

Council Tax Briefing

#FundLocallyBenefitNationally



In 2025/26, Local Government Must:

Have the power to decide how to raise council tax on a local basis with no council tax freeze or national cap.

Council tax is a **key mechanism** through which our councils raise funds for **local investment** based on the individual needs and circumstances of each community.

Your Council Tax:



Provides much-needed revenue to ensure the delivery of **sustainable local services** with significant positive impacts for communities



Is vital to councils' ability to **balance budgets**. This is a legal requirement. Increases in council tax rates therefore prevent reductions to vital frontline services throughout communities.



Supports **local capital investment** in key areas, from the construction of new community facilities to maintaining vital local infrastructure such as roads and schools.

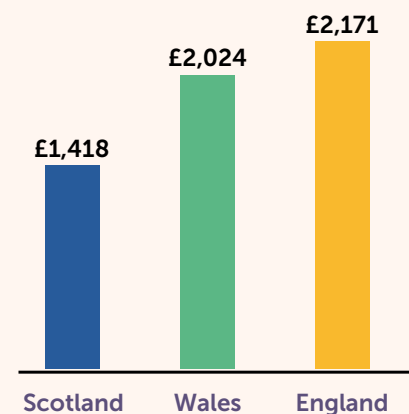


Is a key element of **local democratic decision-making**. Council tax rates are set by democratically-elected councillors based on the needs of local communities.

The Scottish Government's decision to freeze council tax in 2024/25, which ran against the Verity House Agreement, took power out of the hands of local decision-makers and **increased short- and long-term financial pressures**, negatively impacting our councils' ability to provide **sustainable services and facilities**.

Average Band D Rate 2024/25

After a number of years of council tax freezes imposed by the Scottish Government, average Band D rates in Scotland currently sit **significantly below** comparable rates paid by households in England and Wales.



Fact

The Scottish Government's decision to freeze council tax in 2024/25 resulted in a **shortfall in local revenue raising** of between **£229m and £417m** (Fraser of Allander Institute).



We all agree that **council tax needs reform** along more **progressive and fairer** principles, as part of a broader programme of **local empowerment**.

The introduction of **greater revenue-raising powers**, including both a reformed council tax system and Visitor Levy and Cruise Ship Levy powers, has the potential for a wide range of **community benefits** and an increase in **local empowerment and democratic accountability**.

Greater revenue-raising powers for Local Government

Revenue raised locally allocated to local needs and circumstances

Increased democratic accountability for councillors

Empowerment of residents and communities

Greater sustainable investment in key local services and facilities

Wider community benefits across a range of policy areas

Fact

Local Government in Scotland falls far behind comparable local authorities across Europe in our ability to raise taxes and revenue locally. It is time we reformed this **out-of-date overly centralised system**, with a programme of local empowerment.

Local Government is close to **tipping point** – if we want our councils to continue to provide the vital community services and facilities that we all benefit from over the course of a normal day, there can be more no flat cash settlements or budget cuts.

Local Government must receive a fair and flexible funding settlement.