# UK council tax faces fastest rise in over two decades as reform calls grow



Council tax in the UK is set for a significant increase, with projections indicating a rise of £9.4 billion by 2029, equivalent to a 26% increase over the decade. This forecast comes amid expectations that councils will continue to increase their rates at the maximum allowable level, which currently permits annual rises of up to 5%. According to Labour, this trend will lead to households facing substantially higher council tax bills, adding to the financial pressures on many families. The government initially announced a 2.6% annual increase in local authority spending power but did not clarify how much of this would be funded through council tax hikes. Conservative Freedom of Information requests have revealed that approximately two-thirds of the increased spending power stems from council tax rises, with some regions already implementing rates up to 5% higher.

The mayor of Greater Manchester, Andy Burnham, has voiced urgent calls for reforming the council tax system, highlighting stark inequities in the current structure. Speaking to The Telegraph, Burnham pointed to the disparity where residents of multimillion-pound properties in London pay less council tax than individuals living in more modest homes elsewhere. He emphasised that the system, which bases tax bands on property values assessed in 1991, is outdated and no longer justifiable given the significant rise in property prices over the last three decades. Burnham argued that high-value homes, particularly in London and the South East, should face higher levies to address the funding challenges councils encounter.

Chancellor Rachel Reeves is expected to face mounting pressure in her upcoming Autumn budget to address a national fiscal shortfall estimated at around £30 billion. Revenue-raising measures, including council tax hikes, are anticipated to be part of the response, though Reeves must navigate stringent fiscal rules designed to keep government spending under tight control and ensure sustainable debt levels. These constraints may limit the scope for broader tax increases elsewhere, placing additional focus on local taxes as a revenue source.

Paul Johnson, director of the Institute for Fiscal Studies, has warned that council tax bills in England could increase by the maximum 5% annually following the Chancellor’s spending review. This would result in the fastest pace of council tax growth in over two decades, surpassing rates seen between 2001 and 2005. Johnson's analysis shows that while councils’ core spending power will increase by 2.6% annually, local authorities may increasingly rely on pushing the 5% ceiling to bridge funding gaps, translating into faster-than-average tax rises for households.

The political debate around these increases is already intensifying, with the Conservative Shadow Housing Secretary, Sir James Cleverly, accusing Labour of misleading Parliament about council funding. He claims Labour’s plans to hike council tax by £9 billion amount to a significant burden on middle-income families and warns that further increases may be planned. Cleverly positions the Conservatives as the only party actively opposing new taxes on homeowners, framing the battle over council tax as a key political fault line ahead of the next general election.

With council tax set to become a major issue in the coming years, the need for reform and transparency is growing. The current tax banding system appears increasingly out of step with contemporary property values, and the reliance on maximum annual rises to fill funding gaps risks placing disproportionate strain on households. The Chancellor’s forthcoming budget and the government’s handling of local authority financing will be closely watched as the real-world impact of these tax changes begins to unfold.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.express.co.uk/news/politics/2114240/uk-households-hit-huge-warning), [[2]](https://www.standard.co.uk/news/politics/paul-johnson-institute-for-fiscal-studies-council-tax-increase-a1232580.html), [[4]](https://www.standard.co.uk/news/politics/paul-johnson-institute-for-fiscal-studies-council-tax-increase-a1232580.html), [[5]](https://www.standard.co.uk/news/politics/paul-johnson-institute-for-fiscal-studies-council-tax-increase-a1232580.html), [[6]](https://www.standard.co.uk/news/politics/paul-johnson-institute-for-fiscal-studies-council-tax-increase-a1232580.html), [[7]](https://www.standard.co.uk/news/politics/paul-johnson-institute-for-fiscal-studies-council-tax-increase-a1232580.html)
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