

LOCAL GOVERNMENT INFORMATION UNIT
NEWS RELEASE
RELEASE IMMEDIATE: 27 October 2004

Why are we waiting?

The Local Government Information Unit (LGIU) has welcomed indications that the Government will reform council tax benefit to help the poorest, but questioned why wider reform of the council tax cannot be announced.

Dennis Reed, LGIU Chief Executive, said: "News of council tax relief for the poorest is welcome, although its emergence through unattributed and selective briefings is less helpful. The Government appears to be indicating an intention to reform council tax benefit after the next election, along the lines advocated by the LGIU, in order to help pensioners and others on low incomes.

"As benign as this development appears, these Whitehall whispers raise concerns about why other changes to the council tax have been postponed. Ministers have been telling us that all the issues around reforming local government finance had to be dealt with together in the inquiry by Sir Michael Lyons that will report late in 2005. However, if the Government can give indications about the future of means testing in council tax benefit, the needless delay, in favour of yet another inquiry, in announcing wider council tax reforms becomes even less convincing. No-one has accused ministers of rushing this issue!

"To resolve the council tax issue properly, as it must be before the forthcoming property revaluation takes effect in 2007, we need proposals that address the well-known unfairness of the council tax at the top and bottom of its banding structure and to relieve the excessive pressure placed on domestic council tax-payers by a system of local government finance in which only a quarter of revenue is raised locally from a narrow range of sources. There is no convincing reason for us to be forced to wait another year for this.

"As it is, unless the Chancellor buys another year for the reform process by finding another £1 billion in his forthcoming Pre-Budget Report to close the gap in local authority funding, next spring will see a renewed crisis over upward pressure on council tax bills, another unproductive dispute about council tax capping and further cuts to those council services not protected by ringfencing. What's more, the promised new discount system to assist the poorest will not be in place for 2005/06."