

LOCAL GOVERNMENT INFORMATION UNIT
NEWS RELEASE

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Council tax relief could be short-lived

The Local Government Information Unit (LGIU) has warned that the £200 council tax discount in today's Budget to help pensioners must be followed by radical reforms to local government finance.

The discount will cost £800 million in 2005/06.

Dennis Reed, LGIU Chief Executive, said: "The £200 council tax discount for pensioners will on the face of it bring welcome relief to many pensioners. However, this ignores non-pensioners on low and fixed incomes who also suffer from the unfairness of the existing council tax system and the excessive burden that has accumulated upon it.

"Moreover, if the government does not announce radical reforms to local government finance in Sir Michael Lyons' Balance of Funding review later this year, aimed at lightening the load on domestic council tax-payers, this gain for pensioners will be more than wiped out by future increases in the council tax, especially for those finding themselves in a higher band from 2007 as a result of the property revaluation process."