# England considers new top council tax bands for high-value homes in upcoming budget



Thousands of homeowners in England are poised to face higher council tax bills following proposals that the Treasury is exploring to create new council tax bands targeting more expensive properties. This measure, anticipated to be part of Chancellor Rachel Reeves’s forthcoming Autumn Budget, aims to increase revenue without triggering a full-scale revaluation of property values across the country. Officials are understood to be considering introducing additional bands at the upper end of the property value scale, focusing on pricier homes predominantly in London and the South East.

Council tax banding in England has remained unchanged since its introduction in 1991, when properties were valued to determine bands ranging from A to H. The highest existing bracket, Band H, applies to homes valued above £320,001 as of that year. Adjusted for inflation and current market values, this threshold equates to roughly £1.6 million nationwide and approximately £2.1 million within London today. David Fell, lead analyst at estate agency Hamptons, describes the proposal for an additional top band as "one of the fairer and least disruptive property tax reform ideas" currently under discussion. The existing system has faced criticism for being outdated and unfair, as highlighted by think tanks such as the Institute for Fiscal Studies (IFS), which advocates for council tax to be revised based on contemporary house prices.

Currently, disparities in council tax payments are stark. For instance, households in the London Borough of Wandsworth with Band D properties pay an average of around £998 annually in council tax despite average property prices topping £750,000. Conversely, in Rutland, East Midlands, Band D households pay over £2,600 despite average property values being significantly lower. This disparity underscores calls for reform to create a fairer system that better reflects current property market realities.

Labour, under Rachel Reeves’s leadership as Chancellor, has ruled out a wholesale revaluation of council tax bands to avoid increasing the tax burden on working people, a stance emphasised during the party’s election campaign. Reeves has reiterated her position against raising taxes on the working population while indicating that wealthier individuals—those with "broad shoulders"—should contribute more. This aligns with the proposed introduction of new tax bands targeting wealthier homeowners without overhauling the system for all property owners.

Beyond council tax adjustments, Chancellor Reeves faces a significant fiscal shortfall estimated between £22 billion and £32 billion, influenced by market turmoil and previous policy reversals. To address this gap, she is reportedly considering a mix of measures including potential changes to VAT rules, the introduction of a wealth tax, freezing income tax thresholds, and increasing capital gains tax. These proposals form part of a broader strategy to bolster public finances while attempting to balance growth and protect living standards.

There are indications that the government seeks to strike a careful balance in the upcoming budget, aiming to fund necessary public services without imposing undue financial pressure on the majority of working households. A Treasury spokesperson emphasised that the Budget would "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."

While Wales is set to revalue council tax bands in 2028 and already introduced an additional top band in 2005, England’s approach remains more cautious. The Treasury's consideration to add new bands for the highest-value properties could represent a midway point—raising additional revenue from wealthier homeowners without enacting a full reassessment of all property values, which would be more politically sensitive.

As the Autumn Budget approaches, all eyes will be on Chancellor Reeves’s proposals to determine how the government plans to navigate these fiscal challenges while adhering to its commitments not to raise taxes on working people, maintaining fiscal responsibility, and addressing entrenched imbalances in property taxation.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.express.co.uk/news/politics/2123189/rachel-reeves-council-tax-new-band), [[4]](https://www.standard.co.uk/business/rachel-reeves-autumn-budget-october-wealth-tax-b1241334.html)
* Paragraph 2 – [[1]](https://www.express.co.uk/news/politics/2123189/rachel-reeves-council-tax-new-band), [[4]](https://www.standard.co.uk/business/rachel-reeves-autumn-budget-october-wealth-tax-b1241334.html)
* Paragraph 3 – [[1]](https://www.express.co.uk/news/politics/2123189/rachel-reeves-council-tax-new-band)
* Paragraph 4 – [[1]](https://www.express.co.uk/news/politics/2123189/rachel-reeves-council-tax-new-band), [[2]](https://www.standard.co.uk/news/politics/chancellor-rachel-reeves-tax-budget-labour-party-conference-speech-b1250192.html)
* Paragraph 5 – [[1]](https://www.express.co.uk/news/politics/2123189/rachel-reeves-council-tax-new-band), [[3]](https://www.gbnews.com/money/rachel-reeves-tax-raids-autumn-budget), [[6]](https://www.gbnews.com/money/rachel-reeves-tax-raids-autumn-budget)
* Paragraph 6 – [[2]](https://www.standard.co.uk/news/politics/chancellor-rachel-reeves-tax-budget-labour-party-conference-speech-b1250192.html), [[4]](https://www.standard.co.uk/business/rachel-reeves-autumn-budget-october-wealth-tax-b1241334.html), [[5]](https://www.standard.co.uk/news/politics/chancellor-rachel-reeves-tax-budget-labour-party-conference-speech-b1250192.html), [[7]](https://www.standard.co.uk/business/rachel-reeves-autumn-budget-october-wealth-tax-b1241334.html)
* Paragraph 7 – [[1]](https://www.express.co.uk/news/politics/2123189/rachel-reeves-council-tax-new-band), [[3]](https://www.gbnews.com/money/rachel-reeves-tax-raids-autumn-budget), [[4]](https://www.standard.co.uk/business/rachel-reeves-autumn-budget-october-wealth-tax-b1241334.html)

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## Bibliography

1. <https://www.express.co.uk/news/politics/2123189/rachel-reeves-council-tax-new-band> - Please view link - unable to able to access data
2. <https://www.standard.co.uk/news/politics/chancellor-rachel-reeves-tax-budget-labour-party-conference-speech-b1250192.html> - Chancellor Rachel Reeves has pledged not to raise taxes on 'working people' in her upcoming Autumn Budget, adhering to Labour's manifesto commitment. However, she has left open the possibility of changing VAT rules to boost Treasury coffers. Despite rising borrowing costs, Reeves emphasised her commitment to making working people better off and maintaining fiscal responsibility. She also highlighted the importance of not playing 'fast and loose' with public finances, acknowledging that shop prices are central to people's living standards.
3. <https://www.gbnews.com/money/rachel-reeves-tax-raids-autumn-budget> - Chancellor Rachel Reeves is facing a fiscal shortfall of up to £32 billion due to policy reversals and market turmoil. Economists warn of potential tax hikes, including higher council tax bills, a mansion tax, and increased capital gains tax. The government is also considering freezing income tax thresholds, which would effectively increase taxes on middle earners in London. These measures aim to address the funding gap but may face political challenges and public opposition.
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