

Sue Essex AM

Minister for Finance, Local Government and Public Services

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Local Government Act 2003 – Council Tax Discounts

I am writing to inform members of a new power for local billing authorities to create locally defined discounts and exemptions for the first time since the council tax was introduced in 1993.

Section 76 (Billing authority's power to reduce amount of tax payable) of the Local Government Act 2003 inserts a provision (section 13A) into the Local Government Finance Act 1992 and enables discounts and exemptions in respect of council tax to be granted by a billing authority.

Discounts could be applied to ease the council tax burden in an individual case or for a particular class of council taxpayer. This might include anyone suffering from temporary hardship (for example flood or fire), or a disabled person or the elderly. These matters are for decision at local level and it will be a matter for authorities (on the basis of their own professional advice) to determine what is appropriate or desirable.

As the new power is discretionary, each billing authority can decide its own criteria and offer different discounts and exemptions tailored to meet the needs and wishes of their local taxpayers. This extends to reducing bills by 100% if that is what the billing authority decides. If a billing authority chooses to use this power it will be for the authority to provide the funding to pay for the discount.

The new provisions come in to force on 18th November 2003 (two months after royal assent) and discounts could be offered for council tax bills issuing in 2004/05 if that is what authorities decide.

We are aware of plans by Kent County Council to develop a scheme to offer a discount to pensioners in Kent. This could be done by billing authorities (ie district councils) under the new power of section 76 in the Local Government Act 2003. I understand Kent are also looking at the possibility of a flat rate rebate for all pensioner households using their "well being" power in the Local Government Act 2000.

Kent County Council would need to negotiate with the district authorities in the county to get them to offer the discount. Kent is still working up details of the scheme and has appointed consultants to look at the practicalities.