue for these businesses, potentially leading to layoffs and even further closures. The resulting ripple effect could irreversibly alter the social fabric of our city.” (Individual, Glasgow City, Band E)

“[...] Many businesses are struggling to stay afloat, especially in the hospitality sector, because of the cost of living crisis [...] This would leave many households in these bands with very little spare cash after all essential living expenses were met, meaning less money would be available for discretionary spending, hitting business even more in these tough times. This would have a knock-on effect in the wider economy and businesses which are just scraping by or those that are treading water would likely cease trading.” (Individual, Fife, Band G)

Respondents also held the view that a decrease in disposable income could potentially dissuade individuals from completing necessary home improvements, including energy efficient improvements such as replacing insulation or gas boilers as well as general property maintenance.

“The recent energy cost crisis together with growing climate change concerns have demonstrated the pressing need to invest in more sustainable forms of energy generation and use. This will not only require action by government but will also need individual homeowners to invest in measures for the future, such as solar electricity generation and installation of heat pumps in order to reduce reliance on hydrocarbons. With a further reduction in disposable income, the ability of homeowners to pay for the changes required will be reduced [...] Larger increases in council tax are likely to have a detrimental impact on owners' ability to make these improvements.” (Individual, South Lanarkshire, Band G)

“Properties in band E upwards include those that are listed or are of historical and cultural significance. These buildings in turn require the most maintenance and upkeep and will be suffering from the current cost of living. The proposal risks owners being unable to carry out essential maintenance and repair by having to find the additional money for this tax increase along with potential mortgage increases.” (Individual, West Lothian, Band C)

A small number of respondents thought that households facing a decrease in their disposable income could be less likely to participate in or fund community events and causes (e.g., festivals, charities, celebrations). These respondents stated this could negatively impact levels of community cohesion and identity.

“Community cohesion and participation could also be affected. Higher tax rates may strain community relationships, as individuals face increased financial pressure and feel less inclined to participate in local initiatives or contribute to community activities. This could impact the sense of belonging and cooperation within our local area, potentially leading to a decline in community engagement and the overall social fabric.” (Individual, South Lanarkshire, Band F)

“[...] This means that we cannot afford to attend cultural or community performances as much as we would wish. We cannot support local clubs and societies, charities etc. to the level that we would wish and an increase in Council Tax will worsen that situation.” (Individual, East Ayrshire, Band E)

## **Impact on the social contract within communities**

Some respondents, particularly in Bands E-H, believed that the proposed increase could lead to greater resentment or tension between middle- and low-income households. Respondents thought that low-income households could be perceived as disproportionately benefiting from the proposed increase. For example, some respondents stated that households in Band D properties were potentially receiving the same level of council services as households in Band E properties, but only the latter would be asked to shoulder a higher tax burden as a result of the proposed increase (even if they could not afford to do so).

“People in Scotland are generally happy to pay tax, and to pay progressive taxes. There is a recognition of the importance of contributing - especially for those who are fortunate in their careers - and there is a sense of social solidarity. However, the last few years are swiftly creating a situation where this sense of solidarity will disintegrate. The burden is increasingly being borne by those who are perceived to be better off, which really means the middle class [...] The brutal fact is that this solidarity will only exist if the people who pay the most feel they are being treated fairly and we are in danger of creating a situation where they will not feel that way anymore.” (Individual, East Renfrewshire, Band H)

“We have been seeing a lot of assistance being provided to those on lower incomes increase since the start of the pandemic and those of us in the middle receive none, but we are increasingly aggravated as our disposable income has reduced to just cover the cost of living. [...] This will have inadvertent effects in the way people feel about others getting so-called 'hand outs'.” (Individual, Moray, Band F)

“If everyone in band E and above properties is told they are rich and can afford to pay more for others while in reality [they are] struggling to put food on the table, resentment is inevitable.” (Individual, Glasgow City, Band F)

## Impact on migration in and out of Scotland

Some respondents expressed concern that the proposed increase could incentivise individuals to potentially migrate out of Scotland to neighbouring countries. These respondents implied that neighbouring countries would have lower tax burdens than Scotland after the proposed increase took effect.

“The proposed council tax hikes [...] will have a serious impact on the middle-class hard-working families who might decide to leave Scotland and relocate down south. This is a serious issue since it creates a low-growth, welfare-based system by squeezing and punishing hard-working middle-class families.”  
(Individual, Scottish Borders, Band G)

Respondents also expressed concern that individuals migrating out of Scotland could indicate a “brain drain”: a broader trend of younger individuals moving abroad to seek employment opportunities that could potentially weaken Scotland’s economy.

“People living in higher value properties with higher incomes are already paying significantly more tax in Scotland - taxing them more via a significant council tax increase is not justified and many will leave Scotland as a result. This will weaken the Scottish economy, reduce innovation and will essentially result in a ‘brain drain’. Scotland will be a poorer country as a result.” (Individual, Glasgow City, Band F)

“In a wider context, I believe these proposals will adversely affect Scotland as a country. We will see even more of a brain drain as people, who have the option to do so, are likely to choose to move to other UK nations with lower taxation.”  
(Individual, South Ayrshire, Band F)

Similarly, some respondents thought that the proposed increase could disincentivise individuals to move to Scotland due to the higher tax burden (compared to other countries in the UK).

“It's just another reason not to live and work in Scotland. We already have the highest property purchase tax (LBTT [Land and Buildings Transaction Tax]) in the UK and to buy a nice home in the £300,000 - £500,000 bracket it's double what it is in England. Increasing Council Tax, coupled with higher income tax rates and lower allowances, which we already have, along with higher stamp duty, simply discourages hard working people from relocating in Scotland. It's very difficult to find highly skilled people to fill vacancies in Scotland. Raising Council Tax will make it even more difficult to persuade anyone from elsewhere in the UK to come here.” (Individual, Inverclyde, Band F)

## Themes raised by councils

Councils that responded to this question mentioned a broad range of different impacts, which were similar to impacts mentioned by other respondents. Several councils agreed that the increase could generate additional funds to support public

services. In addition, most councils commented on housing-specific impacts, such as (i) disproportionate impacts on households residing in new build properties, (ii) increase in demand for lower-band properties, (iii) impact on higher-band property values (as buyers would factor in increased costs of ownership) and (iv) community impacts caused by demographic changes driven by households moving to lower-band properties.

“We feel that this change will have a disproportionate impact on [our local authority] as an area of high growth with a significant and growing number of new homes, given the apparent increased likelihood of newer properties being impacted by the proposed changes.” (Council)

“Some residents in higher banded properties might consider moving to lower banded properties leading to demographic changes within areas. Residents of the same neighbourhood often form strong social networks that contribute to a sense of belonging and mutual support. The proposed changes could disrupt these networks if residents are forced to relocate.” (Council)

Several other councils mentioned the potential financial strain caused by a tax increase due to ongoing cost of living challenges, or disproportionate impacts on households in higher band properties with limited wealth. One council also referenced potential impacts on pensioners (with limited incomes), households making mortgage payments and households living with additional support needs (who often needed to live in larger homes with the necessary facilities).

“This will result in more of the household income being used to pay Council Tax at a time when some of these households are already experiencing financial strain due to the cost of living challenges.” (Council)

“While Council Tax Bands can provide a partial indication of income and wealth, it is not a full measure. For example, some households choose to invest a modest amount relative to their income and wealth in their privately-owned or rented accommodation.” (Council)

One council expressed concern that the proposed increase could limit flexibility for future rate increases.

“[...] it would limit the Council’s own local decision-making on future council tax increases, as band E to H properties would pay more due to this proposed change, and potentially more again should there be Council Tax increases agreed locally.” (Council)

Finally, three councils mentioned that they did not have sufficient time to fully consider the impacts of the proposed increase, and further analysis and data would be required to understand potential implications.

“The Council has had limited time to fully assess the impacts of the proposals, and considers that before progressing the present proposals significantly a

comprehensive impact assessment on potential implications is desirable at both national and local level[s].” (Council)

## Question 8: Please tell us how you think changes to Council Tax rates for properties in Bands E, F, G and H might affect Island Communities.

### Qualitative analysis

There were 11,292 responses to this question. Many respondents to this question did not comment specifically on island communities and instead discussed their general sentiments towards the proposed Council Tax increase or the impact the increase would have across Scotland (these responses cover themes also discussed in responses to question 1).<sup>15</sup> Very few respondents commented on how impacts might differ across island communities.

### Higher cost of living and lower wages in island communities

The most common theme (raised by both respondents in non-island and island communities) was that the proposed tax increase could have a greater impact on island communities due to the higher cost of living and lower wages. Respondents pointed out that many residents of island communities worked multiple jobs or had seasonal/agricultural employment and believed they were already struggling to make ends meet under the current Council Tax system.

“Scottish Island Communities often face higher costs of living and limited access to essential goods and services due to their remote locations. The proposed Council Tax rate increases would add an additional financial burden on homeowners in Bands E, F, G, and H, exacerbating the existing challenges of affordability. These changes may place undue pressure on island residents, particularly those on lower incomes or fixed budgets, potentially leading to increased financial hardship and limited disposable income for daily necessities.” (Individual, South Lanarkshire, Band F)

Other respondents pointed out the high cost of shipping goods from the rest of Scotland. These respondents argued that the proposed increase could potentially limit access to essential goods and raise the overall cost of living in island areas.

“Island communities, by their often-isolated nature, will have many more problems with funding local services than more densely-populated areas. Incomes might be more likely to be either fixed or slower growing due to substantial costs that employers encounter for raw materials, transport of these from the mainland and fuel costs. Depopulation due in part to the above issues would exacerbate the problem. By increasing council tax bands at the levels

---

<sup>15</sup> This could be due to many respondents not feeling qualified to make a judgment on this question (because they did not know how to answer or they felt it would not affect them as non-island dwellers).

suggested, there is a distinct possibility that the effect on island residents will be much more severe than mainland dwellers.” (Individual, Stirling, Band G)

As a result of higher costs of living and lower wages, respondents felt that residents of island communities could potentially be even less able than people living in other areas to afford the proposed Council Tax increase. Some respondents thought that this could contribute to residents moving away from island communities and overall depopulation.

“It's already more expensive in almost every way in the islands and wages rarely meet industry averages. Energy costs, travel and food are all significantly higher in the Highlands and Islands and accommodation is often not energy efficient or affordable or even available. It will add to a rural skills drain as people move away from the region.” (Individual, Highland, Band F)

### **Impact on the housing market on island communities**

Respondents disagreed about how housing markets in island communities would be impacted by the proposed increases, and how this might impact local residents. Some respondents believed that property prices (especially for new builds) were already inflated due to the growing share of second or holiday homes owned by non-residents. As a result, these residents believed that the proposed increase could exacerbate existing affordability problems for local people (including young people) in the local housing market. They thought that the share of homes owned by non-residents might increase (as they would be the only people able to afford the higher levels of Council Tax).

“It will make any young islander with aspirations to own their own home even further out of reach to home ownership. Communities in the islands are disappearing due to second home owners, Airbnb properties and lack of job opportunities which is directly linked to poor housing availability. More local authority housing stock is clearly required. If people from [outside] the local community can afford to buy 2nd and 3rd homes for holiday lets or as a distant and absent owner, they will likely be able to afford the increase suggested or they will charge more rental to cover the costs.” (Individual, Renfrewshire, Band E)

“The biggest challenge for island and many coastal communities is that prices are being disproportionately set by furnished holiday let businesses (which are supported by generous tax breaks) and people re-locating from area[s] with much higher values.” (Individual, Stirling, Band G)

In contrast, a smaller set of respondents thought that owners of second or holiday homes could choose to sell their properties when faced with the tax increase, leading to an overall drop in property values. This might make more homes available at prices that local households could afford. Some respondents thought that a decrease in property prices could negatively impact the local economy (in particular the tourism sector), while other respondents thought a decrease in



property prices could increase the attractiveness of island communities for new residents.

“[The increase is] likely to seriously negatively impact my area as many of the homes are second homes, rentals or holiday rentals. I see this increase will effectively force many to sell and flood the market creating a huge drop in property value. While it may mean more families can afford to get on the ladder it will ultimately mean there will be fewer jobs for these families and the net impact will be de-population of the rural areas.” (Individual, Argyll and Bute, Band E)

“Within Argyll and Bute there are a high degree of second home owners with properties that fall within bands E, F, G and H. This might encourage them to bring their second homes into use when not occupied, or indeed to put them up for sale. This would be of great benefit to the residents of Argyll and Bute who are seeking such accommodation which is at a shortage, and perhaps encourage/enable more families to move into the area.” (Individual, Argyll and Bute, Band D)

Other respondents commented on the potential impact of any Council Tax increase on affordability of housing for employees (many of whom were seasonal) for local businesses.

“[...] The rise in council tax will impact on the cost of renting and it is already difficult to recruit the seasonal workers and hospitality at the moment. It will be even more difficult if the cost of accommodation rises.” (Individual, East Ayrshire, Band F)

“My understanding is that it can be challenging to attract professional workers to work in some of Scotland's islands - teachers, headteachers, GPs, dentists, etc. Charging more to live in certain buildings may not help this problem.” (Individual, no local authority or band provided)

## **Impact on the tourism industry**

Some respondents discussed the impact that the proposed increase could have on the tourism industry in island communities. Many of these respondents believed that the increase could hurt the tourism industry, and these respondents mentioned two specific negative impacts. First, some respondents thought that the overall decrease in disposable income (that they believed could result from increases in Council Tax) could reduce the number of people visiting island communities on their holidays.

“People from the mainland won't be able to afford breaks/holidays anywhere least of all the islands, therefore businesses and communities relying on tourism will cease to exist.” (Individual, South Lanarkshire, Band F)

Second, other respondents thought that people looking to start businesses in the tourism sector in island communities might be less incentivised to do so because of

the proposed increase in Council Tax, as this increase could potentially have a negative impact on the sustainability of the business.

“This area relies on tourism and I think new prospective buyers of larger houses with a view to opening as a B&B for instance would think twice if the Council Tax increases too much.” (Individual, Highland, Band G)

### **Proposed increase would not impact some island communities**

Less than 1% of respondents thought that the proposed increase in Council Tax would have minimal impact, either because they believed councils governing island communities did not depend on Council Tax as a major source of revenue or there were not a sufficient number of properties in Bands E-H to make a difference in revenue.

“I think it will have a marginal beneficial impact in my area (Shetland) contributing a small amount of additional resources to the local authority, which doesn't have any great reliance on Council Tax as a source of income. It may have a slightly greater impact more generally in Scotland.” (Individual, Shetland Islands, Band C)

### **Themes raised by councils**

Only two councils responded to this question. One council referenced the higher costs of living on island communities (which meant that an increase in Council Tax could have disproportionate impacts on island residents), and also expressed concern that the limited range of property available suggested that property values did not necessarily correlate with ability to pay.

“[...] the costs of living in available accommodation [...] may not necessarily reflect individual need. This can mean that some households are living in larger houses with higher Council Tax Bands without hav[ing] the financial means to afford these higher charges. These households may not be eligible for Council Tax Reduction or Disabled Band Reduction.” (Council)

The other council mentioned the broader point that councils should receive a fair and equitable share of overall funding (in other words, councils with more properties in Bands E-H should share potential increases in Council Tax revenue with councils with fewer properties in Bands E-H) and this should apply equally to all councils, including island authorities.

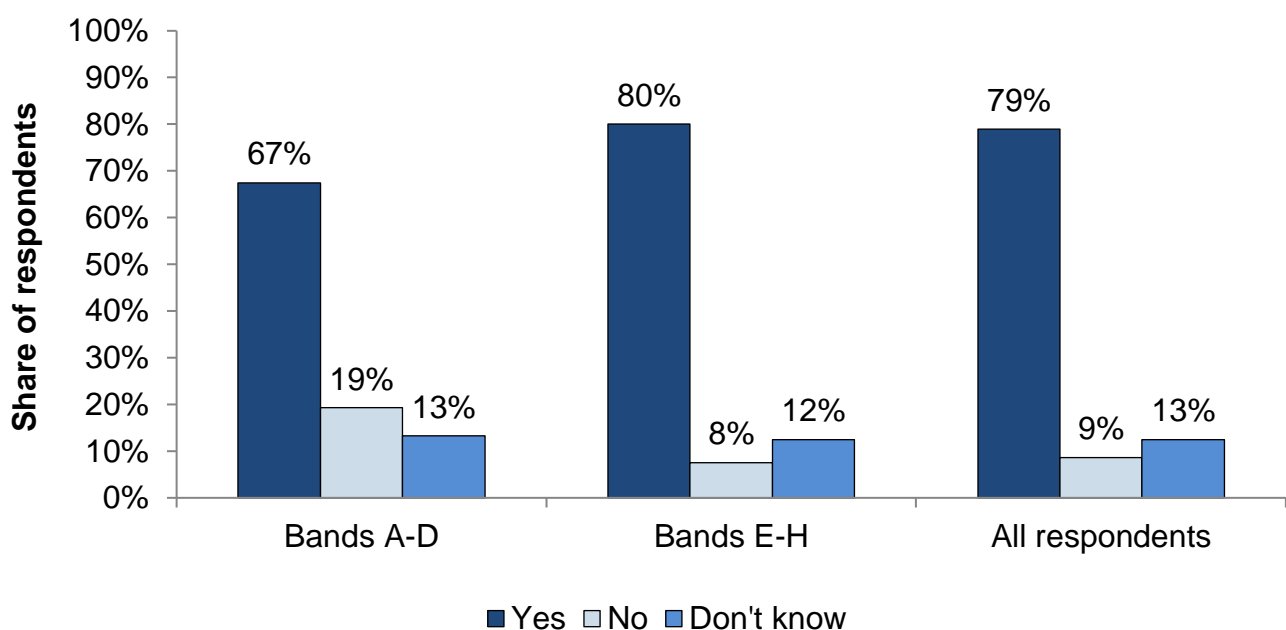
**Question 9: Do you think there would be any equality, human rights, or wellbeing impacts as a result of the proposed increases in Council Tax**

rates for properties in Bands E, F, G and H? Please tell us what you think these impacts would be.

### Quantitative analysis

- There were 14,359 responses to this question (1,282 from Bands A-D and 13,077 from Bands E-H).
- Out of all responses, 79% of respondents believed that there would be any equality, human rights or wellbeing impacts as a result of the proposed increase, 9% disagreed and 13% did not know.
- A smaller proportion of respondents in Bands A-D (67%) responded “Yes” compared to respondents in Bands E-H (80%).
- Individuals and organisational respondents were equally likely to respond “Yes” (79% of respondents).
- A greater proportion of respondents who opposed a proposed tax increase thought that the increase would lead to impacts on equality, human rights or wellbeing (81%) compared to respondents who supported an increase (35%).
- Out of 15 councils responding the consultation, 73% (11 councils) believed that there would be any equality, human rights, or wellbeing impacts as a result of the proposed increase. Out of the remaining councils, 20% (3 councils) responded “Don’t know” and 7% (1 council) did not answer the question.

**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?**



## Qualitative analysis

There were 11,655 responses to the free-text component of question 9 (in which respondents were asked to explain their answer). The vast majority of responses to this question were short and did not go into depth around specific equality, human rights or wellbeing impacts. In addition, many responses to this question focused on general opposition to the increase in Council Tax or suggested changes or improvements to the Council Tax system. As these themes were also discussed in Question 1 (and all other open-format consultation questions), detailed analysis of these themes can be found in [Question 1](#).

### Proposed increase could hurt the financial position of households

Among all direct responses to the consultation question, the most common theme raised by respondents was financial stress caused by the proposed increase. Respondents expressed concern that households could be pushed into difficult financial situations if they could not afford the increase, impacting their mental and physical wellbeing and their overall quality of life (due to a decrease in their disposable income). These respondents believed that the Council Tax increase was occurring during a challenging period for households due to an overall cost of living crisis (with higher inflation rates, mortgage payments and utility costs). As a result, respondents believed that households might have to spend less money on heating their homes, buying sufficient food or other necessities.

“We believe that the proposed increase in Council Tax rates will have a negative impact on wellbeing outcomes in Scotland. We believe that this increase in Council Tax may push more households into financial precarity. This higher tax rate may lead to increased financial stress which will impact negatively their mental and financial wellbeing.” (Organisation)

“[...] There is a very real risk here to people’s wellbeing by placing them under further financial strain at a period where inflation is at its highest for 40+ years. The fixation on people's ability to pay and taxing the wealthy misses the point that many lower to middle income families sit in the affected bracket and the stress of trying to manage household finances which was always difficult has become significantly more so recently.” (Individual, West Lothian, Band F)

“Incomes are limited and already stretched with the huge increase in the cost of living. Any additional costs are going to mean we need to cut down even further on necessities.” (Individual, City of Edinburgh, Band G)

“We're in a rural area with an ageing population and many of the households in these bands will consist of two adults, many of them on fixed incomes i.e. in receipt of a pension. It could well affect their physical and mental health knowing that they have increased council tax to pay on top of high energy bills.” (Individual, Perth and Kinross, Band F)

Some respondents believed that the proposed increase could negatively impact households’ ability to afford their current homes (due to the reduction of their

disposable income), leading to potentially greater levels of housing insecurity. As a result, the potential impact on individuals' ability to meet their basic needs and access essential services could jeopardise human rights such as the right to affordable housing.

"[...] Adequate housing is considered a fundamental human right. If the proposed tax increases make it financially unfeasible for some residents to stay in their homes, it could infringe upon their right to adequate housing. This may lead to displacement, reduced housing security, and potential impacts on the overall quality of life for affected individuals [...]" (Individual, Glasgow City, Band E)

Other respondents mentioned specific groups whose financial situations could be especially impacted, including the elderly, households on fixed incomes (including pensioners), single parents and both low-income and middle-income households. These respondents felt that the Council Tax increase could have potential equality and human rights impacts on these groups.

"Vulnerable groups, such as the elderly on fixed incomes or individuals with disabilities, may face particular challenges with the proposed tax increases. For them, the ability to afford higher tax payments may be even more limited, potentially leading to increased social isolation and decreased access to essential services." (Individual, Glasgow City, Band E)

## **Impacts on mental health, including stress and anxiety**

The potential impacts on mental health, which were most frequently mentioned by respondents, were stress and anxiety about their ability to afford the increase in Council Tax.

"A tax increase can lead to financial stress and anxiety among residents, negatively affecting their mental health and overall well-being. The constant worry about meeting increased tax payments can have a detrimental impact on individuals and families." (Individual, Fife, Band E)

Respondents also cited moving as a key source of potential stress – downsizing to a smaller, more affordable home could take them away from their friends, family and existing support networks and potentially lead to greater isolation for these individuals.

"It seems unfair to penalise people who have chosen to live in a particular place not realising that they would be called upon to pay even more to live there than they had assumed when they move[d] there at first. For many people this could result in major mental health concerns - worries over affordability of living in their property, concerns about being able to stay in the same area if their home becomes unaffordable and worries about being homeless if they have to leave. Should these people have children then the concerns will be even more - worries about moving and uprooting their family, schooling, potentially moving away from family and a support network of family and friends, etc." (Individual, Scottish Borders, Band F)

Some respondents believed that the mental wellbeing of middle-income households could be impacted, as these households might feel they did not have access to support from local authorities or the Scottish Government to help them financially.

“[...] with cost of living issues, strikes and salary/inflation, living in a more expensive property does not insulate residents from fewer costs and so, this may well cause further hidden stress and anxiety in those populations traditionally seen as 'better off', with resultant mental health and wellbeing impacts. The perception there is no help for them exacerbates this, and that they seem ungrateful and should think of others worse off than themselves is socially and ethically pressuring on the psychological wellbeing of some [...]” (Individual, Renfrewshire, Band E)

Other respondents who discussed mental health impacts noted that the proposal could potentially lead to an increase in demand for mental health services, putting pressure on the NHS.

“Given the current cost of living crisis the proposed level of increases will place considerable pressure on people’s finances and their ability to meet the ongoing commitments, this in turn could affect their mental health and place the NHS under additional strain which it can do without at present.” (Individual, East Ayrshire, Band H)

“The poverty caused will also increase mental health issue due to stress caused by unfair increases during a cost of living crisis. This will increase costs within the NHS [...], eradicating [sic] any benefits from the additional tax take.” (Individual, Glasgow City, no band provided)

## **Impact on community cohesion and societal inequalities**

Some respondents believed that the Council Tax increase could lead to greater division in communities. For example, respondents suggested that people in higher bands impacted by the increase might feel resentful or upset at people in lower bands not impacted by the increase due to a perceived lack of fairness in the increase.

“[...] a wealthy household in an unaffected band will pay less than an equally wealthy household in a higher band. This is totally unfair. Lowering household incomes unfairly and disproportionately could affect material wellbeing and could also foster feeling[s] of resentment and ill will among people who see wealthier households than their own pay less towards public services.” (Individual, North Lanarkshire, Band E)

“Well-being would be severely impacted by further financial strain for those in the bandings, and [there would be] general discontent and fractured relationships within communities and wider across Scotland due to how differently people would be treated by this measure.” (Individual, East Dunbartonshire, Band F)

Other respondents thought that the proposed tax increase represented unequal treatment and could widen inequalities in society. In particular, respondents believed that the tax increase could reflect inequalities in perceived treatment by the Scottish Government based on what homes people chose to buy and where people chose to live:

“There are bound to be people, both young and old, who will be worried about how they are going to pay. They may well feel victimised. Those in newer, more recently valued properties are not being treated equally with those in properties valued many years ago. [...] I think it promotes inequality, as people in areas with higher property values (like Edinburgh or Aberdeen) but on similar incomes to someone elsewhere are being treated more harshly.” (Individual, Perth and Kinross, Band G)

### **Positive impacts on equality, human rights and wellbeing**

A small number of respondents who agreed with the proposed increase in Council Tax stated it could have positive impacts on equality, human rights and wellbeing by reducing the unfairness and regressivity inherent in the Council Tax System. By addressing issues of fairness in the current system, this would reduce overall inequalities and improving the provision of services by local authorities.

“The current Council Tax system is regressive and therefore deepens inequality. Those in lower Council Tax bands are more likely to be women, lone parents, people of colour, disabled people, unpaid carers and migrants and refugees - in the current system they are paying more than their fair share while wealthier people are benefiting from this [...] Poverty and inequality have a negative impact on wellbeing, both of individuals experiencing it, and of areas and nations. These changes to try to remove some of the unfairness inherent in our Council Tax system will therefore have a positive impact on wellbeing overall.” (Organisation based in City of Edinburgh)

“There would be positive impact[s] as these changes would reduce the regressivity of council tax, and any subsequently available funds could be used to increase access to housing.” (Individual, Perth and Kinross, Band B)

“Broadly speaking, the human rights impacts are likely to be positive. A lack of availability of essential services, such as social care, child care, and public transport, has significant implications on individuals realising their human rights. [...] The groups whose rights are least fully realised are also likely to be those groups most reliant on public services to support them in their lives, and to have lower incomes and live in less expensive houses. By increasing the amount of money available for councils to spend on local services, there is the possibility that spend will contribute to the progressive realisation of human rights.” (Individual, Glasgow City, Band C)

However, the majority of respondents who agreed with the proposed increase still commented on potential negative impacts on wellbeing arising from the increases placing some households at risk of financial hardship.

“[...] it will support more people to have access to their human rights if local authorities have greater budgets to deliver vital public services adequately. However, people’s income needs to be considered, in order to ensure that this reform creates more equity, with wealthier people contributing more to our taxes, rather than increasing inequality [...]” (Organisation)

“The vast majority of people accept the need for taxation to fund public services. However, imposing arbitrary changes to a tax already so loosely grounded in the reality of current property wealth/income does not seem a legitimate means of taxing the public. Many people are going to be impacted based not on their current wealth or income but because of property valuations over three decades old - this will no doubt cause much undue stress and anxiety for those already feeling the effects of the current inflationary environment.” (Individual, City of Edinburgh, Band D)

## **Themes raised by councils**

The most common theme raised by councils was the potential disparate financial impacts of the proposed tax increase on households which might not have the ability to pay. Specific groups referenced by respondents included households without any form of Council Tax Reduction support, households with individuals who have disabilities and individuals who live alone (such as single parents and the elderly).

“The impact will be more severe on residents who currently live alone, which include single parent families and the elderly [...] the impact for some families, whose finances are already stretched, could result in increased poverty for them and their children.” (Council)

Some councils also stated that impacts on equality, human rights and wellbeing were better understood at a national (rather than local) level, and other councils urged the Scottish Government to carry out a full impact assessment or a concurrent review of Council Tax Reduction.

“The varied nature of Council Tax dwellings within each Band and the subsequent modelling of these proposals will provide evidence at a national level on whether there are such impacts. It is our view that this will be better understood at a national rather than local level and thereafter the findings can inform equality and other relevant assessments.” (Council)

“Since devolution, there have been a number of reviews and much debate around reforming council tax. Among the most significant was the Local Tax Commission (2014-15) [...] It is a critical deficiency in this consultation has merely re-stated but not updated the 2015 analysis. In the absence of full analysis and a comprehensive impact, the Council considers that the equality, human rights, and wellbeing impacts cannot be considered properly, and that the proposals should not progress until this is done.” (Council)



# Annex A: List of consultation questions

## About You Questions

### 1. About you Question 1

[For individual respondents] Please tell us which local authority area(s) you live in.

[For organisational respondents] Please tell us which local authority area(s) your organisation operates in .

### 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:

## 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.

### 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]

### 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. 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? [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)]

### 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]

### 6. 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?

### 7. 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)?

8. Please tell us how you think changes to Council Tax rates for properties in Bands E, F, G and H might affect Island Communities.
9. 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? [Yes/No/Don't know]

Please tell us what you think these impacts would be.

## **Additional questions**

Please help us improve our consultations by answering the questions below.  
(Responses to the evaluation will not be published.)

1. How satisfied were you with this consultation? [Very satisfied/Slightly satisfied/Neither satisfied nor dissatisfied/Slightly dissatisfied/Very unsatisfied]

Please express your comments here.

2. How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation? [Very satisfied/Slightly satisfied/Neither satisfied nor dissatisfied/Slightly dissatisfied/Very unsatisfied]

Please express your comments here.

## Annex B: Technical approach to qualitative analysis

The consultation included six questions with free-text fields. There was significant variation in the level of detail, length and topics covered by the responses. Given the scope, breadth, and scale of consultation responses, the research team followed an approach combining manual coding (to develop a codebook of themes) and automated text analysis (using Natural Language Processing models to assign themes to responses that were not initially reviewed by the research team). As manual reading of all 15,628 responses to the consultation was not possible given the consultation timelines, this combined approach was the most efficient way to fully consider all responses to the consultation while leveraging insights identified by experienced qualitative researchers.

Three different models (all designed to work with unstructured text data) were used for the automated text analysis. To remove bias from any individual model, a “wisdom of crowds” approach was used: the final set of themes was based on combining themes assigned by each of the three models in a voting scheme. The responses and themes assigned by the models were reviewed as part of quality assurance checks by the research team, with incorrectly-assigned themes fixed and feedback provided to subsequent iterations of the models. The models were run (and outputs manually reviewed) as many times as needed to reach the desired level of accuracy – for each iteration of the model, themes assigned by the automated analysis were reviewed a minimum of three times by two different members of the research team. This procedure ensured that, in line with UK<sup>16</sup> and Scottish Government<sup>17</sup> guidelines on codes of conduct required for undertaking consultation analyses, all responses were analysed carefully and in full.

As discussed above, the integrated manual coding and automated text analysis approach was selected as it was the most accurate way to consider all responses given the very large number of responses received and tight project timelines, which made manual reading of all responses unfeasible.<sup>18</sup> In particular, manual

---

<sup>16</sup> UK Government. “Consultation principles: guidance.” 2018. Accessed 1 December 2023. <https://www.gov.uk/government/publications/consultation-principles-guidance>

<sup>17</sup> Scottish Government. “Consultations in the Scottish Government: Guidance.” 2022. Accessed 1 December 2023. <https://www.gov.scot/publications/consultations-in-the-scottish-government-guidance/>

<sup>18</sup> This hybrid approach is often used in academic fields such as sociology whose research methods include analyses of large-scale text data, for example: Li, Zhuofan, Daniel Dohan, and Corey M. Abramson. 2021. ‘Qualitative Coding in the Computational Era: A Hybrid Approach to Improve Reliability and Reduce Effort for Coding Ethnographic Interviews’. *Socius* 7 (January): 23780231211062345. <https://doi.org/10.1177/23780231211062345>.

coding of large numbers of text data can lose reliability and become intractable (Abbasi et al. 2016<sup>19</sup>). In addition, automated text analysis can help researchers identify and extract more fine-grained patterns in responses, achieving both breadth and depth in coding in a way that manual coding techniques cannot, due to their resource-intensive nature (Nelson et al. 2018).<sup>20</sup>

One key limitation of this approach is that themes are assigned to responses based on different probabilities assigned by each model. This means that automated text analysis, although extensively quality assured, will not be as fully rigorous or thorough as manual coding of all responses (as the models can only learn from a smaller subset of manually-coded responses, compared to full manual coding which can draw on a researcher's full breadth of experience). In addition, it may be difficult for automated text analysis models to correctly identify themes in more complex responses (Chen et al. 2018<sup>21</sup>), for example:

- **Data ambiguity:** a respondent may express an attitude or opinion but does not clearly state the target of the opinion, or a respondent may provide multiple, contradictory opinions.
- **Human subjectivity:** different levels of understanding or sets of experiences among qualitative researchers may lead to different interpretations of the response.

In both of these examples, multiple reasonable interpretations of a respondent's answer might be possible, making it challenging for the automated text analysis models to identify the correct "range" of themes or codes that should be applied. However, rapid advancements in natural language processing models in the past few years (for example, moving away from dictionary- or keyword-based approaches to models that can understand sentence context and meaning) have led to major improvements in accurately coding more complex text data (Grandeit et al. 2020).<sup>22</sup>

---

<sup>19</sup> Abbasi, Ahmed, Suprateek Sarker, and Roger Chiang. 2016. 'Big Data Research in Information Systems: Toward an Inclusive Research Agenda'. *Journal of the Association for Information Systems* 17 (2). <https://doi.org/10.17705/1jais.00423>.

<sup>20</sup> Nelson, Laura K., Derek Burk, Marcel Knudsen, and Leslie McCall. 2021. 'The Future of Coding: A Comparison of Hand-Coding and Three Types of Computer-Assisted Text Analysis Methods'. *Sociological Methods & Research* 50 (1): 202–37. <https://doi.org/10.1177/0049124118769114>.

<sup>21</sup> Chen, Nan-Chen, Margaret Drouhard, Rafal Kocielnik, Jina Suh, and Cecilia R. Aragon. 2018. 'Using Machine Learning to Support Qualitative Coding in Social Science: Shifting the Focus to Ambiguity'. *ACM Transactions on Interactive Intelligent Systems* 8 (2): 9:1-9:20. <https://doi.org/10.1145/3185515>.

<sup>22</sup> Grandeit, Philipp, Carolyn Haberkern, Maximiliane Lang, Jens Albrecht, and Robert Lehmann. 2020. 'Using BERT for Qualitative Content Analysis in Psychosocial Online Counseling'. In *Proceedings of the Fourth Workshop on Natural Language Processing and Computational Social Science*, edited by David Bamman, Dirk Hovy, David Jurgens, Brendan O'Connor, and Svitlana Volkova, 11–23. Online: Association for Computational Linguistics. <https://doi.org/10.18653/v1/2020.nlpccs-1.2>.

Finally, the physical infrastructure used to carry out the automated text analysis fully complied with UK general data protection regulations (UK-GDPR) and [generative AI guidelines](#):

- All models used for automated text analysis are fully open-source and freely available for commercial and non-commercial use.
- Because the models were trained and fine-tuned by the research team, the Python scripts used to run the models did not contact or require a connection with any third-party service (such as through an API) at any point during the automated text analysis.
- To ensure all responses were considered in full within the consultation timelines, the research team deployed NLP models on the Google Cloud computational platform (GCP). Cloud servers are faster, more efficient and specifically designed for storing and processing very large text datasets.
- GCP follows stringent, state-of-the-art data security and encryption protocols, ensuring that neither Google nor other third parties can access data stored on GCP.<sup>23</sup>

## 1. Initial manual coding

A random sample of 250 free-text responses for each open-format question was manually reviewed and coded. The sample consisted of different respondents for each consultation question, and responses were selected to prioritise longer responses (75% of responses in the sample were longer than the median response length) and to be representative of the distribution of respondent characteristics (by Council Tax band and local authority).

All responses submitted via e-mail and post were read in full, as manual reading was required to add these responses to the master dataset for analysis. In addition, all organisational responses (including those submitted online through Citizen Space), as well as all responses from local authorities with island communities<sup>24</sup> for Question 8, were manually reviewed in their entirety. These responses were not part of the sample of 250 given to the researchers using the procedure outlined above; rather, they constituted a separate set of responses and were not used as

---

<sup>23</sup> “Trusting Your Data with Google Cloud.” Google Cloud Whitepaper, December 2022. [https://services.google.com/fh/files/misc/072022\\_google\\_cloud\\_trust\\_whitepaper.pdf](https://services.google.com/fh/files/misc/072022_google_cloud_trust_whitepaper.pdf). In particular, “Confidential Computing allows you to encrypt data in the cloud while it’s being processed. With the confidential execution environments provided by Confidential VM and AMD SEV, Google Cloud keeps customers’ sensitive code and other data encrypted in memory during processing. Encryption keys are ephemeral, generated on chip and are non-exportable based on the CPU-based encryption engine that transparently encrypts and decrypts the data in memory. Encryption keys are kept hidden from untrusted parts of the platform and most importantly non-extractable by software. Google does not have access to these encryption keys.”

<sup>24</sup> These included Comhairle nan Eilean Siar, Argyll and Bute Council, Orkney Islands Council and Shetland Islands Council.

input for the NLP algorithms. Themes from responses submitted via e-mail and post were also added to the codebook to inform qualitative analysis by the research team.

Responses to the consultation differed in depth and approach, and while many responses included evidence to back up opinions, other responses primarily expressed preferences, concerns or expectations without further analysis. As part of the coding process, the research team's approach to handling these differences involved:

- Capturing the main idea regardless of whether it was expressed as a personal view or if evidence was provided to sustain the argument.
- Reading beyond grammar and spelling mistakes to capture the main idea regardless of difficulty in distilling the information.

All coded responses were reviewed by a second coder as part of quality assurance, and regular project team meetings ensured that themes were defined consistently across researchers. Team members then added codes identified in the manually-read sample of responses to a separate codebook in Excel (a list of all themes raised by respondents across all consultation questions). Codes were organised based on a treemap format, in which codes are arranged hierarchically into main themes and subthemes. This aligns with the inductive approach to thematic analysis set out by Fereday and Muir-Cochrane (2006).<sup>25</sup>

## 2. Automated text analysis

The next step was to extend the range of qualitative codes assigned by the research team (the codebook) to the full set of consultation responses for each consultation question using Natural Language Processing (NLP) machine learning models, embedded within a larger procedure comprising human supervision and quality checks. This task is known as *multilabel text classification*, and is an example of a *supervised learning* task. In supervised learning, a dataset that has been labelled by skilled researchers is used to train machine learning models to classify a new dataset (that has not been labelled).<sup>26</sup>

When analysing text data, the models generate a set of probabilities for every label in the codebook.<sup>27</sup> These probabilities indicate the likelihood that the individual label applies to a specific response (a higher probability means the model believes the

---

<sup>25</sup> Fereday, J. and Muir-Cochrane, E. (2006) 'Demonstrating Rigor Using Thematic Analysis: A Hybrid Approach of Inductive and Deductive Coding and Theme Development', *International Journal of Qualitative Methods*, pp. 80–92. DOI: 10.1177/160940690600500107.

<sup>26</sup> "Multilabel" refers to the fact that more than one theme can be assigned to an individual response.

<sup>27</sup> Labels refer to any characteristic that the researcher wants to predict: this includes the key themes and ideas in consultation responses but could also include other characteristics depending on the nature of the dataset (for example, a researcher might want to predict the subject of a news article for a large dataset of news articles).

individual theme correctly applies to the response). For example, a model trained on a set of newspapers should be able to differentiate between an article pertaining to the categories of “World Politics” and “Foreign Affairs” (perhaps an interview of a diplomat or ambassador offering the points of view of his country about a trade war with another country) from one pertaining to “Sports” (such as the weekly football results of the Premier League), by assigning a relatively high probability to both World Politics and to Foreign Affairs and a relatively lower one to the label Sports in the first example, and opposite in the second.

The most recent NLP innovations in the fields of text classification and generation were deployed by the research team. These are referred to as *Large Language Models* (LLMs) and act as very advanced “categorization machines”. This technology was first developed in 2017 and is currently widely used across both industry and academia for NLP tasks such as multilabel text classification.

LLMs are based on vectors, or numerical representations of words that capture their meaning based on the context they are used in: for example, “bright” has different meanings in the sentences “the student is bright” and “the lightbulb is bright”. These models take sentences and transform them into vectors (this process is called embedding), allowing text to be processed in a way that is both quantitative and qualitative. Because LLMs have been trained on billions of webpages, tweets and Wikipedia articles, they learn to understand context, meaning and semantics, as well as slang, jargon, dialects and the ever-evolving set of expressions of a language that vary with the age, generation and social group of a language user. LLMs can also work around spelling errors, if these are not too extreme and the language deployed is still understandable to a human reader. In a nutshell, these models are able to, in some sense, “understand” natural language.

To analyse responses to this consultation, the research team used three widely-used open-source models: BERT, GPT-2 and few-shot learning.

- BERT and GPT-2<sup>28</sup> are particularly adept at understanding natural language, as they use an “encoder” to read and understand different aspects of the input text (meaning, structure, semantics) and “decoder” to generate a response. These models can be trained to carry out multilabel text classification through a process called *fine-tuning*: by providing a large sample of labelled consultation responses as input, the model can be “taught” to predict labels for a set of unlabelled consultation responses that the model has not previously seen.

---

<sup>28</sup> GPT-2 is an earlier version of the current LLM underlying ChatGPT, GPT-4. The key difference between GPT-2 and ChatGPT is that **GPT-2 is not a cloud service (unlike ChatGPT) and exists completely separately from OpenAI servers**, as the model is finetuned and deployed by Alma Economics directly. This means that **OpenAI cannot access or view any data passed to the GPT-2 model**. In addition, GPT-2 is smaller in size and has been trained on less text data than ChatGPT/GPT-4, and as a result underperforms GPT-4 on specialised tasks such as creating music or storytelling. Unlike ChatGPT/GPT-4, the source code for GPT-2 has been made [publicly available](#) by the OpenAI team.

- The third model deployed, few-shot learning, is adept at fine-tuning with a smaller input dataset. Rather than predicting labels based on flows of information across a “multi-layered” model like GPT-2, the few-shot learning model makes predictions based on the embedding input and the embedding labels presented in the input dataset, as it learns to extend the classification to more responses.

There are two reasons for using multiple models for automated text analysis. First, it allows the choice of the best model among a set of competing alternatives. Second, it also opens up the possibility of combining model labels to leverage a “Wisdom of the Crowds” effect. Assignment of labels is more robust and done with a higher degree of confidence if the label is “voted” by two or more classifiers for the same answer, rather than only one. This minimises the bias from only using a single model, as different models may perform better on specific consultation questions or in identifying specific themes.

These models (GPT-2 and BERT in particular) rely on having a reasonably large amount of data for fine-tuning: the input dataset should include a minimum number of “examples” of each theme that the model can learn from. This means that one way to boost the accuracy of the model is to increase the size of the input dataset. More specifically, for each response to the consultation manually coded by the research team, a number of “synthetic” responses with the same meaning as the original response were generated using a LLM. **These synthetic responses were only used to provide additional examples of each theme to improve the model learning process, and no analysis was conducted on the synthetic responses** (the analysis presented in the main body of the report is entirely based on the dataset of consultation responses received from respondents). For this consultation, the research team used the Llama LLM.

Our overall approach to automated text analysis proceeded as follows:

1. Increase the size of the training dataset by using Llama to artificially generate 100 synthetic responses for each manually-coded consultation response. This strategy allowed the research team to increase the accuracy of the NLP models used for automated text analysis, as higher accuracy levels are correlated with larger input datasets used for fine-tuning.
  - a. A variety of strategies were used to generate synthetic responses that still had the same meaning (*class-preserving*) as the original manually-coded response: changes in individual names, swapping adjectives,



using synonyms and paraphrasing. This approach is based on Edwards et al. (2021)<sup>29</sup> and Guo et al. (2023).<sup>30</sup>

- b. 10% of all synthetic responses were manually reviewed by the research team to check for quality (is the meaning the same as the original response?) and diversity (are the synthetic responses just duplicates of one another?). This ensured that the themes assigned to the synthetic responses were correct and the NLP models “learned” as much as possible (if synthetic responses were duplicates of the original responses, the NLP models would not have learned to make new connections or understand new patterns by reading the synthetic responses).
2. Fine-tune the BERT, GPT-2, and few-shot learning models by training them on the augmented training dataset (including the manually-coded and synthetically generated responses).
3. Use the fine-tuned models to output a set of probabilities of a given answer belonging to a particular theme:
  - a. More specifically, if the codebook (produced from responses manually coded by the research team) included a total of 50 themes, the model would estimate the probability that each of the 50 themes correctly applied to a response.
4. Use a procedure known as maximum cut (Lageron et al. 2012)<sup>31</sup> to select the threshold to determine which themes should be assigned to each response (only themes with a probability above the threshold would be assigned). This approach estimates a different threshold value for each response based on the midpoint between the two themes with the highest difference in probabilities for the specific response. This allows more than one theme to be assigned to a specific response. In addition, responses shorter than 25 characters were restricted to only have one theme assigned (as it was very unlikely these short responses of 5-6 words or fewer had enough space to discuss multiple ideas or topics).
5. Combine the themes for the three models using both a majority-voting and weighted majority-voting approach.

---

<sup>29</sup> Edwards, Aleksandra, Asahi Ushio, Jose Camacho-Collados, H el ene de Ribaupierre, and Alun Preece. 2023. ‘Guiding Generative Language Models for Data Augmentation in Few-Shot Text Classification’. arXiv. <https://doi.org/10.48550/arXiv.2111.09064>.

<sup>30</sup> Guo, Zhen, Peiqi Wang, Yanwei Wang, and Shangdi Yu. 2023. ‘Improving Small Language Models on PubMedQA via Generative Data Augmentation’. arXiv. <https://doi.org/10.48550/arXiv.2305.07804>.

<sup>31</sup> Lageron, Christine, Christophe Moulin, and Mathias G ery. 2012. ‘MCut: A Thresholding Strategy for Multi-Label Classification’. In *Advances in Intelligent Data Analysis XI*, edited by Jaakko Hollm en, Frank Klawonn, and Allan Tucker, 172–83. Lecture Notes in Computer Science.

- a. In the majority-voting approach, for each response, the themes selected by a majority of the three models were assigned to the response. This approach is more robust than relying on outputs from a single model, as each model produces a different probability that a specific theme is correctly applied to a response.
  - b. In the weighted majority-voting approach, the models were first evaluated on a subset of responses manually coded by the research team. This subset of responses was not used for fine-tuning the models (so the models could not “cheat” because they had previously seen the responses). Using the performance metric for each model and consultation question, the research team could then more heavily weigh the model that more accurately classified themes to responses for that specific consultation question.
6. Run a keyword-based search to check for obvious classification errors – for example, responses that did not include mention of “elderly”, “pensioner” or similar words should not be classified to the theme “Negative impact on elderly individuals or pensioners”. Results from this keyword-based search were manually checked by the research team.
7. Manually review a random sample of 50 examples of each theme for each consultation question (for example, if the codebook for a question had 15 themes, then 750 responses would be manually reviewed). For each consultation question, the sample was reviewed by the researcher who read responses for that question during the initial manual coding phase.
8. If fewer than 70% of responses in the manually-reviewed QA sample were correctly labelled, the automated text analysis would be re-run, with parameters such as batch size, number of epochs, number of synthetic responses and approach to generating synthetic responses in the training dataset increased.
  - a. The voting schemes were also updated based on findings from the manual QA checks and analysis of the overall distribution of themes assigned by each model. For example, as BERT tended to be overly “generous” in assigning themes to responses, the voting procedure was designed to mitigate the effects of large differences in the outcomes of different models (based on selection of model weights).
  - b. The specific threshold of 70% was chosen based on previous experience on the performance of NLP models on other public sector consultations.
  - c. In general, the threshold depends on the number of themes in the codebook. If only two themes are in the codebook as potential labels, then a random assignment would have a baseline accuracy of 50%; if 20 themes are in the codebook, then random assignment would have a baseline accuracy of only 5%.

- d. The research team’s “accuracy” metric defined 100% as all themes for the response being correctly assigned (in other words, the model assigns the correct number of themes as a trained researcher would, and each of the themes correctly aligns with a theme a trained researcher would record). This means that an accuracy level of 70% also includes “partially” correct responses (with at least one theme correctly assigned). For example, if an answer has two themes that should be assigned (“Council Tax is becoming unaffordable” and “Tax bands are flawed”), but the model only assigns one theme (“Tax bands are flawed”), this is calculated as 50% accuracy. The overall accuracy (compared against the 70% benchmark) was calculated by first finding the accuracy of themes for each response, then averaging the response-specific accuracy across all responses for a single consultation question.
- e. In practice, almost all of the 30% of remaining responses included at least one theme that was correctly assigned, and these responses were more likely to be ambiguous (when manually reviewing these responses, different members of the research team disagreed on the correct themes that should be assigned).
- f. Fewer than 5% of responses had all themes incorrectly assigned, and these responses were then reviewed and coded manually.

Across all steps, themes assigned by the automated text analysis were reviewed by the research team at least three separate times: step 4 (to ensure the maximum cut procedure had correctly assigned themes and to check for outliers), step 7 (to check the results of the keyword-based search) and step 8 (formal QA check to estimate the percentage of themes that were correctly assigned). Each review was carried out by two separate members of the research team (one data scientist and one social researcher) to ensure the research team agreed on the performance of the automated text analysis and performance was consistently evaluated across consultation questions.

**Table 5. Number of responses manually reviewed by the research team**

Question	Number of manually-reviewed responses
1	1,977
4	1,335
6	2,235
7	2,094
8	833
9	1,024



© Crown copyright 2024

You may re-use this information (excluding logos and images) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk). Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

The views expressed in this report are those of the researcher and do not necessarily represent those of the Scottish Government or Scottish Ministers.

This document is also available from our website at [www.gov.scot](http://www.gov.scot).  
ISBN: 978-1-83521-865-5

The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

Produced for  
the Scottish Government  
by APS Group Scotland  
PPDAS1405374 (01/24)  
Published by  
the Scottish Government,  
January 2024



Social Research series  
ISSN 2045-6964  
ISBN 978-1-83521-865-5

Web Publication  
[www.gov.scot/socialresearch](http://www.gov.scot/socialresearch)

PPDAS1405374 (01/24)