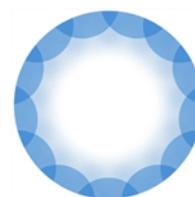


Views on Local Taxation: Analysis of the Online Survey

**THE COMMISSION ON
LOCAL TAX REFORM**



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Executive Summary

About this report

This report provides an analysis of responses to an online survey issued by the Commission on Local Tax Reform exploring views on the future of local taxation in Scotland. The Commission was established jointly by the Scottish Government and COSLA to examine alternatives to the present council tax.

A vital aspect of the Commission's work involves taking evidence from people and communities across Scotland to gather their knowledge and views. To gather views about local taxation in Scotland from as wide an audience as possible, the Commission ran a survey from May to September 2015. This survey complemented other evidence gathering activity the Commission was undertaking over this time.

Responses received

A total of 4,492 responses were received to the online survey. The survey was made available on the Commission's website and promoted through events, social media and coverage in the mainstream media. The survey generated a good response, and provides an indication of opinions from those who proactively chose to opt in to a survey and provide their views. It was not intended or designed to provide statistically significant results which could be extrapolated to the Scottish population.

Respondents could choose to complete the survey with or without providing information about themselves. 3,091 people (69%) provided at least some information about themselves. Analysis of this information indicates that certain groups are over-represented within the survey response. This includes men; people in the 55 plus age group; full time workers; couples without children under 16; home owners; and people in properties rated at council tax Bands D and over (the higher council tax bands).

Certain groups are under-represented within this survey response. This includes women; 16 to 24 year olds; unemployed people; single people with no child dependents; people renting from a council or housing association; and people in properties rated at council tax at Bands A, B and C (the lower council tax bands).

Priorities for local taxation

In the first question, survey respondents were asked for their views on seven statements about priorities for local taxation. Responses to two statements identified clear trends:

- Three quarters of respondents broadly disagreed that everyone should pay an equal amount of tax.
- Over half of respondents broadly agreed that the amount of local tax you pay should be based on your income.

Responses to the other five statements were more mixed. However around half of respondents felt that the amount of local tax you pay should not be based on:

- the extent to which you use local services;
- the value of the property you live in; or
- the value of the land you own.

Opinion was mixed in terms of whether councils should set local tax rates according to the priorities of their local communities, or whether local tax rates should be set by the Scottish Parliament. However, overall there was a preference that councils should set local tax rates according to the priorities of their local communities.

Question Two asked respondents to look at the list of statements again, and choose one top priority for a local taxation system. Responses echoed the response to question one, with the largest proportion of respondents identifying that their top priority was that ‘the amount of local tax you pay should be based on your income’.

Statement	Top Priority
The amount of local tax you pay should be based on your income	39%
The amount of local tax you pay should be based on the value of the property you live in	13%
The amount of local tax you pay should be based on the extent to which you use local services	13%
The amount of local tax you pay should be based on the value of the land that you own	11%
Everyone should pay an equal amount of tax	7%
Councils should set local tax rates according to the priorities of their local communities	8%
Local tax rates should be set by the Scottish Parliament	4%

Analysis of trends based on the socio-economic and demographic profile of respondents highlighted that:

- the top priorities for men and women were almost identical – with no significant differences;
- younger (16–24) and older (65 plus) people were slightly more likely to say that their top priority was that local tax should be based on income, when compared to other age groups;
- people who were working full time were less likely to support a tax based on income than others, and more likely to support a tax based on property value;
- disabled people were more likely to identify a tax based on income as their top priority than others, and less likely than others to identify as a top priority a tax based on property or use of local services;
- single people (with or without dependents) were more likely to support a local tax based on income, and less likely to support tax based on property;

- people on higher incomes were less likely to identify a tax based on income as a top priority, and more likely to support a tax based on the value of property, use of local services, or everyone paying an equal amount of local tax;
- those renting their property were more likely to support a tax based on income and less likely to support a tax based on value of property, or use of local services; and
- those in lower tax bands (A to C) were more likely to support a tax based on income, and less likely to support a tax based on use of local services.

Views on the council tax system

Question Three asked respondents the extent to which they agreed with a series of seven statements about the current council tax system. Respondents were asked to indicate whether they strongly agreed; tended to agree; neither agreed or disagreed; tended to disagree; strongly disagreed or didn't know.

Initial analysis highlights that:

- Over half of respondents felt that the council tax system was easy to understand.
- Over two thirds of respondents did not feel that the council tax system was fair.
- Over two thirds of respondents felt that paying council tax was a simple process.
- While almost half of respondents felt that it was not clear how the council tax they paid was spent on local services, over a third felt that it was clear.
- While more than a third of respondents felt that the council tax system did not protect people who cannot afford to pay, almost a third felt that it did.
- While over a third of respondents felt that councils did not have enough control over council tax rates, a similar proportion felt that they did.
- Almost two thirds of respondents felt that the current council tax system should be replaced with a different system of local taxation.

Further analysis highlighted that:

- Younger people (aged 16 to 34), people on low incomes and single people (with or without dependent children) had less positive views about the current council tax system than others.
- More people on lower incomes felt that councils had enough control over local tax rates, and that council tax should be replaced with a different system.
- People with physical or mental health conditions were slightly less likely to believe the council tax system was fair and easy to understand, but overall responses were very similar to those without conditions.
- Home owners were more likely to believe the system was easy to understand and simple to pay, compared with those renting their property.
- As income increased, people were more positive about all aspects of the council tax system. The same trend was evident as council tax band increased.

Finally, Question Four asked respondents an open question - if they could change one thing about the current council tax system, what it would be. 3,324 respondents answered this question.

Almost half of the respondents to Question Four said that the main thing they would change about the current system is the basis of taxation. A hybrid tax was the most frequently mentioned of these options, with many supporting a mix of tax based on property, land, wealth and income. Many didn't comment on their reasons for these

suggestions. However, those who did feel that hybrid options which took into account a combination of factors would be fairer than a single system.

The most commonly suggested change to the existing council tax system was a review of the current bands. Approximately a quarter of respondents raised this issue. Linked to the priority of re-valuation, many respondents also felt that the council tax bands needed to be re-calculated to reflect up to date property values. Many felt that this provided an opportunity to introduce a new threshold and potentially new bands for higher value properties. Many also indicated that the new bands should be smaller, with more graduation, to provide a fairer and more progressive system. Overall a fifth of those discussing the council tax system specifically felt that higher tax rates were required for high value properties. A small number suggested removing bandings entirely, and instead developing a tax based on a proportion of property value with no upper limit.

Other comments included:

- Approximately six per cent of respondents indicated that the system needed to be more transparent. Those commenting on transparency generally felt that members of the public required more information and more choice about how the funds gathered through council tax were spent locally.
- Approximately five per cent of respondents indicated that the council tax system needed to be fairer. When respondents described this in more detail, they expressed that richer people should pay more, and less affluent people should pay less in local tax than they currently do.
- Approximately five per cent of respondents felt that the system needed to encompass more people who were liable to pay tax. Some expressed concern that households, not individuals, were liable for the tax, suggesting that larger households benefited from this. Others suggested that it was unfair that some people were exempt from or received reductions in council tax, including second homes and people in receipt of benefits.
- Approximately five per cent of respondents commented on where the power to set local tax rates and mechanisms should lie. Of these, approximately three quarters felt that local authorities should have more power over local tax, and the remainder felt that the Scottish Government should have more power over local tax.
- Approximately four per cent of respondents felt that the freeze on council tax should be removed. Many simply stated this, without providing further commentary. However, others indicated that they felt the freeze was impacting on the ability of their local council to provide local services.

1. Introduction

About this report

- 1.1 This report provides an analysis of responses to an online survey issued by The Commission on Local Tax Reform exploring views on the future of local taxation in Scotland. The Commission was established jointly by the Scottish Government and COSLA to examine alternatives to the present council tax.

Background to the survey

- 1.2 Council tax was introduced in Scotland in 1993. Council tax revenues contribute to the funding of services provided by local authorities. The amount of tax payable is based on the value of residential property. The council tax system (council tax receipts plus Council Tax Reduction funding) raises around £2.3 billion every year for local authorities to spend on local services. This compares with a total revenue income for local authorities in Scotland of approximately £16.5 billion¹.
- 1.3 The amount that households pay depends on the banding of their property (A to H) which is based on the value of the property in 1991. The rates within each band are a proportion of the tax charged for properties in Band D (from Band A which is 67% of Band D, to Band H which is 200% of Band D).
- 1.4 Responsibility for setting council tax levels (at Band D) rests with local authorities in Scotland. However, the Scottish Government has worked with local authorities to freeze council tax since 2007. The Scottish Government also worked with local authorities to introduce the Council Tax Reduction scheme, which replaced Council Tax Benefit in 2013/14, and assists many people on low incomes.
- 1.5 Scottish Ministers consider the current system of council tax as a whole to be unfair. Since devolution, there have been various debates and policy proposals to progress an alternative to council tax, although no large scale change has been implemented. The 2014/15 Programme for Government² invited local authority partners to work with the Scottish Government to convene an independent commission to examine alternatives to council tax and the Commission on Local Tax Reform was established by the Scottish Government and COSLA in early 2015.
- 1.6 The Commission's remit is to identify and examine alternatives that would deliver a fairer system of local taxation to support the funding of services delivered by local government. The Commission brings together expertise and experience from across Scotland, and is independent of Government and any other organisation.
- 1.7 More information about the remit and membership of the Commission on Local Tax Reform is available at www.localtaxcommission.scot

¹ Scottish Local Government Financial Statistics, 2013/14, [available here](#)

² Scottish Government Programme for Government, 2014/15, [available here](#)

About the survey

1.8 A vital aspect of the Commission's work involves taking evidence from people and communities across Scotland to gather their knowledge and views. To gather views about local taxation in Scotland from as wide an audience as possible, the Commission issued an online survey on 3 May 2015, hosted on its website. Survey responses were downloaded for analysis on 25 September 2015. The survey explored:

- **Views on priorities for local taxation** – exploring the extent of agreement with seven statements:
 - The amount of local tax you pay should be based on your income
 - The amount of local tax you pay should be based on the value of the property you live in
 - The amount of local tax you pay should be based on the extent to which you use local services
 - The amount of local tax you pay should be based on the value of the land that you own
 - Everyone should pay an equal amount of local tax
 - Councils should set local rates according to the priorities of their local communities
 - Local tax rates should be set by the Scottish Parliament.
- **Top priority for a local taxation system** – exploring seven main priorities including income based; value of property; use of services; value of land; everyone pays an equal amount; councils set rate/ needs of locality; and Scottish Parliament sets rates.
- **Views on Scotland's current system of council tax** – exploring the extent of agreement with seven statements:
 - The current council tax system is easy to understand
 - The current council tax system is fair
 - Paying council tax is simple
 - It is clear to me how the council tax that I pay is spent on local services
 - The current council tax system protects those who cannot afford to pay
 - Councils have enough control over council tax rates
 - The current council tax system should be replaced with a different system of local taxation.
- **Top priority for changing the current council tax system** – an open question asking if you could change one thing about the current council tax system, what it would be.

Analysis methodology

1.9 The Commission on Local Tax Reform downloaded all responses to an Excel database, and passed these securely to ODS for coding and analysis. ODS then undertook two main analysis tasks:

- Responses to all the quantitative questions were tabulated. Tables were produced setting out all responses to each question. In addition, tables were produced which correlated every question which gathered demographic and

socio-economic information about individual responses with each quantitative question. This enabled a robust analysis of the trends emerging in line with demographic and socio-economic information about respondents.

- ODS coded all responses to Question Four, which was an open question. This manual thematic coding involved reading each response carefully, identifying key themes and areas of comment, and consistently coding these responses. This identified how many respondents mentioned particular issues in their open ended responses and allowed for an analysis of the people making each type of comment and any trends in terms of demographics and socio-economic information.

2. Overview of Responses

Introduction

2.1 This chapter sets out the profile of respondents to the online survey. It explores the demographic and socio-economic profile of the respondents, and sets out any areas of over or under representation in the profile of respondents.

Response level

2.2 The survey was made available on the Commission's website. It was promoted through events and social media, and coverage in the mainstream media.

2.3 The survey was not intended or designed to provide statistically significant results which could be extrapolated to the Scottish population. It was set up to provide an indication of views about local taxation in Scotland from as wide an audience as possible. As the survey was available on the Commission's website, it was open to anyone in the world to respond, not just those living in Scotland. It was completely anonymous, to encourage responses. And it was self selecting, with people choosing whether to respond to the survey or not by proactively seeking it out. This means that the profile of the people completing the survey was not always in line with the profile of the Scottish population (as explored below).

2.4 A large number of individuals, 4,492, submitted a completed survey. Often a response from just over 4,000 individuals in Scotland can be confidently extrapolated to the Scottish population. This would provide 99 per cent confidence that the answers of those who did not respond to the survey would be close to those who did respond (within two per cent).

2.5 It is therefore very important to recognise that while the survey is not statistically representative, it generated a good response, and provides an indication of opinions from those who proactively chose to opt in to a survey and provide their views.

Responses received

2.6 Respondents could choose to complete the survey with or without providing information about themselves. 3,091 people (69%) provided at least some information about themselves.

- **Gender** – 2,843 people answered this question (63%). Of these, 1,833 were male (65%) and 990 were female (35%). Another 20 indicated that they would prefer not to say. For comparison purposes, 48 per cent of the Scottish population is male and 52 per cent female.
- **Age** – 3,041 people answered this question (68%). Overall, almost half (43%) were aged 55 and over. A fifth (22%) were aged 45 to 54 and a similar proportion aged 35 to 44 (17%) and under 35 (17%). The vast majority of those aged under 35 were in the 25 to 34 age bracket.

- **Employment** – 3,002 people answered this question (67%). Over half (55%) were working full time and one in ten (11%) were working part time. A quarter (26%) were retired. A small proportion were students (2%), looking after the home (2%) or unemployed (2%).
- **Health conditions or illnesses** – 3,030 people answered this question (67%). Almost one in five (19%) said that they had a physical or mental health condition or illness lasting or expected to last 12 months or more. A small proportion (3%) indicated that they would prefer not to say.
- **Household** – 3,012 people answered this question (67%). Half (51%) were couples with no dependent children under 16. A quarter (25%) were single with no dependent children under 16. A fifth (22%) were couples with dependent children under 16, and a small proportion (2%) were single with child dependents under 16.
- **Income** – 2,770 people answered this question (62%). Of these, almost one in ten (8%) had a household income of less than £10,400. Over a quarter (27%) had a household income of £10,400 to £26,000. A third had a household income of between £26,000 and £49,400 and a fifth (20%) between £49,400 and £78,000. One in ten (10%) households had a total income of £78,000 or more.
- **Housing tenure** – 2,980 people answered this question (66%). Most either owned their home outright (41%) or were buying their home on a mortgage (40%). Some (12%) rented from a private landlord, and small proportions rented from a council (3%) or a housing association or trust (3%).
- **Council tax band** – 2,763 people answered this question (62%). Overall almost a third (31%) were in Bands A, B and C; 41 per cent were in Band D or E; and over a quarter (27%) were in Bands F, G and H.
- **Ethnic group** – 2,947 people answered this question (66%). Over three quarters (78%) identified as white Scottish. In addition, 16 per cent identified as other white British. The remaining six per cent identified as another ethnic origin, including white Irish; Asian, African and Caribbean, and 'other' ethnic origins.

2.7 Overall this analysis indicates that certain groups are over-represented within this survey response. This includes:

Table 1: Profile of Over-Represented Respondent Groups

Group	Survey Percentage	Population Percentage	Percentage Point Difference
Men	65%	48%	+17%
55 plus age group	43%	30%	+13%
Full time workers	55%	40%	+15%
Couples with no children under 16	51%	24%	+27%
Home owners (with or without mortgage)	81%	62%	+19%
Council Tax bands D and over	62%	39%	+23%

2.8 Certain groups are under-represented within this survey response. This includes:

Table 2: Profile of Under-Represented Respondent Groups

Group	Survey Percentage	Population Percentage	Percentage Point Difference
Women	35%	52%	-17%
16 to 24 year olds	3%	12%	-8%
Unemployed people	2%	5%	-3%
Single people with no child dependents	25%	35%	-10%
Renting from council or housing association	6%	24%	-18%
Council Tax bands A, B, C	28%	61%	-33%

2.9 It is important to bear the profile of respondents in mind when reading the remainder of this report. Where relevant, we have highlighted trends or divergences in responses based on the demographic or socio-economic profile of responses, throughout this report.

3. Priorities for local taxation

Introduction

3.1 This chapter sets out responses to Questions One and Two in the online survey. These questions explored broad priorities for local taxation. We explore the overall responses to each question, and highlight key trends, similarities or divergences in responses between people with different demographic and socio-economic profiles.

Question One

3.2 Question One asked respondents their views on seven statements. It provided a list of different statements that could apply to a local taxation system. Respondents were asked to rate on a scale of one to ten the extent to which they supported each statement. A response of one meant that they did not support it at all and a response of ten meant that they fully supported it.

3.3 The responses to all seven statements are set out in the table below. The table sets out the percentage of those who responded to each question who selected each of the options, from one to ten. The small minority of respondents who did not respond to each statement have not been included for the purposes of this analysis.

3.4 Overall, initial analysis highlights that:

- Almost two thirds of respondents do not support at all the statement that everyone should pay an equal amount of tax.
- Over a third of respondents fully support the statement that the amount of local tax you pay should be based on your income.
- Almost a third of respondents do not support at all the statement that the amount of local tax you pay should be based on the value of the property you live in.
- Over a third of respondents do not support at all the statement that the amount of local tax you pay should be based on the extent to which you use local services.
- Almost a third of respondents do not support at all the statement that the amount of local tax you pay should be based on the value of the land that you own.
- Opinion is mixed in terms of whether councils should set local tax rates according to the priorities of their local communities – with a fifth not supporting the statement at all and a similar proportion fully supporting the statement.
- Opinion is mixed on whether local tax rates should be set by the Scottish Parliament – with over a quarter not supporting the statement at all and over a fifth fully supporting the statement.

Table 3: Responses to the Seven Statements within Question One

Note: A response of one meant that they did not support it at all and a response of ten meant that they fully supported it.

	1	2	3	4	5	6	7	8	9	10
Statements										
The amount of local tax you pay should be based on your income	20%	2%	3%	2%	7%	4%	9%	11%	5%	37%
The amount of local tax you pay should be based on the value of the property you live in	30%	5%	7%	6%	11%	7%	9%	8%	4%	14%
The amount of local tax you pay should be based on the extent to which you use local services	35%	6%	6%	4%	10%	5%	7%	7%	3%	18%
The amount of local tax you pay should be based on the value of the land that you own	30%	4%	5%	4%	10%	6%	7%	9%	5%	20%
Everyone should pay an equal amount of tax	59%	7%	6%	3%	6%	3%	2%	3%	1%	10%
Councils should set local tax rates according to the priorities of their local communities	21%	4%	5%	4%	13%	8%	10%	13%	6%	18%
Local tax rates should be set by the Scottish Parliament	27%	6%	7%	6%	13%	5%	5%	6%	3%	21%

- 3.5 It is interesting to note that opinion on many issues was polarised, with a concentration of responses at either end of the spectrum (rating either one or ten). Approximately half of respondents chose either response one or response ten in relation to each of the statements. This indicates strong and clear views from many respondents.
- 3.6 To explore views further, we grouped responses into broader categories. Responses one to four became a 'broadly disagree' category; responses five and six indicated no strong views either way; and responses seven to ten became a 'broadly agree' category. This indicated that there were clear trends in responses to two statements:
- Three quarters of respondents broadly disagreed that everyone should pay an equal amount of tax.
 - Over half of respondents broadly agreed that the amount of local tax you pay should be based on your income.
- 3.7 Responses to the other statements were more mixed. However around half of respondents felt that the amount of local tax you pay should not be based on:
- the extent to which you use local services
 - the value of the property you live in; or
 - the value of the land you own.
- 3.8 Overall, there was a preference that councils should set local tax rates according to the priorities of their local communities, rather than the Scottish Parliament setting local tax rates – but views were mixed on these statements.

Table 4: Responses to the Seven Statements within Question One, Grouped into Broadly Disagree and Broadly Agree

	1	2	3	4	5	6	7	8	9	10	
	Broadly Disagree				Neutral			Broadly Agree			
The amount of local tax you pay should be based on your income	20%	2%	3%	2%	7%	4%	9%	11%	5%	37%	
	27%				11%			62%			
The amount of local tax you pay should be based on the value of the property you live in	30%	5%	7%	6%	11%	7%	9%	8%	4%	14%	
	48%				18%			35%			
The amount of local tax you pay should be based on the extent to which you use local services	35%	6%	6%	4%	10%	5%	7%	7%	3%	18%	
	51%				15%			35%			
The amount of local tax you pay should be based on the value of the land that you own	30%	4%	5%	4%	10%	6%	7%	9%	5%	20%	
	43%				16%			41%			
Everyone should pay an equal amount of tax	59%	7%	6%	3%	6%	3%	2%	3%	1%	10%	
	75%				9%			16%			
Councils should set local tax rates according to the priorities of their local communities	21%	4%	5%	4%	13%	8%	10%	13%	6%	18%	
	34%				21%			47%			
Local tax rates should be set by the Scottish Parliament	27%	6%	7%	6%	13%	5%	5%	6%	3%	21%	
	46%				18%			35%			

3.9 We then explored levels of agreements to each statement for each demographic and socio-economic characteristic, to explore whether there were any trends or divergences in responses in relation to the profile of respondents. Throughout this section we have set out tables to highlight these trends and divergences.

Gender

3.10 Analysis highlighted that women and men had very similar responses. The proportion of respondents rating statements between one and ten were almost always identical or within one or two percentage points, for men and women. The largest difference in opinion was one divergence of ten percentage points, when responding to the statement that ‘Local tax rates should be set by the Scottish Parliament’. While 21 per cent of women strongly disagreed with this statement, this rose to 31 per cent for men – indicating less support among men for local tax rates to be set by Scottish Parliament.

Age

3.11 Analysis of responses by age shows that older respondents were less likely to support a tax based on the value of the property you live in. In addition, younger and older respondents demonstrated more support for a tax based on income than those in the 25 to 64 age bands. Older people were also less likely to support a tax based on land than younger respondents. The figures highlighting these trends are set out below.

Table 5: Analysis of responses to statements in Question One based on age

	Aged 16 - 24	Aged 25 - 34	Aged 35 - 44	Aged 45 - 54	Aged 55 - 64	Aged 65 plus
The amount of local tax you pay should be based on your income <i>Trends in ‘strongly agree’</i>	57%	33%	27%	33%	39%	46%
The amount of local tax you pay should be based on the value of the property you live in <i>Trends in ‘strongly disagree’</i>	18%	23%	23%	25%	30%	35%
The amount of local tax you pay should be based on the value of the land that you own <i>Trends in ‘strongly disagree’</i>	12%	17%	21%	27%	30%	37%

Employment status

3.12 Analysis of responses by employment status shows that those working full and part time were less likely to strongly support the idea that local tax should be based on income, when compared with students, retired people and unemployed people. Retired people were also slightly less likely to support a tax based on the value of the property you live in. Students often appeared to have different views than others, but because of the relatively small numbers involved (97) it is not possible to generalise about the views of the student population.

3.13 People who were working full time were also slightly more likely than others to support a local tax based on property. Views on a tax based on land were very similar across the different groups. Students were slightly more likely to support a

tax based on land than other groups. It should be noted however that the number of students who responded to this survey was reasonably small (97).

Table 6: Analysis of responses to statements in Question One based on employment status

	Working full time	Working part time	Looking after home	Retired	Student	Unemployed
The amount of local tax you pay should be based on your income <i>Trends in 'strongly agree'</i>	30%	38%	42%	45%	67%	46%
The amount of local tax you pay should be based on the value of the property you live in <i>Trends in 'strongly agree'</i>	16%	9%	10%	11%	9%	14%
The amount of local tax you pay should be based on the value of the land that you own <i>Trends in 'strongly agree'</i>	21%	19%	22%	18%	28%	20%

Disability

3.14 We compared the responses from people with a physical or mental health condition or illness, and those without. This highlighted the people with physical or mental health conditions had stronger support for a tax being based on income (47%) than others (34%). Views across all other statements were very similar between those with a condition and those without.

Household type

3.15 Single people (whether with or without dependent children) indicated higher levels of support for a tax based on income than others. Couples with child dependents (the largest households) were least likely to strongly support local tax being based on income. Views on a tax based on property and based on land were broadly similar across the groups.

Table 7: Analysis of responses to statements in Question One based on household type

	Couple with no child dependents	Couple with child dependents	Single no child dependents	Single with child dependents
The amount of local tax you pay should be based on your income <i>Trends in 'strongly agree'</i>	37%	26%	42%	54%
The amount of local tax you pay should be based on the value of the property you live in <i>Trends in 'strongly agree'</i>	13%	15%	13%	10%
The amount of local tax you pay should be based on the value of the land that you own <i>Trends in 'strongly agree'</i>	19%	20%	23%	23%

Household income

- 3.16 There was a clear trend that households with higher incomes were less supportive of a tax based on income, and households with lower incomes were significantly more supportive. This was the clearest and most obvious trend in divergences of views based on any demographic or socio-economic characteristic. The table below highlights the trends in those strongly supporting with the statement around local tax being based on income.
- 3.17 Those in the higher income bands were more likely to support a tax based on use of local services, and an equal taxation for everyone. Views on a tax based on property and a tax based on land were more mixed. However, there was a broad trend that those in the lower income brackets indicated more support for a tax based on property and land than those in the higher income brackets.

Table 8: Analysis of responses to statements in Question One based on household income

	The amount of local tax you pay should be based on your income	The amount of local tax you pay should be based on the value of the property you live in	The amount of local tax you pay should be based on the value of the land that you own
	<i>Trends in 'strongly agree'</i>	<i>Trends in 'strongly agree'</i>	<i>Trends in 'strongly agree'</i>
Less than £5,200	66%	39%	35%
£5,200 to £10,399	62%	28%	29%
£10,400 to £15,599	58%	35%	21%
£15,600 to £25,999	49%	37%	19%
£26,000 to £36,399	35%	27%	17%
£36,400 to £49,399	30%	21%	21%
£49,400 to £62,399	26%	23%	19%
£62,400 to £77,999	27%	19%	24%
£78,000 plus	18%	23%	17%

Housing tenure

3.18 People who rented their homes (from a council, housing association or private landlord) were more supportive of a tax based on income than those who owned their property. And people who rented their homes were also more supportive of a tax based on land. Owners were also more likely to say that everyone should pay an equal amount of tax than those who rented their property. Views on a tax based on property were very similar across respondent groups.

Table 9: Analysis of responses to statements in Question One based on housing tenure

	Buying on a mortgage	Own it outright	Rent from council	Rent from Housing Association/Trust	Rent from private landlord
The amount of local tax you pay should be based on your income <i>Trends in 'strongly agree'</i>	28%	39%	65%	57%	47%
The amount of local tax you pay should be based on the value of the property you live in <i>Trends in 'strongly agree'</i>	14%	12%	14%	16%	16%
The amount of local tax you pay should be based on the value of the land that you own <i>Trends in 'strongly agree'</i>	19%	17%	34%	40%	30%

Council tax band

3.19 People in lower council tax bands were more likely to support a tax based on income, land or property than those in the higher council tax bands. Those in higher council tax bands were slightly more likely to support a tax based on use of local services and were more likely to say that everyone should pay an equal amount of tax.

Table 10: Analysis of responses to statements in Question One based on council tax band

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
The amount of local tax you pay should be based on your income <i>Trends in 'strongly agree'</i>	47%	43%	37%	36%	32%	35%	32%	27%
The amount of local tax you pay should be based on the value of the property you live in <i>Trends in 'strongly agree'</i>	25%	17%	14%	16%	13%	11%	9%	6%
The amount of local tax you pay should be based on the value of the land that you own <i>Trends in 'strongly agree'</i>	32%	23%	23%	22%	19%	14%	13%	12%
Everyone should pay an equal amount of tax <i>Trends in 'strongly agree'</i>	3%	5%	8%	7%	13%	15%	12%	16%
The amount of local tax you pay should be based on the extent to which you use local services <i>Trends in 'strongly agree'</i>	17%	16%	17%	14%	22%	22%	26%	21%

Ethnic origin

3.20 Responses from people of different ethnic origins were very similar, with no clear divergences or trends in responses from people of different ethnic groups.

Question Two

3.21 Question Two asked respondents to look at the list of statements again, and choose one top priority for a local taxation system. Responses echoed the response to question one, with the largest proportion of respondents (39%) identifying that their top priority was that ‘the amount of local tax you pay should be based on your income’.

Table 11: Which of these options is your one top priority for a local taxation system?

Statement	Top Priority
The amount of local tax you pay should be based on your income	39%
The amount of local tax you pay should be based on the value of the property you live in	13%
The amount of local tax you pay should be based on the extent to which you use local services	13%
The amount of local tax you pay should be based on the value of the land that you own	11%
Everyone should pay an equal amount of tax	7%
Councils should set local tax rates according to the priorities of their local communities	8%
Local tax rates should be set by the Scottish Parliament	4%

3.22 The response to this question emphasised that there was significantly more support for a local tax based on income, than one based on the value of property, use of local services or land value. It also highlights that while in responding to Question One most people clearly felt that everyone should not pay an equal amount of tax, there was a small proportion of respondents (7%) who felt that everyone paying an equal amount of tax was their top priority for a local taxation system. The response also re-emphasises that there was more support for councils setting local tax rates according to the priorities of their local communities than local tax rates being set by the Scottish Parliament.

3.23 Again, we explored responses for each demographic and socio-economic characteristic. This analysis supported the demographic trends identified earlier, finding that:

- the top priorities for men and women were almost identical – with no significant differences;
- younger (16–24) and older (65 plus) people were slightly more likely to say that their top priority was that local tax should be based on income, when compared to other age groups;
- people who were working full time were less likely to support a tax based on income than others, and more likely to support a tax based on property value;
- disabled people were more likely to identify a tax based on income as their top priority than others, and less likely than others to identify as a top priority a tax based on property or use of local services;

- single people (with or without dependents) were more likely to support a local tax based on income, and less likely to support tax based on property;
- people on higher incomes were less likely to identify a tax based on income as a top priority, and more likely to support a tax based on the value of property, use of local services, or everyone paying an equal amount of local tax;
- those renting their property were more likely to support a tax based on income and less likely to support a tax based on value of property, or use of local services;
- those in lower tax bands (A to C) were more likely to support a tax based on income, and less likely to support a tax based on use of local services;
- those in higher tax bands were more likely to believe that everyone should pay equal amounts of local tax;
- there were very few trends in relation to ethnic origin, however those of 'other British' origin were slightly more likely than others to believe that the top priority was that local tax should be based on use of local services.

3.24 In addition, 125 respondents indicated that they had a different top priority for a local taxation system (beyond the seven statements). Of these, a third said that they would support a hybrid system. Different options were suggested, including a mix of property, land, income, household size and use of services. Other priorities were identified by a very small number of people, including:

- generally wanting to pay less tax;
- creating a simpler and more efficient system;
- improving debt collection;
- introducing a poll tax or flat charge; and
- scrapping local tax completely – with local services funded through national tax.

4. Views on the council tax system

Introduction

4.1 This chapter sets out responses to Questions Three and Four in the online survey. These questions explored views on the existing council tax system. We explore the overall responses to each question, and highlight key trends, similarities or divergences in responses between people with different demographic and socio-economic profiles.

Question Three

4.2 Question Three asked respondents the extent to which they agreed with a series of seven statements about the current council tax system. Respondents were asked to indicate whether they strongly agreed; tended to agree; neither agree or disagreed; tended to disagree; strongly disagreed or didn't know.

4.3 Initial analysis highlights that:

- Over half of respondents felt that the council tax system was easy to understand.
- Over two thirds of respondents did not feel that the council tax system was fair.
- Over two thirds of respondents felt that paying council tax was a simple process.
- While almost half of respondents felt that it was not clear how the council tax they paid was spent on local services, over a third felt that it was clear.
- While more than a third of respondents felt that the council tax system did not protect people who cannot afford to pay, almost a third felt that it did.
- While over a third of respondents felt that councils did not have enough control over council tax rates, a similar proportion felt that they did.
- Almost two thirds of respondents felt that the current council tax system should be replaced with a different system of local taxation.

4.4 A table highlighting responses to each statement is provided below.

Table 12: Views on the current council tax system – responses to the seven statements within Question Three

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
The current council tax system is easy to understand	21%	37%	14%	16%	11%	>1%
	58%		14%	27%		
The current council tax system is fair	5%	14%	12%	27%	41%	1%
	19%		12%	68%		
Paying council tax is a simple process	34%	42%	10%	6%	7%	>1%
	76%		10%	13%		
It is clear to me how the council tax that I pay is spent on local services	10%	28%	16%	21%	24%	1%
	38%		16%	45%		
The current council tax system protects those who cannot afford to pay	9%	21%	19%	20%	21%	10%
	30%		19%	41%		
Councils have enough control over council tax rates	13%	21%	19%	18%	20%	8%
	34%		19%	38%		
The current council tax system should be replaced with a different system of local taxation	43%	19%	13%	8%	13%	4%
	62%		13%	21%		

4.5 Again, we explored responses for each demographic and socio-economic characteristic. This analysis highlighted trend in relation to:

- **Men and women** - Views of men and women were very similar. However, slightly more men than women strongly felt that council tax was not fair (45% compared with 38%). While broadly similar proportions of men and women felt that the council tax system should be replaced, men felt this more strongly (50% of men strongly agreed compared with 27% of women).
- **Age** - Younger people (aged 16 to 34) had less positive views about the current council tax system than others. This group was less likely to say the system was easy to understand; was fair; was simple; protects people who can't pay; or is clear in terms of how council tax is spent.
- **Employment** - People who were working full time or retired were more likely to say the system was easy to understand and that it was clear how their council tax was spent than others. Students were more likely to feel that paying council tax wasn't a simple process, and more likely to say that the council tax system should be replaced.
- **Health conditions** - People with physical or mental health conditions were slightly less likely to believe the council tax system was fair and easy to understand, but overall responses were very similar to those without conditions.
- **Income** - People on lower incomes were less likely to feel the system was easy to understand, fair, simple; protects those who can't pay; or is clear in terms of how money is spent. More people on lower incomes felt that councils had enough control over local tax rates, and that council tax should be replaced with a different system. As income increased, people were more positive about all aspects of the council tax system.
- **Household composition** - Single people (with or without dependent children) were less likely to believe paying council tax was simple, and less likely to believe the system protects those who can't pay.
- **Housing tenure** - Home owners were more likely to believe the system was easy to understand and simple to pay, compared with those renting their property. While 40 per cent of owners strongly agreed it was simple to pay, this fell significantly for council tenants (16%), housing association tenants (19%) and private renters (17%). Renters were more likely to support a different local tax system than home owners.
- **Council tax band** - Views on the council tax system are generally more supportive as the council tax band increases – with those in higher bands more likely to say the system is easy to understand, it is simple to pay, it is clear how money is spent and it protects those who can't pay.
- **Ethnic origin** - There were no clear trends or divergences in opinion based on ethnic origin.

Question Four

4.6 Question Four asked respondents if they could change one thing about the current council tax system, what it would be. This was an open question. 3,324 respondents (74%) answered this question. Responses to this question varied significantly. Often, respondents did not make a single point and instead made multiple comments about the existing system and the future of local taxation.

Changes to the council tax system

4.7 Overall, one per cent of respondents said that the current system was fine and did not require any changes. However, most suggested changes.

A re-valuation and review of bands

4.8 The most commonly suggested change was a review of the current bands. Approximately a quarter of respondents raised this issue. Many felt that a re-valuation was urgently required, to ensure that the system reflected up to date property values. There was particular concern about the variation between valuations for existing properties (in 1991) and new build properties since then. There were also concerns that some properties were not re-valued when improvements were made to them, until they were sold. Many felt that re-valuation would ensure that people better understood the council tax system.

“A revaluation is overdue - get that done as soon as possible so people can understand the basis of their tax.”

4.9 Linked to the priority of re-valuation, many respondents also felt that the council tax bands needed to be re-calculated to reflect up to date property values. Many felt that this provided an opportunity to introduce a new threshold and potentially new bands for higher value properties. Many also indicated that the new bands should be smaller, with more graduation, to provide a fairer and more progressive system. Overall a fifth of those discussing the council tax system specifically felt that higher tax rates were required for high value properties. A small number suggested removing bandings entirely, and instead developing a tax based on a proportion of property value with no upper limit.

“Redo the council tax bands to better represent the range of property values in the system and to ensure more is raised from those in the most valuable properties.”

“Current valuation bandings are grossly out of date. In my area the top band H is for all houses over £212,000. That is far too low, either revalue current bands or introduce more bands for the higher value houses.”

“Needs to be many more gradations - absolutely unacceptable that the highest CT is only about 3x the lowest.”

A fairer system

4.10 Approximately five per cent of respondents indicated that the council tax system needed to be fairer. Many of these respondents simply stated that the system should be fair, without providing further detail. Many stated that the system should be less regressive, and more progressive. When respondents described this in more detail, they expressed that richer people should pay more, and less affluent people should pay less in local tax than they currently do.

“The current system is unfair to those on a low income as they are required to pay a greater proportion of their income in taxation.”

“Make it more progressive: rich pay more, poor pay less.”

“A fairer, simpler system which reflects ones ability to contribute.”

4.11 Many felt that the unfairness in the council tax system was exacerbated by the fact that properties had not been re-valued since 1991, meaning that the system did not relate to present day property values. In addition, respondents highlighted particular concerns about fairness for:

- single person households - with a number feeling that they should receive a 50 per cent reduction in council tax rates;
- disabled people - with some expressing concern about levels of awareness around council tax reductions;
- pensioners - with concern about lack of income and reliance on savings; and
- households renting their property privately – with a number suggesting that landlords should be liable for council tax rather than tenants.

A more transparent system

4.12 Approximately six per cent of respondents indicated that the system needed to be more transparent. Those commenting on transparency generally felt that members of the public required more information and more choice about how the funds gathered through council tax were spent locally. Some felt that there was a need for awareness raising around the sources of income for local government, highlighting that council tax was a small proportion of overall funds. Others felt that local people should have more of an influence over the choices that are made about how to spend (and cut spending) locally. A small number of respondents indicated particular concern that local tax was being used to pay for pension contributions for council officials. A small number of responses suggested that funds should be devolved to a more local level, to more local level decision making within local authority areas. Finally, a small number of respondents felt that the Scottish Water charges should be removed from council tax collection, to make it clearer to members of the public what services they are paying for and which organisations they are paying.

Taxing more people

4.13 Approximately five per cent of respondents felt that the system needed to encompass more people who were liable to pay tax. The main concerns expressed included:

- households are liable for council tax, rather than individuals – meaning that some felt that large households benefited;
- one individual is liable for council tax, rather than the whole household – meaning that this person is liable for any arrears rather than everyone else;
- some individuals and households are exempt from or receive reductions in their council tax – which some people felt was unfair; and
- second homes often receive reductions in council tax liability – which many felt was unfair.

4.14 It is worth noting that the language used and sentiments expressed in some of these responses was very similar (but not identical), possibly suggesting a response to a campaign in this field.

Removing the council tax freeze

4.15 Approximately four per cent of respondents felt that the freeze on council tax should be removed. Many simply stated this, without providing further commentary. However, others indicated that they felt the freeze was impacting on the ability of their local council to provide local services.

“I would ask for the current council tax freeze to be lifted. It appears to be okay for some families, but for others, particularly ones with disabled members, it is not and the reason is that local authorities are struggling with budgets and they have started charging disabled people for services. The most vulnerable people in our society should not be targeted like this...”

“The freeze on Council Tax should now be stopped but protection for those who cannot afford to pay it must continue.”

“I am willing to pay more to maintain services. The freeze should be dropped.”

“It needs to go up even a little each year to cover the costs of the services it provides rather than having to close libraries, delay road repairs, etc”

Administrative issues

4.16 One per cent of respondents said that they would like to pay over 12 months rather than 10. And two per cent said that they would like to see a review of the debt collection processes for council tax. However, views on this issue were very mixed. While around half of respondents commenting on this issue felt that debt collection for council tax was too strict and too strongly enforced, a similar proportion felt that local authorities were too lenient and should enforce debt collection more strongly.

Alternative tax systems

4.17 Almost half of the respondents to Question Four said that the main thing they would change about the current system is the basis of taxation. Most of these respondents reiterated their earlier views that the council tax system should be replaced with an alternative form of tax. A hybrid tax was the most frequently mentioned of these options, with many supporting a mix of tax based on property, land, wealth and income. Many didn't comment on their reasons for these suggestions. However, those who did felt that hybrid options which took into account a combination of factors would be fairer than a single system.

Power to set local tax rates

4.18 Approximately five per cent of respondents commented on where the power to set local tax rates and mechanisms should lie. Of these, approximately three quarters felt that local authorities should have more power over local tax, and the remainder felt that the Scottish Government should have more power over local tax. Many respondents who felt that local authorities should have more power over local tax also felt that the council tax freeze should be ended.

4.19 Respondents who felt that local authorities should have more power over local tax generally indicated that this would create better links in terms of local accountability, local democracy and meeting local needs. A range of ideas were suggested, including:

- giving councils control over council tax levels;
- giving councils control over a wider range of options to raise tax; and
- increasing the proportion of tax raised locally.

“Councils should be have more control over local tax and how to spend it.”

“Increase the proportion of tax raised locally rather than depend on government grants.”

“Councils should have a range of options to raise income; property, income, sales etc, and should raise the majority of tax themselves.”

4.20 Respondents who felt that the Scottish Government should have more control over local tax indicated that a central decision about tax rates would lead to more consistency, and would avoid differences across the 32 local authority areas. Some of these comments indicated a high level of dissatisfaction and distrust in local councils, and indicated that council tax was set too high due to unnecessary council spending. Some respondents suggested more widely that the number of local authorities could be reduced, resulting in savings. Some felt that a council tax set at national level would work well, while others felt that council tax should be abolished and replaced with national funding.

“...a national 'Local Services' tax but distributed by central government - that way all of Scotland pays the same.”

“Council tax should be abolished, and there should be no 'local income tax'. Local authorities should get all their income from central government through general taxation.”