



Council Tax on long-term empty properties and the housing support grant

The UNISON Scotland submission

January 2012

Introduction

UNISON is Scotland's largest public sector trade union representing over 165,000 members delivering services across Scotland. UNISON Scotland is able to collate and analyse members' experience to provide evidence to inform the policy process. We therefore welcome the opportunity to respond to the consultation on Council Tax on Long Term Empty Properties and the Housing Support Grant-Consultation on Proposal for Legislation.

Response

1. Should Councils be able to remove the current Council Tax discount (of between 10% and 50%) on long-term empty homes?

Yes, UNISON fully supports any moves to give local authorities more control over their own budgets. We believe that local authorities should have much more control over council tax rates in general and welcome moves to give councils this extra tool to affect their income. We also support the overall aim of increasing the supply of housing and believe that councils should be able to use this tool to encourage owners to bring back properties into use.

We would also support similar moves over the second homes discount. Second homes ownership can also have a negative impact:

- Restricting availability and increasing the cost of homes making areas unaffordable for those who want to live in areas full-time
- making it hard for local business and rural schools to survive as properties are unoccupied for much of the time.

We therefore believe that councils should also be able to use this lever if it is an issue in their area.

2. Should Councils be able to charge an additional levy on the Council Tax on long-term empty homes and should they have flexibility in deciding the level of the levy? If so, what should be the maximum level of levy Councils could impose?

UNISON believes that local authorities should have the freedom to impose an additional levy on empty homes. We believe that it would be a useful tool for local authorities if they wish to affect the availability of housing in their area. The same is true for the second homes discount. It is best if local authorities have the power to set taxes at the level they feel suits the needs of their area. We therefore don't believe that it is appropriate to set a maximum level.

3. Do you agree that Councils should continue to be able to apply different levels of Council Tax charge in different geographic parts of their area if they feel this is appropriate?

We believe that local authorities are best placed to make decisions about their areas and so believe that they should continue to be able to apply different levels of charge where appropriate to their plans. It is essential that they have flexibility to meet the needs of the communities they serve.

4. Do you agree that Councils should have flexibility in deciding how long a home should be empty before they apply increased Council Tax charges for long-term empty homes and should Councils also be able to increase the level of charge the longer a home has been empty?

We fully support the rights of local authorities to make decisions about their areas. They know best what the problems are in their areas and where and how they should apply any new power.

5. Should Councils be able to apply additional, time-limited exemptions to the levy for certain types of property or owner? If so, please provide details of the circumstances under which you feel that an exemption would be appropriate and how long these additional exemptions should be available for.

One of the advantages of Council Tax is that it is simple to apply and inexpensive to collect there is little benefit in creating a range of exemptions that make the system more complex and so more expensive to collect. This could also encourage avoidance strategies which then need to be detected which will increase collection costs.

6. Do you agree that homeowners should have a duty to inform their Council if their home has been empty and unoccupied for six months? If so, should Councils be able to charge a fixed penalty fee where an owner has not informed them that a property is unoccupied and what level of penalty fee would be appropriate?

As some people will attempt to avoid charges it is crucial that there is a duty to inform a council. This a needs to be backed with an appropriate fine to ensure compliance.

7. To help minimise avoidance, do you agree that a home should no longer need to be unfurnished to be classed as long-term empty?

UNISON agrees that a property should no longer need to be unfurnished to be declared "empty". Criteria should be based round terms of occupation. References to furnished will tend to make compliance more not less difficult. If changes are also going to be made to the second homes discount as we suggest then it is also important to ensure that there is a clear difference in the criteria for empty as opposed to second home to avoid flipping to the most tax advantageous definition.

8. Should the minimum period an empty home must be occupied before it can be declared as empty again and benefit from an exemption be extended beyond the current six week minimum? If so, what should the minimum period be?

We believe that there should be steps taken to ensure that a property isn't occupied briefly to avoid liability to a higher tax level. We see no problem with extending the period beyond six weeks. Making change to both empty and second homes rates at the same time would be the best way to ensure that no loopholes are created.

9. Should the additional revenue raised from Council Tax on long-term empty homes be used for affordable housing? Please let us know if you have particular views on the types of project or expenditure this revenue should be used for.

UNISON believes that affordable housing can play a key role in both stimulating our economy and improving the health and well being of our citizens. None the less we do not believe that the increased funding should be ring-fenced. Local authorities are directly elected and accountable to their communities, they should be free to allocate the resources to meet their own priorities. UNISON supported the Scottish Government when it reduced ring-fencing of local government finance and are disappointed to see it increasing again in this parliamentary session. Making these changes to council tax will boost local democratic accountability. Ring fencing the money raised would be contrary to this aim.

Question on the Housing Support Grant

10. Do you agree that Housing Support Grant should be abolished from April 2013 onwards?

UNISON accepts that the housing support grant should be abolished.

Conclusion

The ongoing Council Tax freeze is depriving Local Authorities of desperately needed revenue and should not continue. While Council Tax benefit needs radical overhaul the freeze in the Council Tax means that the money the Westminster government pays to councils in this benefit is also frozen: saving money for the UK government at the expense of local authorities. The freeze provides a real terms tax cut for the wealthiest homeowners at the expense of vital services. It disproportionately benefits the wealthy and has led to increased charges for a range of services which hit those on lower incomes hardest. Band H households are saving £441 per year while Band A households only save £147 a year. Campaigners have highlighted examples like the new service charge of £1 per meal to housebound and elderly residents: a meal a day costs £260 per person a year. The introduction of charges for services is far less fair than raising taxes.

Community facilities are closing or reducing their opening hours. Children are sharing school books and teachers are buying supplies from their own pockets. UNISON therefore welcomes this proposal to enable local authorities to raise much needed revenue. We would also urge the government to end the council tax freeze and introduce a fairer property tax.

The Council Tax freeze has been accompanied by the reintroduction of ring fencing of certain items of expenditure. While we are supportive of increased spending on affordable housing UNISON believes that ring fencing is wrong in principle and we therefore do not support the ring fencing of money raised from this proposal. Expenditure decisions should be made locally in response to local needs.

For further information, please contact:

Email: Kay Sillars: k.sillars@unison.co.uk

Dave Watson d.watson@unison.co.uk

UNISON Scotland,
UNISON House,
14, West Campbell Street,
Glasgow
G2 6RX
Tel: 0141 342 2819
Fax: 0141-331 1203