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Llywodraeth Cymru
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John Griffiths MS
Chair, Local Government and Housing Committee
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Dear John,

Thank you for your letter requesting further information on some of the issues we discussed during my attendance at the Local Government and Housing Committee on 29 September.

Level of reserves retained to deal with the cost-of-living crisis and other commitments

The first supplementary budget of 2022-23 published on 21st June identifies fiscal resource (i.e. revenue) reserves of £152.3m. This is available to use for emerging in-year pressures and priorities, such as managing the impact on our commitments or the humanitarian response to the war in Ukraine which was not known to impact at the time of setting our budget, for example. Full details of allocations from the reserve will be published as part of the second supplementary budget of 2022-23 later in the year.

Discussions Welsh Ministers have had with trustees of pension funds on ways in which local authority pension funds could be used to best effect within Wales, and in particular in relation to investing in housing and RSLs

On the possibilities for Local Authority pensions investing in other priorities such as housing, the Committee will be aware that Local Authority pensions are not devolved. The locally elected members who sit on local authority pensions committees are responsible, within the framework of legislation provided by the UK Government, for decisions on investments. Pensions Authorities have a fiduciary responsibility to secure the best outcome possible for their investments in order to safeguard the long-term pensions benefits for their members. Welsh Ministers have some years ago suggested to local government pensions authorities that they could consider the wider benefits from investment in local infrastructure or other schemes when considering investment while continuing to deliver against their fiduciary responsibilities. I am aware that some Welsh and English authority funds do undertake local investments of this sort. The development of Local Authority Pensions pools

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

was partly intended to facilitate greater investment in infrastructure, including specifically in local infrastructure. The UK Government, which is responsible for the legislative framework for the local government pension scheme is seeking to increase pensions investment in local infrastructure and has suggested a target of 5%.

Information on whether any town or community council clerks are politically active within local authorities

The Welsh Government does not hold any information on whether town or community council clerks are politically active within local authorities. We have approached both the Society for Local Council Clerks (SLCC) and One Voice Wales (OVW) who have both confirmed they also do not hold this information.

Further information on the impact of the removal of the Digital Democracy Fund on local government's digital needs

The Digital Democracy Fund (just over £800,000 in the 2020-21 financial year) was a one off, seed-corn fund targeted at enabling principal councils to quickly get up to speed with the requirements of the Local Government and Elections (Wales) Act 2021 in respect of hybrid meetings and broadcasting of full council meetings only. It was not a general purpose fund to support, for example, the digitisation of services.

The Welsh Government is seeking to promote a sector led approach to digital service transformation in local authorities across Wales. We have provided for the Local Government Chief Digital Officer (LGCDO) hosted within the WLGA to provide strategic leadership within local government to drive digital improvement.

The LGCDO manages a 'comparative needs' approach to the administration of the £1m Digital Fund, whereby digital transformation projects which solve shared problems collaboratively are identified by the LGCDO through engagement with the sector.

How many local authorities (including town and community councils where possible) are holding meetings entirely remotely at present, and whether you are satisfied that local government is adhering to legislation and guidance appropriately, particularly with regards to accessibility and public participation

As I stated at Committee, I believe it is entirely possible for hybrid and remote meetings to be as robust as face-to-face ones in providing opportunities for effective scrutiny. I also mentioned that it is still very early days for this way of working and therefore I have not yet undertaken or commissioned any evaluation of the nature, extent or effectiveness of the opportunities provided in the Local Government and Elections (Wales) Act 2021 to work innovatively through the use of hybrid and remote meetings.

It is worth noting the Welsh Government, the WLGA and One Voice Wales do not routinely collate information on the number of principal councils or community and town councils holding meetings entirely remotely, or on their adherence to legislation and guidance on accessibility and public participation. The latter would fall to Audit Wales to consider.

I would, however, like to take this opportunity to restate that I welcome examples from Committee members of particular issues or good examples which I would be very happy to discuss with colleagues in local government. I am able to say I have received positive feedback from principal council Leaders at the Partnership Council on the benefits of this

way of working including supporting diversity, for example by removing the need for travel time, addressing safety concerns and improving the work life balance of members. Also, to help provide a clearer picture of the extent to which community and town councils are able to support remote access to their meetings, I asked the Chief Digital Officer for Local Government to carry out a Digital Discovery Survey. The survey, which closed on 7 October, will provide evidence to inform future action to support town and community councils to meet their responsibilities.

Work currently being done to explore the potential for a future local land value tax in Wales

In February 2021, I published [Summary of Findings](#) from the work the Welsh Government carried out over the fifth Senedd term examining a range of options for reforming the local government finance system in Wales. This included a [technical assessment](#) commissioned from Bangor University which looked at a local land value tax as a potential alternative to the existing local taxes, council tax and non-domestic rates.

Our Programme for Government includes a commitment to seek to reform council tax to ensure a fairer and more progressive system. In December 2021, I made a Statement setting out my plans for delivering reforms to the council tax system during this Senedd term while continuing to explore options for the longer term.

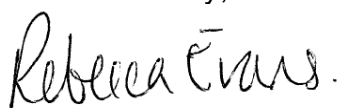
Following this, on 29 March this year, I set out a programme of non-domestic rates reform that will be delivered over the next four years [\[link\]](#). This included a commitment to continue to explore the potential for a local land value tax as a replacement for non-domestic rates, building on Bangor University's detailed technical assessment last term.

Over the next four years, we will move forward with the findings from Bangor University's report, drawing on a wide range of expertise to develop a clear understanding of what such a significant change would look like for Wales and how it could work in practice. This analysis will include a potential roadmap for implementation.

On 21 September, I published a consultation seeking views on reforming non-domestic rates in Wales [\[link\]](#). The consultation builds on the statement of 29 March 2022. The consultation seeks views on the possibility of a local land value tax, responses will be used to inform further work in this area.

Changes to the local government finance system affect household and business finances in a very direct way and the system deliver over £3bn a year towards the funding of vital local services. We must, therefore, be able to assess the full impact of any proposals before making changes. I must emphasise that the exploration of a local land value tax as a potential replacing for one or both of the existing local taxes would be a large and complex exercise which would require substantial investment and detailed planning extending over more than one Senedd term.

Yours sincerely,



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