

24th May 2024

OUTCOME OF CONSULTATION ON 'A FAIRER COUNCIL TAX'

Purpose

1. This paper provides the latest position on council tax reform following a Written Statement and the consultation in respect of a [Fairer Council Tax](#).

Consultation

2. At the end of 2023 the Welsh Government consulted on 3 possible approaches to designing a fairer Council Tax system.
 - **Approach 1** – Maintain current system with revalued properties placed into an updated version of the existing 9 band structure.
 - **Approach 2** – Revalue properties into the current 9 band structure and change the tax rates.
 - **Approach 3** – Revalue properties, increase the 9-band structure to 12, redraw the band widths and change tax rates.
3. The Welsh Government also asked when the changes could be made to the Council Tax bands and tax-rates.
 - **Option 1** – April 2025 as originally planned.
 - **Option 2** – Defer until 2028.
 - **Option 3** – incremental.

Outcome

4. On the 15 May the Welsh Government issued a [Written Statement](#) giving an update on council tax reform in Wales, the results of the recent Phase 2 consultation, and the continued plans for making the system fairer and more up-to-date. Following analysis of almost 1700 responses, the Welsh Government announced their decision to proceed on a slower timeframe which reflected the majority view of the responses. All councils agreed that change was needed to the council tax system and whilst there were some who preferred implementation from April 2025, most opted for a slower timeframe of 2028.

5. Deferring to 2028 allows the Welsh Government and local authorities to effectively implement a council tax revaluation in a more considered way and maintain stability to an efficient tax system.
6. It is encouraging that other work associated with the reform of council tax continues to progress, such as a wholesale review of the suite of discounts, disregards, exemptions and premiums.
7. A review of the national Council Tax Reduction Scheme is also ongoing and the recent announcement by the UK Government of accelerated migration to Universal Credit will impact upon this. Deferral until 2028 will allow this exercise to be completed and ensure our most vulnerable residents remain supported.
8. Local government remains committed to working alongside Welsh Government on all aspects of council tax reform. The WLGA's response to the Cabinet Secretary's Statement is set out at Appendix 1.

Local Government Finance (Wales) Bill

9. The Bill that is currently progressing through the Senedd, includes provisions to place five-yearly revaluations on a statutory footing. Therefore after 2028, taxpayers will have the certainty of knowing that their property values will be regularly updated to reflect market trends.
10. The Bill will also contain provisions to implement proposed changes to discounts and reductions to ensure they are fit for purpose moving into the future.

Recommendations

11. Members are invited:

11.1 To note the content of this report.

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Appendix 1

DATGANIAD I'R WASG CLILC / WLGA PRESS RELEASE
Dydd Mercher 15 Mai 2024 / Wednesday 15 May 2024

I'w ryddhau ar unwaith / For immediate release

Ymateb CLILC i gyhoeddiad Llywodraeth Cymru ar ddiwygio'r dreth gyngor

Mewn ymateb i gadarnhad Llywodraeth Cymru ynghylch yr amserlen ar gyfer diwygio'r dreth gyngor, mae Cymdeithas Llywodraeth Leol Cymru (CLILC) yn cyhoeddi'r datganiadau canlynol gan arweinwyr grwpiau gwleidyddol:

Y Cynghorydd Andrew Morgan OBE, Arweinydd Grŵp Llafur:

"Rydym yn croesawu'r cyhoeddiad heddiw ar ddiwygio system y dreth gyngor sydd wedi bod angen diweddariad am amser hir. Dylai'r diwygiad hwn helpu i sicrhau ei fod yn decach ac yn fwy cynaliadwy. Mae'n dda gweld bod y penderfyniad hwn yn dod ar ôl ymgynghori helaeth gan fod angen iddo adlewyrchu lleisiau cyngorau a phobl Cymru. Rhaid i unrhyw newidiadau a wneir roi blaenoriaeth i les ein cymunedau a diogelu gwasanaethau lleol hanfodol."

Y Cynghorydd Mark Pritchard, Arweinydd Grŵp Annibynnol:

"Mae'r dirwedd ariannol bresennol, ar gyfer cyngorau a dinasyddion yn bendant yn llwm ac felly mae'n rhaid i unrhyw benderfyniadau ar y trethi y mae unigolion a theuluoedd yn eu talu gael eu gwneud trwy gydweithio ystyrlon a rhaid iddynt fod yn dryloyw. Mae'n gywir fod trethdalwyr yn cael cyfle rheolaidd i ymgysylltu â'r broses ailbrisio ac rwy'n falch o weld bod y Bil hwn yn caniatáu hynny. Yn fy marn i, byddai wedi bod yn well i'r diwygiad hwn ddigwydd yn gynharach na'r amserlen a awgrymwyd yn 2028, ond rwy'n cydnabod bod yn rhaid i'r Llywodraeth wrando ar y consensws cyffredinol a adlewyrchir ym mhob ymgynghoriad ystyrlon."

Y Cynghorydd Llinos Medi, Arweinydd Grŵp Plaid Cymru:

"Mae cyhoeddi amserlen ar gyfer diwygio'r dreth gyngor yn gam sylweddol ymlaen wrth fynd i'r afael ag anghenion esblygol ein cymunedau. Mae ymrwymo i ailbrisio rheolaidd a gweithredu gwelliannau erbyn diwedd tymor presennol y Senedd yn rhan allweddol o'n Cytundeb Cydweithredu gyda Llywodraeth Cymru ac yn dangos ein hymroddiad i greu system drethiant ymatebol."

Y Cynghorydd Andrew Parkhurst, Arweinydd Grŵp y Democratiaid Rhyddfrydol:

"Mae pob awdurdod lleol yn gytûn bod angen treth gyngor decach. Mae'r diwygiad hwn yn enghraifft wych o Lywodraeth Cymru a llywodraeth leol yn cydweithio ar gyfer cymunedau Cymru, fel y gwelsom yn y gweithgorau a'r fforymau partneriaeth niferus a helpodd i lunio'r newid hwn."

- DIWEDD -

WLGA response to Welsh Government announcement on council tax reform

In response to the Welsh Government's confirmation regarding the timeline for the reform of council tax, the Welsh Local Government Association (WLGA) issues the following statements from political group leaders:

Cllr Andrew Morgan OBE, Labour Group Leader:

"We welcome today's announcement on reforming the council tax system which has needed an update for some time. This reform should help to ensure that it is fairer and more sustainable. It's good to see that this decision comes after extensive consultation as it needs to reflect both the voices of councils and the people of Wales. Any changes that are made must prioritise the wellbeing of our communities and safeguard essential local services."

Cllr Mark Pritchard, Independent Group Leader:

"The current financial landscape, both for councils and citizens is decidedly bleak and so any decisions on the taxes that individuals and families pay must be arrived at through meaningful collaboration and must be transparent. It is right that taxpayers are provided regular opportunity to engage with the revaluation process and I'm glad to see that this Bill allows for that. In my view, it would have been better for this reform to occur earlier than the suggested timeline of 2028, however I acknowledge the Government's must listen to the prevailing consensus that are reflected in all meaningful consultations."

Cllr Llinos Medi, Plaid Group Leader:

"The announcement of a timeline for council tax reform signifies a significant step forward in addressing the evolving needs of our communities. Committing to regular revaluations and implementing improvements by the end of the current Senedd term is a key part of our Cooperation Agreement with the Welsh Government and demonstrates our dedication to creating a responsive taxation system."

Cllr Andrew Parkhurst, Liberal Democrat Group Leader:

"All local authorities are in agreement that a fairer council tax is needed. This reform is a great example of Welsh Government and local government working together for Welsh communities, as we have seen in the numerous working groups and partnership forums that helped to shape this change."

- Ends -