**Consultation Response Form**

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| **Name:** | UNISON Cymru Wales  |
| **Organisation (if applicable)** | As above, (contact, Alastair Gittins a.gittins@unison.co.uk) |

 **Responses to consultations are likely to be made public, on the internet or in a report.  If you would prefer your response to remain anonymous, please state here:**

**Returning this form**

The closing date for replies is **4 October 2022**.

Please send this completed form to us by e-mail to:

LGFR.consultations@gov.wales

When sending your response by e-mail, please mark the subject of your e-mail **A Fairer Council Tax Consultation**.

Alternatively, please complete the consultation response form and return by post to:

Local Government Finance Reform Division

Welsh Government

Cathays Park

Cardiff

CF10 3NQ

**About UNISON Cymru Wales**

UNISON is the UK’s largest trade union organising and representing 1.3 million public sector workers UK wide, including 100,000 public sector workers across Wales.

Our members, 85 per cent of whom are women, work in the delivery of public services through direct public sector provision, private and voluntary contractors providing public services, and in the essential utilities. They include frontline staff and managers, working full or part-time in public administrations, local authorities, health and social care, the police and justice service, university, colleges and schools, the electricity, gas, environment and water industries, transport, and in the voluntary and community sectors.

Our response is guided by their experiences as public service workers and as council taxpayers.

Welsh government’s proposals do not address the urgent and fundamental point that councils simply do not have enough money to provide the high-quality services their communities need. For this reason, a summary of our position is provided at the start of this response.

**Summary of UNISON position**

Welsh government’s proposals will make council tax fairer, but changes to tax bands and more frequent revaluations of properties will not deliver the funds desperately councils need. Welsh government has made clear this review is not to raise more funds from council tax.

Local authority services have been badly damaged by more than ten years of severe spending cuts because of UK government driven austerity. This has resulted in a drastic reduction in access to a range of services including social care, day centres for the elderly, children’s centres, libraries and leisure centres.

Authorities simply do not have the money to fund the quality of services people require and which make our communities happier, healthier and more equal places to live. Investment here would relieve pressure on the NHS.

A UNISON Cymru Wales Audit of Austerity investigation in 2018 recorded an enormous 28,000 job losses from local authorities in decade. This was equivalent to losing seven of the eight largest private sector employers in Wales. Council spending in 2017/18 it would have been £1.02 higher (£9.02bn) if it had kept pace with CPI since 2010/11 and £1.59bn higher (£9.59bn) if it had kept pace with RPI.

The Welsh Local Government Association agreed that local councils had borne the brunt of austerity and our investigation quoted their 2018 figures that Welsh local government core grant funding has reduced by 22% after adjusting for inflation by 2019-20. If school funding is not included, as is the case in England, core funding fell by 35%.

The move of Welsh councils to outsource services (most notably care provision) to the private and third sector was driven by resource considerations and not the consideration of what was the best for local people or staff. Outsourcing of services undermines local democratic accountability.

Meanwhile, those providing public services are under constant pressure to do more with less. They are particularly at risk in the cost-of-living crisis because their wages have been deliberately suppressed for more than a decade with pay freezes and below-inflation awards. The lowest paid, including care workers and school support staff are trapped in in-work poverty. This is a gender issue as the overwhelming majority of care these staff are female. Many of those delivering council services will be struggling to pay their own council tax bills.

Unsurprisingly, morale amongst local government workers is very low and some council vacancies cannot be filled, further impacting on the service provision.

Welsh government’s proposals do not address the question as to what council tax is for or whether it is fit for 21st Century needs. There is no public understanding that council tax delivers only a small fraction of the total money received by an authority and spent on local services. Nor do people realise increasing council tax by a percentage or two will still not get anywhere close to providing the authority with the extra money it requires or make good the service reductions of the last decade.

The Welsh government should work with authorities and unions to conduct a comprehensive review about exactly what services it wants authorities to provide, to what level and standard and then how much this will cost and where the money will come from. Ultimately, Welsh government needs significantly more money and that means securing additional funding from Westminster and seeking further devolvement of tax powers, so it is able to invest and redistribute wealth.

A sustainable settlement for local authority finance is needed along with reforms of business rates to collect more money and a digital services tax.

**Question 1**

The council tax bands are currently based on property values from 1 April 2003, almost twenty years ago. Do you agree there should be a council tax revaluation in 2025, with property values based on 1 April 2023, to maintain the credibility of the system and distribute the tax burden more fairly? The purpose would not be to raise additional revenue through this exercise.

**Yes / No**

Please enter here:

If the remit of this consultation is solely on retaining council tax and making it fairer, rather than a desire to make taxation in general more progressive, a revaluation is sensible.

A great deal has changed in the housing market since 2003. For instance, Band A under the 2003 valuation is for a property under £44k, which is unlikely to be found in many places today. We agree the link between property values and tax paid has diverged significantly from when the bands were created.

It would be helpful to know how much a revaluation would cost and how it would be funded.

House prices have dramatically increased in the last twenty years, but local authority employees know that amenities have declined or disappeared over the same period due to severe austerity cuts. This has happened at a time when the population’s need for services is rising.

Welsh government has moved to increase financial assistance through the Revenue Support Grant and the amount raised by council tax is dropping each year. This is something not understood by the public.

**Question 2**

Do you agree the Welsh Government should consider adding more council tax bands (for example at the top and bottom ends of the scale) and refit the bands to help make the system more progressive?

**Yes / No**

Please enter here:

UNISON has argued for a more fundamental review of how funds should be raised and where they should come from.

In the absence of a more radical review, adding more bands at both ends of the scale would make a regressive system more progressive. There is a relatively higher tax burden on people living in the lowest value homes and it is right to shift the tax burden to those at the highest end of property values.

Across the population, council tax bills for many, could be higher than their monthly mortgage repayment and many will ask what they are receiving in return.

We note here that council tax brings a comparatively low income to an authority, but it is accompanied by administrative costs and a good deal of political worry for councillors and authorities. We know of authorities which write-off outstanding resident bills because it costs them more to bring in debt collectors than the money they would receive. A good many people on low incomes or no incomes do not pay council tax anyway.

Taking all of this into consideration, it would have been useful for Welsh government to have a detailed review of whether the current council tax system is fit for the 21st Century.

**Question 3**

The Welsh Government is committed to considering transitional arrangements if needed to smooth the effects of reforms. What factors should we take into account when designing these arrangements?

Please enter here:

Welsh government should account for the scale of the change people would experience and a period of more than 12 months of transition is suggested.

Welsh government should work with authorities to provide the assurance that their budgets will not be adversely affected.

**Question 4**

Do you agree the Welsh Government’s Revenue Support Grant to councils should be adjusted to take account of changes to revenues raised in each local area as a result of council tax reforms?

**Yes**

Please enter here:

Council budgets are already under great strain and everything has been accounted for. Council finances will come under further pressure with steep energy prices rises and no extra money has been made available for the 2022 pay offer which must come from existing budgets. If an authority was to collect less tax under the new banding, Welsh government needs to make up the shortfall, otherwise job losses would follow.

It’s clear that authorities do not believe the RSG formula distributes money on a fair basis that ensures it effectively tackles deprivation or accounts for service delivery in large rural, sparsely populated areas. Equally, council leaders may decide on lower council tax rises that are palatable rather than council tax rises that are necessary to meet local need.

We have talked about how council tax rises will never make good the service reductions of the last decade. Authorities need more core funding from Welsh government and in turn, Welsh government must tackle Westminster for this additional funding.

Providing local authorities with more money they could invest in significantly improving care services will ease the acute pressure on the NHS and on NHS spending. It would give people the support they need to remain safe and healthy in their own homes for longer and if they do need to be admitted to hospital, action to agree local care packages to allow them to leave as soon as they are ready.

**Question 5**

Do you agree there should be frequent council tax revaluations at least every five years in the future, to ensure the tax burden is shared fairly amongst taxpayers on a regular basis?

**Yes / No**

Please enter here:

It would be sensible to revaluate now and then to carefully review how that exercise has gone, the consequences and the costs involved.

Welsh government would have to produce a convincing business case before proceeding with revaluations of every five years.

**Question 6**

When properties are significantly improved, properties are only reviewed and potentially rebanded in certain circumstances, for example when the property is sold to a new owner. The Welsh Government is seeking views on whether this policy should change in the future.

**Yes / No**

Please enter here:

Public service workers in UNISON focus groups said people making renovations may be helping councils by fostering or caring for family members and not using more council services.

**Question 7**

Do you have any views on rights of appeal for taxpayers or how council tax debt is managed? Please include any suggested improvements for either of these elements.

Please enter here:

The majority of local authorities write-off debt because they lack the resources to follow it up and shrink from the image it portrays - bailiffs chasing people who cannot pay, is not a political move they want to make.

If people are classed as vulnerable, they need a different policy on arrears, different policy than those who are working.

The right of appeal should be as accessible and easy to use as possible.

**Question 8**

What are your views on how the Welsh Government, the Valuation Office Agency, councils, or other organisations can modernise the service provided to taxpayers and improve transparency of the council tax system?

Please enter here:

Improving the transparency of the council tax system would be of benefit to all. A public education campaign is key to correcting misconceptions and misrepresentation in the media where tabloids moan about ‘gold-plated pensions’.

Most people think council tax is the only thing that funds their local services and paying it entitles them to a level of provision which a council cannot provide today after a decade of austerity. This can often lead them to be confrontational with council workers who are doing their very best with the limited resources they have.

If now there is no youth centre in your area for instance, or the grass cutting has been reduced to once a quarter, or charges for certain waste collection services have been introduced and council tax bills are still rising, people’s perception is they are receiving fewer services and they may well question the validity of council tax.

If people were made aware what council tax actually pays for, they would better understand the financial constraints on councils. This would stimulate a debate about the funds required to provide high quality public services which meet local needs and how that money should be most fairly raised.

**Question 9**

What is your view on the existing discounts, disregarded persons, exemptions or premiums? For example, do you think the current rules are appropriate and fit-for-purpose? Are there particular aspects of the rules which you think need to change or new rules created?

Please enter here:

Public service workers in UNISON Cymru Wales focus groups organised on this consultation remarked that the discount for a single person should be raised from 25% to 50%.

UNISON members in the local government housing sector pointed out how important it is for communications between the benefits agency and councils to be improved so that individuals exempted from council tax don’t end up with substantial bills.

They also draw attention to an anomaly whereby councils are missing out on large revenue when bigger properties are turned into student properties which are not charged council tax. The builder may have received a grant to do the work, but doesn’t have council tax liability and now there are for example, three student flats worth of rubbish generated and to be cleared.

Housing shortages mean working people in private accommodation face high rents and owning a home is beyond reach for many.

Ownership of second homes/holiday homes has aggravate a situation where public service workers and particularly young people are priced out of areas they’ve grown up in.

The only way to effectively alleviate this crisis is with a massive social and council house building programme.

We agree that second-home owners should be charged a premium, but even a rate of 300% will be unlikely to put off a wealthy person who can afford to buy a second property.

**Question 10**

What is your view on whether the Welsh Government should have more flexibility in future to set the rules for the statutory single adult and empty property discounts?

Please enter here:

We agree rules here should be set by Welsh government, so they are the same across whole of Wales.

The Revenue Support Grant could be used more creatively to support those areas, like Anglesey, with a high proportion of elderly people living on their own, who moved to the area in retirement.

It is suggested there is greater flexibility in the application of the empty property discount when a home lies empty for some months after the death of the resident and the adult child is trying their best to sell the property.

**Question 11**

What is your view on how reductions in council tax for properties adapted for use by people living with a disability could be amended, simplified or improved?

Please enter here:

Here we make a general point that in some councils, such as Neath Port Talbot, there is no social housing building and no council sheltered housing. Housing stocks have been depleted and there are not enough properties out there to cater for need. Supporting the disabled, elderly and vulnerable in their own homes keeps the pressure off the health service.

UNISON wants councils to build social and council house at a massive scale, including bungalows and sheltered housing for the elderly. This would deal with loneliness and keep people safe and secure, with sense of community and an outside space for activity.

**Question 12**

Should the Welsh Government be able to amend titles and descriptions of any discount, disregarded person or exemption? Do you think any of the current titles should be changed? What would you consider to be a more appropriate term to replace ‘severely mentally impaired’?

Please enter here:

Welsh government should have maximum freedom to do what it wants in this area to make things fair.

Terms should be simplified wherever possible.

The Welsh Ambulance Service uses the term ‘permanent brain injury’ and ‘learning disability’ is a commonly used and understood term.

**Question 13**

The Welsh Government expects there to be a continued need to support low-income households in paying their council tax bills. Do you have any views about the design of the current scheme, including whether it should continue to be means-tested? Do you have any general views about the scheme?

**Yes / No**

Please enter here:

As the consultation document points out, nearly half of all households in Wales (48%) receive some form of support.

There are wider questions around means-testing assistance. It used to mean help for those receiving benefits, now thousands of working people, including those providing local services, are struggling too. Many are trapped in in-work poverty and are forced to rely on foodbanks. They too require assistance with payment of their council tax bills.

Welsh government must be focused on doing everything it can to lift people out of poverty and this review should include how it can best help low income working households. If council tax was developed appropriately and progressive enough, then would be less need for exemptions.

Public service workers in UNISON focus groups have suggested Welsh government could investigate whether social housing and council housing tenants could have a separate scheme and whether there should be help for first-time buyers.

**Question 14**

Should Welsh Ministers have a duty to set a national scheme to be administered locally by councils, which allows the Welsh Government to make in-year changes if required?

**Yes**

Please enter here:

As the pandemic and current cost of living crisis illustrate, there may be unforeseen major events which require a co-ordinated national response that Welsh government can provide.

As Welsh authorities showed, it was local public service workers that kept communities going through Covid and in-year changes should not adversely affect local council budgets.

Authorities need certainty of their funding and they would benefit from more certainty now.

**Question 15**

Should the existing local arrangements form part of the new national scheme for consistency, whilst acknowledging that councils still retain existing discretionary powers under legislation?

**Yes / No**

Please enter here:

For consistency, they should be agreed for the whole of the country. Fair distribution of monies would lessen the need for discretionary powers.

**Question 16**

We would like to know your views on the effects that the proposed policies would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English. What effects do you think there would be?  How could positive effects be increased, or negative effects be mitigated?

Please enter here:

There will be no impact on the Welsh language, only the housing banding will change and materials are already bilingual.

**Question 17**

Please also explain how you believe the proposed policies could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

Please enter here:

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**Question 18**

We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.

Please enter here:

The most important step the Welsh government could take, as we have said, is to have a conversation with local authorities about what wants them to deliver. UNISON wants to be a part of that discussion too.

Local councils are being asked to do more by Welsh government without always being provided with new funding. The conversation needs to address the statutory requirements and how they differ in practice. For example on the statutory duty on library services: one authority might maintain one library, whereas others to their best to keep several branch libraries open. Elsewhere, there is not a statutory requirement to grit roads, but it happens because councils want to keep people safe. A discussion about what needs to be funded and to what level, would benefit all partners.

We were pleased Mark Drakeford joined UNISON in 2018 in calling for a Robin Hood Tax. The innovative tax on business financial transactions could deliver millions of pounds for cash-strapped Welsh councils. According to the Robin Hood Tax Campaign, at that time, just four months of a Robin Hood Tax could reverse all cuts to total Welsh government spending since austerity began (£1.7bn cuts between 2010/11 TME of £15.8bn (£18.6bn in 2016 prices) and 2017/18 TME of £16.9bn (2016 prices) (TME includes RDEL, CDEL and AME).

Eight councils also signed up to the campaign for a Robin Hood Tax:  Bridgend; Caerphilly; Cardiff; Ceredigion; Denbighshire; Newport; Swansea and Torfaen. Welsh government should campaign for this tax with the UK government and others. More detail can be found here:

<https://cymru-wales.unison.org.uk/news/2017/09/robin-hood-tax-deliver-millions-welsh-councils/>

Low pay in local government, as a direct result of the UK government’s suppression of public sector pay, has an obvious impact on recruitment and attention, where salaries are just not attractive. Flintshire County Council has a 50% vacancy in children’s social workers. Welsh government needs to consider how careers in local government can be made more attractive for young people and provide more funding for training and development.

We have talked of the need to reform business rates to collect more money. Councils want to take a pro-active role in rebuilding their high streets and encouraging people to shop locally.