



John Griffiths MS
Chair – Local Government and Housing Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

13 February 2024

Dear John

Local Government Finance (Wales) Bill

During my attendance at the committee's meeting on 7 February 2024, I referred to an analysis I recently provided to the Legislation, Justice and Constitution (LJC) Committee illustrating how secondary legislation making powers proposed within the Local Government Finance (Wales) Bill compare with those currently available to Ministers in England and Scotland. This is replicated at **Annex A**. The LJC Committee noted my letter providing this analysis under agenda item 11 at its meeting on 5 February 2024.

As I have explained to the LJC Committee, substantial elements of the non-domestic rates and council tax systems in Wales, England and Scotland have been maintained using secondary legislation for many years. The Bill proposes some additional elements to be maintained using secondary legislation, most of which will be subject to the affirmative procedure. This will ensure we can configure the local tax systems in an agile and consistent manner to meet the needs of Wales.

In relation to non-domestic rates, the vast majority of powers to make secondary legislation provided by the Bill are the same as, or similar in their effect to, equivalent powers already in existence in England and/or Scotland. In cases where the powers provided in the Bill to Welsh Ministers go further than those in place in England, powers with a similar effect are generally available to Scottish Ministers. Whilst there are some administrative differences between the non-domestic rates system in Wales and Scotland, it is fundamentally the same tax being operated in a similar devolved context.

In relation to council tax, the powers will enable Welsh Ministers to be more reactive and flexible in responding to socioeconomic change. It will align with the NDR system, inasmuch as regular revaluations will be placed on a statutory footing, identifying the importance of a tax system reflecting current economic circumstances. Some powers conferred are largely

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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.

technical and again will allow for the maintenance of the fundamentally robust structure of council tax to be more future proof and responsive.

The difference in the mix of powers compared with England and Scotland is minimal, additionally giving Welsh Ministers the power to amend a council tax revaluation year specified in primary legislation. This is a key policy aim of the Welsh Government for a fairer system. Comparatively, Ministers in England and Scotland can amend in an order when a revaluation occurs.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a large initial 'R' and a distinct 'E'.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Annex A

Section of Local Government Finance (Wales) Bill	Effect	Equivalent power in England	Equivalent power in Scotland	Summary
4	Provides the Welsh Ministers with a power to change a non-domestic rates revaluation year or the interval between revaluation years by regulations.	No equivalent power.	Power for the Scottish Ministers to amend the definition of “year of revaluation” in section 37(3) of the Local Government (Scotland) Act 1975.	A power with the same effect exists in Scotland.
5	Provides the Welsh Ministers with powers to confer, vary or withdraw reliefs by regulations.	Powers in relation to some reliefs in Schedules 4ZA, 4ZB and 5A to the Local Government Finance Act 1988.	Broad powers for the Scottish Ministers to prescribe rules to determine the amount payable in section 153 of the Local Government etc. (Scotland) Act 1994 and to make provision about reliefs for new and improved properties in section 14 of the Non-Domestic Rates (Scotland) Act 2020.	Powers with a similar overall effect exist in Scotland. A wide range of more specific powers exist in England (and currently in Wales) which are not consistent across the landscape of reliefs.
9	Replaces the existing limited power with a new power for the Welsh Ministers to confer, vary or withdraw exemptions by regulations.	Limited power for the Secretary of State to provide exemptions in Schedule 5 to the Local Government Finance Act 1988.	Power for the Scottish Ministers to remove exemptions in section 8D of the Valuation and Rating (Scotland) Act 1956.	Similar powers enable exemptions to be provided in England and removed in Scotland. The power for in the Bill will enable the Welsh Ministers to do both.

Section of Local Government Finance (Wales) Bill	Effect	Equivalent power in England	Equivalent power in Scotland	Summary
10	Restates the existing powers of the Welsh Ministers in relation to multipliers and inserts a new power to set differential multipliers based on the rateable value, location or description of a hereditament on a local rating list or on the rateable value of a hereditament on the central rating list.	Powers for the Secretary of State to prescribe which multiplier (standard or small business) applies to different hereditaments and to set those multipliers in Schedules 4ZA and 7 to the Local Government Finance Act 1988.	Powers for the Scottish Ministers to set the annual multiplier in section 7B of the Local Government (Scotland) Act 1975 and prescribe further rules to determine the amount payable in section 153 of the Local Government etc. (Scotland) Act 1994.	Similarities with the effect of powers in England and Scotland.
13	Provides a power for the Welsh Ministers to make regulations specifying the type of arrangement which is to be treated as artificial and whether a specific arrangement will not be treated as artificial if a determination to that effect is made.	No equivalent power.	Power for the Scottish Ministers to make anti-avoidance regulations in section 37(1) of the Non-Domestic Rates (Scotland) Act 2020.	A similar power exists in Scotland. Unlike the Scottish Ministers, the Welsh Ministers can make regulations enabling a penalty to be imposed. However, in other ways, the anti-avoidance regime in Scotland is broader than the proposed approach in Wales as the Bill sets out a specific approach to countering avoidance behaviour.

Section of Local Government Finance (Wales) Bill	Effect	Equivalent power in England	Equivalent power in Scotland	Summary
17	Restates the powers for the Welsh Ministers to substitute proportions and valuation bands.	Powers in section 5(4) of the Local Government Finance Act 1992.	Powers in section 74 of the Local Government Finance Act 1992.	In line with England and Scotland.
17	Provides new powers for the Welsh Ministers to substitute the valuation band used in council tax calculations.	No equivalent power.	No equivalent power has been identified although no equivalent council tax calculation provisions have been identified either.	Unique power for the Welsh Ministers.
18	<p>This section restates provisions relating to the single person discount and the discount where all residents of a dwelling are disregarded.</p> <p>The remainder of the provisions provide the Welsh Ministers with powers to make regulations to set the levels and prescribe conditions or criteria that must exist for the single person or other discounts to apply and prescribe categories of resident that are disregarded for the purposes of discount. This will have the effect of placing all details relating to other discounts and the conditions and descriptions of a person who is disregarded for the</p>	Limited powers in sections 11 and 11A of the Local Government Finance Act 1992.	Limited powers in section 79 of the Local Government Finance Act 1992.	<p>The existence of the single person discount and discount where all residents of a dwelling are disregarded are maintained as in England and Scotland.</p> <p>In relation to the other amendments, neither Scotland nor England are currently proposing to adopt the same policy.</p>

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	<p>purposes of a discount all in one place within regulations.</p> <p>Preserves the effect of section 12(1) of the 1992 Act for Welsh Ministers to prescribe by regulations classes of dwellings in relation to which a billing authority may by determination either disapply or reduce a discount.</p>			
19	<p>Duty on the Welsh Ministers to set a national Council Tax Reduction Scheme which allows the Welsh Ministers to make in-year changes if required.</p> <p>The duty will be exercised by the Welsh Ministers to set out a national reduction scheme with a duty on local authorities to administer the scheme at a local level. The Welsh Ministers will be able to introduce in-year changes to the scheme to react to emerging situations.</p>	Powers in section 13 of the Local Government Finance Act 1992.	Powers in section 80 of the Local Government Finance Act 1992.	Broadly in line with Scotland where there is a national council tax reduction scheme. In England there remains a power to make regulations about reduced amounts.
21	The Bill provides for a regular revaluation cycle for council tax in Wales with scheduled revaluations taking place every five years. However, there might be	Powers in section 22B of the Local Government Finance Act 1992 to specify the	Power to specify a revaluation date by way of the modifications effected by section 88(3)(a) of the Local	In England and Scotland respectively, UK Ministers and Scottish Ministers may use orders to schedule revaluations.

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	<p>circumstances in which it would be beneficial for the date of a scheduled revaluation to be changed – for example, in the event of a future pandemic or economic turbulence. The Bill therefore allows the revaluation year to be moved.</p>	<p>revaluation date. This power could also be used to amend a revaluation which had been scheduled.</p>	<p>Government Finance Act 1992.</p>	
21	<p>Current legislation specifies that a copy of the draft new valuation list has to be sent to billing authorities no later than seven months before the new list is finalised and comes into force (“compiled”). With more frequent revaluations, this deadline could become impracticable. This power would allow the Welsh Ministers to make this technical change to the draft list deadline as and when necessary.</p>	<p>No equivalent power.</p>	<p>Power to specify a revaluation date by way of the modifications effected by section 88(3)(b) of the Local Government Finance Act 1992.</p>	<p>In line with Scotland.</p>
23	<p>Enables consequential and transitional provision to be made.</p>	<p>In relation to non-domestic rates - powers in section 17 of the Non-Domestic Rating Act 2023.</p> <p>In relation to council tax -</p>	<p>In relation to non-domestic rates - powers in section 43 of the Non-Domestic Rates (Scotland) Act 2020.</p> <p>In relation to council tax - powers in section 114 of the</p>	<p>In line with England and Scotland.</p>

Section of Local Government Finance (Wales) Bill	Effect	Equivalent power in England	Equivalent power in Scotland	Summary
		powers in section 114 of the Local Government Finance Act 1992.	Local Government Finance Act 1992.	
24	Enables provisions in the Bill to be commenced.	<p>In relation to non-domestic rates – powers in section 19 of the Non-Domestic Rating Act 2023.</p> <p>In relation to council tax – powers in section 119 of the Local Government Finance Act 1992.</p>	In relation to non-domestic rates and council tax – section 62 of the Local Government in Scotland Act 2003.	In line with England and Scotland.
Paragraph 12(2)(m) of the Schedule	Allows the Welsh Ministers to make regulations about the notices which can be issued under paragraphs 4M and 5ZC of Schedule 9 to the Local Government Finance Act 1988.	The same secondary legislative power is conferred on the Secretary of State, in relation to England, in paragraph 5F(A1) of Schedule 9 to the Local	Similar secondary legislative powers exist for Scottish Ministers in section 30(12) of the Non-Domestic Rates (Scotland) Act 2020.	Broadly in line with England and Scotland.

Section of Local Government Finance (Wales) Bill	Effect	Equivalent power in England	Equivalent power in Scotland	Summary
		Government Finance Act 1988.		
Paragraph 12(2)(n) of the Schedule	Allows the Welsh Ministers to make regulations to increase or decrease the amount of any penalty issued under paragraphs 5ZC or 5ZD of Schedule 9 to the Local Government Finance Act 1988.	The same secondary legislative powers is conferred on the Secretary of State, in relation to England, in paragraph 5FB of Schedule 9 to the Local Government Finance Act 1988.	Similar secondary legislative powers exist for Scottish Ministers in section 30(8) of the Non-Domestic Rates (Scotland) Act 2020.	Broadly in line with England and Scotland.