

Response to LG Finance Wales Consultation

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Organisation

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By email to: SeneddHousing@senedd.wales for the attention of Local Government and Housing Committee, Welsh Parliament, Cardiff

One Voice Wales sees this as another missed opportunity in terms of there being no contribution from local business rates towards Community and Town councils. The sector has long argued for this to be the case and carries out a great deal of work in support of town centre economies (and especially so during the pandemic). It is anomalous that such a funding stream is not in place.

We have consulted with member organisations on the proposals and attach the response received from Pembrey and Burry Port Town Council. The Council recommends that the Welsh Government suspends its plans to re-value 1.5 million homes in Wales as it believes that due to the present cost of living crisis where the people of Wales have suffered unprecedented increases in the cost of Gas, Electricity, Food, Mortgages/Rents, Water Rates, Council Tax etc. an additional setback instigated by Welsh Government would cause widespread anger across the electorate and possibly lead to public unrest, predictably when the full implications of the Bill become evident.

LOCAL GOVERNMENT FINANCE BILL

Following your email of 28th November, please see below the response on behalf of **Pembrey and Burry Port Town Council**. We should be grateful if you would please include our concerns in your reply to the Welsh Government.

We would recommend that the Welsh Government **suspends** its plans to re-value 1.5 million homes in Wales. We believe that due to the present cost of living crisis where the people of Wales have suffered unprecedented increases in the cost of Gas, Electricity, Food, Mortgages/Rents, Water Rates, Council Tax etc. an additional setback instigated by The Senedd would cause widespread anger across the electorate and possibly lead to public unrest, predictably when the full implications of the Bill become evident.

History

Council Tax was introduced in 1991 as a replacement to the Poll Tax. The Council Tax is based on the value of property with valuations banded from A to H. Band D is often referred to as the "average" banding for Welsh properties. In 2003 there was a call to re-value all properties in the United Kingdom. England decided to postpone the revaluation "until after the next election", while the Welsh Government pressed on to revalue Welsh domestic properties – England continues to calculate Council Tax at 1991 property values.

The impact on Wales was that more than a third of properties found themselves in one or two bands higher than under the 1991 valuation and only 8% of properties were moved down in bands.

A large shift of properties between bands should cause a shift in the allocation of the charge between bands and the tax levied for each particular band should then drop, as the total amount collected should remain the same. This was not the Welsh experience.

According to the Office for National Statistics (ONS) the average domestic property value increased by 172% between 1991 and 2023

A house valued at £52,000 in 1991 would be worth approx.. £141,440 in 2003

Band	Property Value 1991 Valuation	<i>Range of values 2003</i>	
A	£40,000 or less	A	Values not exceeding £44,000
B	£40,001 to £52,000	B	Values exceeding £44,000 but not exceeding £65,000
C	£52,001 to £68,000	C	Values exceeding £65,000 but not exceeding £91,000
D	£68,001 to £88,000	D	Values exceeding £91,000 but not exceeding £123,000
E	£88,001 to £120,000	E	Values exceeding £123,000 but not exceeding £162,000
F	£120,001 to £160,000	F	Values exceeding £162,000 but not exceeding £223,000
G	£160,001 to £320,000	G	Values exceeding £223,000 but not exceeding £324,000
H	£320,001 and over	H	Values exceeding £324,000 but not exceeding £424,000
		"I"	Values exceeding £424,000

A property valued at £52,000 in 1991 would fall within Band B – However, in 2003 the same property would fall within Band E. Following the 2003 re-valuation an additional Band I was introduced in Wales for property values in excess of £424,000. England has not introduced this further Band

Carmarthen County Council Tax Bands 2023/2024

A £55k property within **Band B** in 2003 would be charged **£1,484.51**
 The same property revalued at £141,000 would fall within **Band E** in 2003 and would be charged **£2,332.81**









This is an increase of £848.30 on a modestly valued property

At the same time, the public the Welsh Government appear to be spending what seems to be unlimited funds on unpopular projects such as, little used cycle paths and the 20 mph speed limit.

A....£1,272.44
B....£1,484.51
C....£1,696.59
D....£1,908.66
E....£2,332.81
F....£2,756.95
G....£3181.10
H....£3817.32
I....£4453.54

Council Tax Band D... £1,908.66	
	Roads & Transport £68.19
	Education & Children's Services £681.22
	Housing & Adult Social Care £380.13
	Economic Development, Cultural, Environmental & Planning Services £178.05
	Other Council Services e.g. Council Tax benefit, Property & Democratic Services £140.29
	Mid & West Wales Fire & Rescue Service £43.09
	Dyfed-Powys Police and Crime Commissioner £312.65
	Town & Community Council (average) £105.04

BAND D PROPERTY PAYS £159.05 per month

Council Tax Band G... £3181.10	
	Roads & Transport £113.65
	Education & Children's Services £1135.37
	Housing & Adult Social Care £633.55
	Economic Development, Cultural, Environmental & Planning Services £296.75
	Other Council Services e.g. Council Tax benefit, Property & Democratic Services £233.81
	Mid & West Wales Fire & Rescue Service £71.82
	Dyfed-Powys Police and Crime Commissioner £521.08
	Town & Community Council (average) £175.07

BAND G PROPERTY PAYS £265.09 per month

If the above monthly increase in Council Tax is replicated in 2024, the impact on family finances would be drastic, when there is already little room for manoeuvre in the constant fight many families endure when trying their best to make ends meet. We feel that the Welsh Government have chosen to ignore this detrimental impact on family funding.

The Finance Bill

The Bill is over 50 pages in length and we would like to bring your attention to the salient points mentioned within the Bill.

All items in the review below are copy pasted from The Bill – our comments are typed in italics

REVIEW PRESENT BANDING

An initial revaluation could be delivered without primary legislation but it presents an important backdrop to the provisions in the Bill, including those for regular revaluations, that this impact assessment considers.

1.5m domestic dwellings in Wales - domestic dwellings will be **consistently revalued and re-banded**

Local authorities will be responsible for implementing the results of the regular revaluations in relation to updating council tax accounts and issuing council tax bills to taxpayers.

Giving Welsh Ministers certain regulation-making powers Flexibility to **reschedule or cancel** a property revaluation exercise

There is no mention in the Bill relating to the cost of consistently re-valuing domestic properties in Wales. The cost of a valuation can presently range between £150 to £800. We do not expect that the Valuation Office would apply these charges for each property re-valued. However, say the charge made to the Welsh Government was agreed at £50 per property – total cost would amount to £75 million, which could be ongoing every three years and is an incredible sum when compared to the £33 million spent on introducing the 20 mph speed limit in Wales.

Also, giving Welsh ministers the flexibility to reschedule or cancel a property revaluation exercise could be construed as powers to cancel a revaluation in periods where property valuations fall, possibly resulting in lower income for the Welsh Government.

HOW AND WHY

Introduction of statutory regular **revaluation** cycles of the tax base (**at least every 5 years**) with every **3 years** also mentioned in the Bill

Council tax bills will track the market more closely

Removing the requirement for local authorities to publish council tax details in local newspapers – digital communication only

People living in rural areas can be excluded from digital services due to problems in broadband provision - notice to be displayed in **at least one library in each local authority**

The Bill provisions will allow Wales to react quickly to impacts such as those experienced during the pandemic and the cost-of-living crisis.

Valuation Office Agency (VOA), who are key in delivering the regular council tax revaluations
The Welsh Government can take beneficial actions to reduce wealth inequalities.

Statistical research by the University of Sheffield and CaCHE showed that “**the tax burden is much higher at lower bands both in terms of proportion of property capital value, and proportion of income of resident households**”.

The above appears to stack the benefits of consistent revaluation in favour of the Welsh Government. There is no mention of cost and reverting to providing notice in one Library in each Local Authority seems to be cost saving at the expense of the electorate. There is mention of Wealth inequalities – no thought whatsoever has been given to the older generations who are property rich and income poor. This relates to pensioners living in lifelong family homes which have increased in value over the years. These people are reluctant to downsize from the home they have occupied for the last half century, the home they have saved hard for over the years and where the family grew up. They now find themselves on modest pensions and many struggle with finances such as provision for heating, lighting and food. The Welsh Government have ignored this substantial proportion of the population when they speak about redistributing wealth solely on the back of the value of property. Elderly people living in high value homes and on low income will be impacted more than other groups – especially when they struggle to heat their homes in winter and are too proud to ask for benefits.

GENERAL IMPACT

Welsh-speaking households could see increases in their council tax bills as a result of regular revaluations. This could place a further pressure on household finances. Conversely, many Welsh-speakers in North and South West Wales living in post-industrial towns – which are areas of multiple deprivation – could see reductions.

Taxpayers could be "permanently worried about the bills being raised to unaffordable levels Welsh Government to conduct in-depth analysis of the impact on households that are likely to experience changes in their bills, and other changes as a result of reforms. This data will help officials and Ministers to identify which types of households might be adversely impacted by a revaluation and to inform appropriate action. This information may also be used to consider transitional arrangements where required.

.IMPACT ON HOUSEHOLDS

Families with children living in relative income poverty would see an increase in their council tax bill following a revaluation – consistent revaluations will reduce this impact over time.

The impact will be more pronounced in lower socio-economic contexts, where people are more likely to depend on public services

Reduce the financial burden for those in poverty, reduce the tax burden placed on people with lower wealth or people experiencing socio-economic disadvantage

Regular revaluations - more adaptable and responsive funding system.

Rebalances the burden on households - fairly distributed amongst households, maximising our support to those who need it most.

Some households having less disposable income and financial support can be accessed by all people who need it.

Transferring liability from the households with least wealth to those with more, by reviewing exemptions and discounts which are used to balance the amount of tax payable for specific sets of individuals and households - more democratic system – making Wales a more equal nation

Is it possible that the proposal might have a negative effect on the promotion and protection of culture and heritage, or the ability of people to participate in arts, sport and recreation?

There seems to be little concern for the electorate other than "people living in areas of multiple deprivation – could see reductions" There is an arrogance here and a complete disinterest in the plight of the 30% of Welsh Families who will have to bear the brunt of this project. The Project seemingly supports a regional government with little thought regarding the impact of poorly envisaged projects with a record of high spending - while delivering services such as the NHS and Education at a standard well below what's on offer in in England and the rest of the United Kingdom

IMPACT ON WELSH GOVERNMENT & LOCAL GOVERNMENT

Review the current council tax reduction scheme (CTRS) and introduce flexibility to make in-year changes to the scheme

Review the current discounts, disregards, exemptions, and premiums schedule as well as...

Provide Welsh Ministers with increased legislative flexibility regarding the CTRS and to make more substantive changes in the future, removing the restriction which prevents a scheme from being amended within the year.

Provisions in the Bill will allow Welsh Ministers to update, create/change or remove discounts, disregards and exemptions, and to make in-year changes to the CTRS

Welsh Ministers given the ability to provide local authorities with discretionary powers to vary discounts

Local government will be in a stronger and more sustainable position (Financially)

Safeguard & future-proof provisions for the local government finance system and the vital public services that council tax contributes towards, including - the police, education, and social services. More capacity for the promotion of cultural, well-being and recreation sports including both elite (cycling) and community sports

The Welsh Government is committed to enhanced funding on the back of the Council Tax at the expense of the entire Welsh population. When everyone is struggling to pay their bills, the Welsh Government are looking for a robust financial package – enabling them to maintain “standards” In funding the Police, Fire Service, Education etc. There is little or no understanding that income could actually be generated by not squandering Council Tax presently received, on unpopular projects – there seems to be a culture that believes funds are unlimited and are there just for the taking. The Welsh Government need to spend our money in a more professional manner and look for substantial savings in the way that they run their office. Efficiencies are always possible to counter spiralling costs. Unfortunately, the Welsh Government live in their own bubble and deliver for themselves and not for the people who struggle with high Taxation while experiencing ever lower returns for their hard earned money.

IMPACT ON THE APPEALS PROCESS

Impact on volumes of appeals heard by the Valuation Tribunal for Wales.

Expect an increase in council tax appeals within the 12 months following a revaluation exercise.

Could potentially impact local economies

Revaluation every 5 years could stabilise the volume of council tax banding appeals over time

Will redistribute the tax-base between local authorities

IMPACT ON LOCAL AUTHORITIES

Additional staffing required to deal with the appeals (and associated ICT/training provision)

Additional tribunal members would also need to be recruited

Software development required to adapt to the changes

Training of staff set in place re: implementation / appeals / software

Additional resource for within each local authority may need to be mobilised

There will be costs in implementation and revaluation of 1.5m domestic dwellings in Wales

The Welsh Government fully expect a backlash following the revaluation exercise, and the answer is to “employ more staff to deal with it”

There is mention that the project that there is a possibility that local economies would suffer – however little concern – when we believe that the Welsh Government should be “championing” local economies and not knowingly running them down.
