# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

|  |  |
| --- | --- |
| **TITLE** | **Update on council tax reform** |
| **DATE** | **15 May 2024** |
| **BY** | **Rebecca Evans MS, Cabinet Secretary for Finance, Constitution and Cabinet Office** |

I am providing an update to Members on council tax reform in Wales, the [results of our recent Phase 2 consultation](https://www.gov.wales/fairer-council-tax-phase-2), and our continued plans for making the system fairer and more up-to-date.

In considering how to take forward this complex agenda that impacts on households across Wales, our goal is to create a system that is fair in operation and fair in implementation.

I would like to thank Plaid Cymru for the detailed work we have undertaken together based on our shared determination to reform council tax. I am also grateful to our partners in local government for their engagement on this issue which requires partnership working and compromise to find solutions. In considering the impact of implementation, we are mindful of the need to provide stability to local government as they work to protect services at a time of significant pressure.

I am extremely grateful to everyone who responded to our Phase 2 consultation. A total of 1,676 responses were received from members of the public and a wide range of expert organisations. Overall, 67% of respondents wanted some changes to council tax and opted for a type of system. There was greatest support for reforms at the more minimal end of the spectrum (32%), although a sizeable group indicated a preference for an expanded version of reform (23%).

On the pace of implementation, the choice receiving the most support was reform over a slower timeframe, with 35% of respondents opting for this timeframe, starting in 2028. 24% of respondents preferred the fastest timetable (from 2025) and17% of respondents preferred staged implementation.

Having listened carefully to the consultation responses and the broader public conversation, I intend to deliver council tax reform over a slower timeline in line with the majority view of those who responded to our consultation.

We now plan to introduce the structural reforms to the council tax system from 2028, although I will deliver other improvements by the end of the Senedd term. While looking at options for reform, we have also considered the necessity of an appropriate transition fund and the immediate implications such a fund would have on the broader financial pressures we currently face. I believe this approach demonstrates a continuing commitment to fair and progressive taxation, as well as this Welsh Government’s commitment to listening to the people of Wales.

The Welsh Government remains committed to our aim of making council tax fairer and more up-to-date. We have achieved a great deal towards this aim already, and I now wish to set out a clear and definite path to delivery of further improvements from 2028.

Wales is the only nation of the UK to have revalued council tax, meaning council tax in England and Scotland is still charged according to 1991 property values. However, council tax bands in Wales are now based on information that is more than twenty years old. We are in the process of establishing regular revaluation cycles in the Local Government Finance (Wales) Bill that is currently being scrutinised by the Senedd. I will bring forward an amendment to the Bill to begin five-yearly revaluations from 2028. This will keep council tax fair and responsive to economic circumstances, and it provides a regular opportunity for taxpayers to engage with the revaluation process, improving the transparency of how things work. Placing regular updates on a statutory footing provides much needed clarity for taxpayers and local authorities.

On revaluation, we have made excellent progress. The Valuation Office Agency (VOA) has developed new technology in discussion with international experts on valuation methods. We now have systems in place which provide comprehensive and robust information about up-to-date property values to advance our path to delivery in 2028.

We also plan to regulate by the end of this Senedd term to improve the appeals process so that it is streamlined, more effective and easier to navigate. We are working with the Valuation Office Agency to improve transparency of information and taxpayer participation in the property valuation process, so that the agency is able to provide a better more modern service to taxpayers.

We will regulate by the end of this Senedd to help households struggling in arrears by clarifying and improving the steps that local authorities can take during the enforcement process, to ensure we embed best practice in the treatment of households struggling the most, while ensuring those who can afford to contribute do so.

I would like to recognise the significant contribution to the work of council tax reform from the Institute for Fiscal Studies. The [report](https://ifs.org.uk/publications/assessing-welsh-governments-consultation-reforms-council-tax) the IFS released alongside our Phase 2 consultation provided an in-depth assessment of the possibilities. We will refine the options and continue working with the Valuation Office Agency, local government and the public on the design and implementation of a fairer council tax.

We are also legislating through the Local Government Finance (Wales) Bill for the additional flexibility we need on discounts and reductions so that they remain fit for purpose long into the future. Nearly half of households in Wales currently receive some form of reduced council tax bill, including essential support provided to low-income households through our Council Tax Reduction Scheme. We are [consulting](https://www.gov.wales/proposed-changes-council-tax-reduction-scheme) on measures to make the Council Tax Reduction Scheme easier to access and simpler to administer. We are committed to retaining the one-adult discount and to keeping the level of discount at 25%, reducing council tax for half a million households. As take-up of other types of support can be low or variable, the one-adult discount is important for many households during times of financial constraint.

Finally, we are reviewing the information available to taxpayers about council tax to raise awareness of how it works and what it pays for, given the contribution it makes services such as education, social care, housing, and policing.

Council tax remains a central part of how we fund local government in Wales. Almost everyone benefits in some way from the contribution it makes to the work of our local authorities. However, we have to make sure the way we collect council tax is fair and based on the most consistent and best information that we have available. We also need to recognise the financial pressures that households are living through at the moment.

I will continue working through these challenges in the years ahead, and I am protecting local services as much as possible at a time of enormous pressure on the Welsh Government’s and local government budgets.

The work I describe above addresses our commitment to creating a fairer council tax system while ensuring that our arrangements are fair in both operation and implementation.