



In Focus

Council Tax Valuation Bands Bill [HL] HL Bill 11 of 2015–16

Key Provisions

The [Council Tax Valuation Bands Bill \[HL\]](#) is a private member's bill introduced by Lord Marlesford (Conservative). The Bill received its first reading in the House of Lords on 1 June 2015 and is scheduled to receive its second reading on 11 September 2015. Lord Marlesford has prepared [Explanatory Notes](#) to the Bill.

The Bill seeks to make provision for the introduction of a new set of council tax valuation bands which would be applicable to all dwellings bought or sold after 1 April 2000.¹ The Bill, if enacted, would:

- Compel the Secretary of State responsible to introduce regulations to establish a new set of council tax valuation bands.
- Require that all dwellings bought or sold since 1 April 2000 be placed in the updated bands.
- Ensure that any dwelling that has not been bought or sold since 1 April 2000 would continue to attract council tax according to the valuation bands set out in the Local Government Finance Act 1992.
- Alter the proportions between each valuation band. The Bill stipulates that the proportions would be: 6: 8: 16: 24: 36: 48: 100: 250.

The Bill states that the new range of values for each council tax valuation band would be as follows:

- below £250,000
- between £250,001 and £500,000
- between £500,001 and £1,000,000
- between £1,000,001 and £2,000,000
- between £2,000,001 and £5,000,000
- between £5,000,001 and £10,000,000
- between £10,000,001 and £20,000,000
- over £20,000,000

Lord Marlesford has stated that “the extremely good system of council tax needs updating”, and has argued that it is not “acceptable in today’s world that the most expensive property pay only three times the amount of the humblest and cheapest property”.² Furthermore, he has suggested that his proposals are a “neat system, because it would require no valuations at all”.³

Background

On 1 April 1993, council tax was introduced in England, Scotland and Wales under the Local Government Finance Act 1992. It replaced the community charge system of local taxation, otherwise

known as 'poll tax', which itself replaced domestic rates in 1990. Domestic residences were placed in one of eight bands (A-H), based on the capital value of the property as at 1 April 1991, as set out in section 5(2) of the 1992 Act. Individual local authorities were then responsible for determining the overall level of council tax, while the ratio between the rates for different bands was set by central government.

The council tax system is a devolved matter in Scotland and Wales. Northern Ireland operates a different system; the community charge and council tax rates were not introduced there, instead it continued to operate a domestic rate system.

The Local Government Act 2003 amended the Local Government Finance Act 1992 to provide for a ten year statutory revaluation cycle for council tax in England and Wales. Under the provisions of the Act, the revaluation for England was to be completed before 1 April 2007, and before 1 April 2005 in Wales. The Secretary of State, or in Wales, the National Assembly, were also given power to change the number of valuation bands. In Wales, the revaluation came into effect on 1 April 2005, based on 1 April 2003 property values, and an additional band I was introduced. However, in July 2004, the then Labour Government commissioned Sir Michael Lyons to conduct an independent inquiry into local government finance including possible reforms of the council tax system. In September 2005, the Government announced that it would be extending the remit and the timetable of the [Lyons inquiry](#).⁴ Simultaneously, it announced that it would legislate to postpone the revaluation of council tax in England so that it could "take place in such a way as to take full account of Sir Michael Lyons' work on the functions of local government as well as its financing". The Council Tax (New Valuation Lists for England) Bill was introduced to the House of Commons on 13 October 2005. It contained provisions to remove the requirement for a general revaluation to be in place in England by April 2007, and it gave the Secretary of State the power to specify, by order, the date of revaluation. The Bill received Royal Assent on 30 March 2006. A date was for a revaluation to take place in England was not set before the general election in 2010.

On 24 September 2010, the then Coalition Government announced that a council tax revaluation in England would not take place during that Parliament.⁵ In a written statement to the House of Commons, the Parliamentary Under-Secretary of State at the Department for Communities and Local Government (DCLG), Robert Neill, also confirmed that the Government intended to cancel the legal requirement for a council tax revaluation to take place in Wales in 2015.⁶ Furthermore, he stated that the power to decide the timing of the next council tax revaluation would be devolved.

On 15 July 2015, during the debate at report stage of the Cities and Local Government Devolution Bill, the Parliamentary Under-Secretary of State at DCLG, Baroness Williams of Trafford, stated that the Government did not support a council tax revaluation.⁷ However, speaking for the Opposition, Lord Beecham argued that a change to the council tax system was "clearly needed".⁸

¹ Clause 2 of the Bill states that the provisions would apply to England, Wales and Scotland. However, Lord Marlesford has subsequently indicated that he intends to table an amendment to Clause 2 in Committee so that the Bill will apply to England only, and not to Scotland or Wales. House of Lords, [Council Tax Valuation Bands Bill \[HL\]: Supplementary Note to the Explanatory Notes](#), 9 June 2015.

² HL *Hansard*, 15 July 2015, [col 651](#).

³ *ibid*, [col 652](#).

⁴ HC *Hansard*, 10 October 2005, [col 6WS](#).

⁵ Department for Communities and Local Government, '[No Council Tax Revaluation Tax Rises Pledge](#)', 24 September 2010.

⁶ HC *Hansard*, 3 December 2010, [col 95WS](#).

⁷ HL *Hansard*, 15 July 2015, [col 655](#).

⁸ *ibid*, [col 654](#).

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