# Reforms to target higher-value homes could reshape council tax in England



Tens of thousands of homeowners across England, particularly affluent Londoners and residents of the South East, may face new council tax bands as Treasury officials consider reforms targeting higher-value homes. This move aligns with Chancellor Rachel Reeves' ambition to raise £42 billion to balance Labour's financial plans, with proposals likely focusing on adding higher-value bands rather than revaluing all properties nationwide.

Currently, the highest council tax band in England, Band H, covers properties valued at £320,001 or more based on 1991 valuations—the last time a comprehensive revaluation took place. This band groups together a wide range of properties, from relatively modest new builds to expansive mansions. David Fell, lead analyst at estate agency Hamptons, noted that Band H "covers new-build, four-bedroom homes alongside 20,000 sq ft mega mansions worth many multiples more," highlighting the disparity within the current system. Many experts suggest that adding new bands for ultra-high-value properties would be a fairer and less disruptive reform, targeting wealthier homeowners more precisely.

The case for reform is strong given the substantial appreciation in property values since 1991. For example, a property worth £424,000 in 1991 would be valued at over £2.1 million today on average across England. In London, where house prices have surged dramatically, such a property could be worth closer to £3 million in 2025. Areas like Kensington and Chelsea—where the average home price currently stands at around £1.8 million—would be particularly affected by these new bands. This approach has a precedent in Wales, which introduced an additional council tax band for properties worth £424,000 or more back in 2005, reflecting similar concerns over outdated banding.

Reeves’ recent comments suggest that taxing those with "broad shoulders" will play a central role in the forthcoming budget, signalling increased targeting of wealthier homeowners. While this could yield a significant boost in council tax receipts, it raises concerns about the potential impacts on the property market, which is already showing signs of slowing. For instance, sales of properties priced over £5 million in Central London fell by 40% last September compared to the previous year. Such a tax increase could further dampen the market, creating a delicate balance for policymakers.

Local authorities stand to benefit from these reforms, as new council tax bands on higher-value properties would increase their funding without relying as heavily on grants from the Treasury. This could provide a more sustainable and locally controlled revenue stream for councils, enabling better public services and infrastructure.

The current council tax system is based on property values as assessed on 1 April 1991 in England, and such valuations have not been updated since, despite significant changes in the housing market landscape. Government data from March 2024 shows a stark concentration of properties in lower bands with fewer homes in the higher brackets, particularly outside affluent regions. This mismatch between current property values and council tax liabilities has long been a point of contention and a driver for reform discussions.

As the Chancellor prepares for the next budget, officials face the challenge of striking a balance between raising sufficient revenue for public services and sustaining growth without discouraging property transactions or placing excessive burdens on homeowners. A Treasury spokesperson emphasised this, saying, "The Budget will strike the right balance between making sure that we have enough money to fund our public services while ensuring we can bring growth to boost living standards."

The debate over council tax reforms underscores the complexities of property taxation in the UK, where regional variances and housing market dynamics make one-size-fits-all approaches problematic. The potential addition of bands for properties at the very top end of the market may mark the most politically palatable path forward, allowing targeted revenue increases while respecting previous government commitments not to revalue all homes during the current Parliament.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[5]](https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-statistical-commentary)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.gov.uk/government/publications/council-tax-banding-of-houses-in-multi-occupation)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[6]](https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-background-information)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 5 – [[1]](https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[5]](https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-statistical-commentary), [[7]](https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-statistical-commentary)
* Paragraph 6 – [[1]](https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-background-information), [[3]](https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-statistical-commentary)
* Paragraph 7 – [[1]](https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)

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## Bibliography

1. <https://www.dailymail.co.uk/news/article-15205165/Tens-thousands-homeowners-hit-new-council-tax-bands-Rachel-Reeves-sets-sights-higher-value-homes.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-background-information> - This official UK government publication provides detailed statistics on the distribution of properties across different council tax bands in England and Wales as of March 2024. It outlines the valuation bands, from A to H, and the corresponding property values as assessed on 1 April 1991 for England and 1 April 2003 for Wales. The document also presents data on the number of properties within each band, highlighting regional variations and the concentration of properties in higher bands in affluent areas. This resource is essential for understanding the current landscape of council tax assessments and their implications for homeowners and policymakers.
3. <https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-statistical-commentary> - This statistical commentary complements the background information on council tax stock, offering in-depth analysis and interpretation of the data. It discusses trends in property distribution across council tax bands, regional disparities, and the implications of these patterns for local authorities and residents. The commentary provides insights into how property values and council tax bands are interrelated, and how changes in the housing market may influence council tax revenues and policy decisions. This resource is valuable for stakeholders seeking a comprehensive understanding of council tax dynamics in England and Wales.
4. <https://www.gov.uk/government/publications/council-tax-banding-of-houses-in-multi-occupation> - This guidance document from the Valuation Office Agency (VOA) explains the principles and methodologies used to assess domestic properties for council tax bands in England and Wales. It details how properties are valued based on their estimated sale price on 1 April 1991 for England and 1 April 2003 for Wales. The document also covers the assignment of new properties to council tax bands, the process for challenging a property's banding, and considerations for properties with multiple occupations. This resource is crucial for homeowners, tenants, and property professionals seeking clarity on council tax assessments and procedures.
5. <https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2024/council-tax-stock-of-properties-statistical-commentary> - This statistical commentary provides an analysis of the distribution of properties across council tax bands in England and Wales as of March 2024. It highlights regional variations, with the South East and London having the highest number of properties, and discusses the concentration of properties in higher bands in affluent areas. The commentary also examines the implications of these distributions for local authorities and residents, offering insights into how property values and council tax bands are interrelated. This resource is valuable for understanding the current landscape of council tax assessments and their impact on communities.
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