



## HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt Hon Sir Keir Starmer  
Prime Minister  
10 Downing Street  
London  
SW1A 2AA

25 October 2024

Dear Prime Minister,

### **Council Tax**

Congratulations on your election success and the formation of a new Government. Your manifesto's focus on economic growth and commitment to a progressive tax system is timely and crucial. An urgent priority should be reforming Britain's outdated property taxes, which would significantly help Labour meet its manifesto commitments.

**Council Tax** is particularly problematic. Based on property values from over 30 years ago, it no longer reflects current prices. Its flat-band structure means someone in a £100,000 home pays six times more, as a share of property value, than someone in a £1 million home. This regressive nature disproportionately burdens young people, low-earners, and those in less prosperous regions. Reforming Council Tax to reflect actual property values would directly support Labour's commitment to reducing economic inequality and easing the financial strain on struggling households.

The impact is stark: lower-income families are increasingly falling into debt. As of March 2024, outstanding Council Tax debt in England reached £6 billion, a 9% rise from the previous year. This surge in arrears is largely due to rising Council Tax rates, which have increased by up to 5% in many areas to cover escalating costs. Addressing this debt crisis through reform would help Labour meet its manifesto goal of ensuring economic stability and security for all.

If the Government wins a second term and delivers a decade of renewal but leaves Council Tax unreformed, then taxes in 2034 will be based on 1991 valuations. This is unsustainable.

**Stamp Duty** also presents challenges. While more progressive than Council Tax, it discourages homeowners from moving, leading to inefficient housing use. This stifles labour mobility and contributes to broader economic inefficiencies, such as people declining job opportunities due to the cost of moving. Reforming Stamp Duty could encourage a more dynamic housing market, aligning with Labour's goals of boosting productivity and economic growth.

**Both taxes** have fuelled house price inflation and inefficient land use. Council Tax's failure to keep pace with rapid house price growth over the past three decades has deprived the Government of essential revenues and inflated the housing bubble. Investors and second-home buyers, who now represent about a quarter of all residential property sales, are crowding out owner-occupiers. Tackling these issues would help Labour fulfil its commitment to increasing home ownership and making housing more affordable.

To address the housing crisis, a multifaceted approach is required, including the modernisation of planning regulations, an increase in housing supply—especially social housing—and, most importantly, tax reform. The tax should be based on land values or updated property values, encouraging the efficient use of housing. To ensure fairness it should be based on individuals' ability to pay. Such reforms would support Labour's broader goals of building a fairer society and ensuring access to decent, affordable housing.

A fairer system is urgently needed to restore social cohesion, meet Labour's manifesto promises, and ensure that taxes raise sufficient revenue for public services while distributing the burden equitably. Reforming Council Tax and Stamp Duty is a critical step toward achieving this vision.

Yours sincerely,

**Jonathan Brash – Member of Parliament for Hartlepool**

**Liam Byrne – Member of Parliament for Birmingham Hodge Hill & Solihull North**

**Grahame Morris - Member of Parliament for Easington**

**Claire Aston - Director, TaxWatch**

**Sir Vince Cable – Former leader of the Liberal Democrats**

**Martin Dauntton - Emeritus Professor of Economic History, University of Cambridge**

**George Dibb - Associate Director for Economic Policy, IPPR**

**Andrew Dixon – Chair, Fairer Share**

**Liz Emerson - Co-Founder, Intergenerational Foundation**

**David Gordon – Director, Bristol Poverty Institute**

**Rebecca Gowland - Executive Director, Patriotic Millionaires International**

**Emily Grundy – Director, Institute for Social & Economic Research, University of Essex**

**Gavin Kerr - Author of The Property-Ownning Democracy**

**Robin McAlpine - Director, Common Weal**

**John Muellbauer - Professor of Economics, University of Oxford**

**John Myers - Director, YIMBY Alliance**

**Polly Neate - Chief Executive, Shelter England**

**Avner Offer – Chichele Professor of Economic History, University of Oxford**

**Robert Palmer - Executive Director, Tax Justice UK**

**George Peretz KC**

**Freddie Poser – Executive Director, Priced Out UK**

**Andrew Purves - Author of No Debt, High Growth, Low Tax**

**Ben Rich - Chief Executive, Radix Big Tent**

**Josh Ryan-Collins – Professor of Economics & Finance, UCL Institute**

**Murad Qureshi – Chair, Labour Land Campaign**

**Ryan Shorthouse – Chair, Bright Blue**

**Chris Smith - Managing Director, Centre for the New Midlands CIC**

**Will Snell - Chief Executive, Fairness Foundation**

**Danny Sriskandarajah – Chief Executive, New Economics Foundation**

**Beth Stratford - Economist and Honorary Fellow, UCL**

**Rory Sutherland – The Spectator**

**Ben Twomey – Chief Executive, Generation Rent**

**CLlr Tony Vickers - Co-founder, Liberal Democrat ALTER**

**Torrin Wilkins - Director, Centre Think Tank**

**Lord Ian Wrigglesworth Kt**