

APPENDIX 5

Report of: Head of Transactions & Customer Excellence

Report to: Overview and Scrutiny Management Committee

Date of Decision: 18th February 2009

Subject: Proposed Council Tax Discount for Persons Over the Age of 65 and Special Constables

SUMMARY

The General Fund Revenue Budget due to be considered by Council on the 18th February contains provision for the introduction of two Council Tax Discounts: one for properties where all occupants are over the age of 65 and one for properties where Special Constables reside and perform their duties within the city.

BACKGROUND & BRIEFING DETAILS

1. In recent years concern has been expressed about the impact annual increases in council tax (on average around 5%) have had on households whose income or savings are just above the thresholds for benefit entitlement.
2. In particular households on fixed incomes which rise only in line with inflation indices have found a real reduction in disposable income once the annual council tax increase is met. One such group affected in this way are pensioners.
3. With this in mind it is proposed as part of the budget process for next year, to introduce a 10% council tax discount for properties where all residents are over the age of 65 and are not in receipt of council tax benefit. The aim being to limit the effect of future council tax increases on these households, whose incomes are fixed or only inflation linked.
4. In addition to this, as part of the Council's objective to improving community safety and reducing crime and disorder, it is also proposed as part of the budget process to introduce a 100% council tax discount for properties where a Special Constable resides and who performs their duties with the city area.
5. The estimated cost of these discounts is £1.3M.

RESOURCES/POLICY/FINANCIAL/LEGAL IMPLICATIONS

6. The Solicitor to the Council sought Leading Counsel's opinion on both of these proposals and this has informed the legal advice to the Council.
7. The Solicitor to the Council advises that both of these groups of council tax payers would constitute a 'class of case' within the relevant legislation and that the exercise of these powers is a function of the Cabinet.

OPTIONS

8. Clearly the formulation of the budget centres around different options for spending and saving that are priority driven and will differ from one political group to another. Alternative budgets with different options are usually presented to Council at the budget setting meeting in February. This option is proposed within the Cabinet's budget proposal which is being considered by Cabinet on 2nd February and Full Council on 18th February.

Appendices:

Appendix 1: Cabinet Report – Proposed Council tax discounts for persons over the age of 65 and Special Constables