

SOUTHWARK COUNCIL

COUNCIL ASSEMBLY

(ORDINARY MEETING)

WEDNESDAY 17 OCTOBER 2012

URGENT QUESTION

1. URGENT QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR ANOOD AL-SAMERAI

How much money could be saved for the council by getting rid of council tax exemptions for second homes, repossessed homes and empty homes? How much income could the council generate by charging extra council tax (150%) on long term empty homes?

RESPONSE

The cabinet will agree next Tuesday to recommend to council assembly that we get rid of the council tax exemption for second homes. This will generate an additional £94k of income, equivalent to roughly 3% of the money that the Tory/Liberal Democrat government has cut from council tax benefit in Southwark. This information is available at paragraph 14 of the cabinet report.

The power to remove the exemption for repossessed homes was contained in an earlier consultation of proposals on the government's Local Government Finance Bill. It was subsequently removed and as such the council does not have the power to change this exemption. This is, of course, subject to the final legislation.

The cabinet will task officers at our next meeting to fully investigate opportunities for removing the exemption for empty homes and charging a premium on long-term empty homes. This proposal requires further work as a proportion of empty and long-term empty homes are council properties. This would mean we would be charging ourselves. Any removal of the exemption on these homes would, therefore, simply move the burden of the government's council tax benefit cut onto council tenants in rent. Officers also estimate that (assuming that all long-term empty homes not in the housing revenue account (HRA) are band D properties), charging a premium on long-term empty homes will raise roughly £60,000, or 2% of the total government cut to the benefit.

Once the full work has been completed the cabinet will make proposals on removing exemptions on certain empty homes and any charge of a premium on long-term empty properties. However, it is clear that this will not be sufficient to make up the full amount cut by the government. If the leader of the opposition was really concerned about this matter, she had the opportunity to call on all of Southwark's MPs, including Simon Hughes, to vote against it in parliament. She chose not to.

SUPPLEMENTAL QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR ANOOD AL-SAMERAI

Yes I do thank you very much Madam Mayor. I am very pleased you are looking at this next week Councillor John. Thank you for your answer. I just wondered if you could confirm because you have explained how much revenue it would generate. Will that absolutely be put into offsetting the cut?

RESPONSE

Thank you very much for that supplemental question. I can't honestly say that we have actually concluded that is definitely going like for like. I think what we know is that if we try to fund the whole council tax benefit being passed down to us to administer, if we try to fill that hole we have to find £2.8 million pounds, which we as a borough do not have realistically for the longer term. What we are looking at and will be bringing forward shortly is a separate fund, probably a welfare fund, which I hope that people who are being affected by so many different benefit changes at the moment will be able to look to for some additional financial support. Not only those who are affected by council tax benefit changes but those who will be receiving universal credit from April onwards.

I do not think we can underestimate the scale of change that this means for Southwark residents - the changes for the benefit system going forward in particular to some of our most vulnerable residents, our council tenants in particular. We need to be ready as a council to help them in every way that we possibly can and that is what we are trying to do. That is why we have consulted on the scheme, which in common, I think, with every other council, say for Kensington and Chelsea maybe Hammersmith and Fulham, in London. We are passporting through this cut down to those who have otherwise received 100% council tax benefit until now. We are trying to get them ready to manage these changes to realise that they will have an obligation, which they did not have before. But at the end of the day we do come back to the fact that this is a government cut which we are having to administer. It is not of our choosing. I would much rather be in a situation where we were given the whole amount of council tax benefit we had previously had and we were able to administer that going forward so that people who are genuinely vulnerable can be supported by us as a council. It is invidious, I think, if we start trying to pick between those groups who currently receive council tax benefit and start saying this group is more deserving than this group, than this group, than this group. That becomes an invidious task for us to undertake, and as I think Lord Beecham has written in a blog this week "I do think this council tax benefit change begins to smell and feel and look a bit like the return of the poor law when we as a council are beginning to hand out alms to the poor". It really is not a nice position for us to be in and I do regret the changes that this government has introduced. Sorry that was a long and rambling answer but this is a big and important subject which people do need to be ready for.

SECOND SUPPLEMENTAL QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR ANOOD AL-SAMERAI

I am not completely convinced I got the assurance that the money you can claim back on in getting rid of exceptions on second homes and empty homes would help to offset the cuts for some of those most vulnerable people. The other part of my question had been about whether we can actually make anything out of the new flexibility where we can charge extra for second homes or empty homes and that would certainly be something that at least a bit more assurance that you will try and do that, to help offset that cut for people would be helpful.

RESPONSE

As I say, I don't know because I don't know, and I don't think there is a recommendation yet on this but the cabinet papers will be coming to us next week. I wonder if Councillor Richard Livingstone should answer this bit as he is more knowledgeable than me on this topic and rather than me waffle on a second time, get some direct information from him. I wanted to make a general point as well.

RESPONSE FROM CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY, COUNCILLOR RICHARD LIVINGSTONE,

Thank you, just very briefly, we think on those longer term empty properties we already charge those at a 100% council tax so you would only be able to get the extra 50%. For non council properties, that's around £60,000 we could raise through that. So we have got the £60,000 there and the £90,000 that the leader talked about from second homes. Clearly there are other things that we want to look at and the report that is going to the cabinet next week is recommending that on the empty homes issue we spend a bit of time looking at that with a report coming in November. A big challenge we have got with the empty homes issue is that the biggest landlord in Southwark is Southwark and we don't want to have a situation where the empty homes discount being removed suddenly creates a big bill for the HRA which council tenants have to pay for.