

Rebecca Evans AS/MS
Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref P-06-1402
Ein cyf/Our ref RE/00047/24

Jack Sargeant MS
Chair - Petitions committee
Senedd Cymru
Government.Committee.Business@gov.wales

15 February 2024

Dear Jack,

Thank you for your letter regarding the petition P-06-1402, "Proposals for the Welsh Government to amend legislation in Wales to align with England for excessive council tax increases". I welcome the opportunity to set out the Welsh Government's views.

The responsibility for setting the local authority's annual budget and, as part of that, decisions about council tax, are matters for each local authority and its elected members. Each local authority in Wales has the freedom to set its own council tax to meet local needs and priorities, and they are accountable to the local electorate for the decisions they make. While any increase in council tax may be unwelcome to local taxpayers, the tax provides a significant source of funding for essential local services on which people rely, such as schools and social care.

The Welsh Government has respected the autonomy of local authorities and has not used powers to cap council tax in Wales since devolution. We have a relationship with local authorities in Wales based on collaboration and mutual respect. We consider the setting of budgets and council tax is an essential aspect of local democracy. The average band D council tax in Wales remains £186 lower than in England for 2023-24.

Council tax referenda do not apply in Wales. Such arrangements do not allow the degree of discretion that exists in the current system for Wales, which allows local authorities to operate a more flexible arrangement and to plan and manage their budgets more effectively. Limits become a target for the majority of local authorities to raise council tax to the maximum allowed, rather than carefully considering what is necessary. The complexity of the referendum principles set in England is difficult for taxpayers to navigate, and in some cases, permits larger rises for certain areas (eg. 15% in Croydon, and 10% in Slough and Thurrock, in 2023-24). It should also be noted that the complexity and costs of holding referenda place an additional burden on local authority resources, which would further exacerbate the financial pressures faced by them.

Instead, the Welsh Government channels as much of the available funding as possible into the main Local Government Settlement so that local authorities have greater flexibility in allocating funding according to local priorities. In our Budget for 2024-25, we have provided

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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.

local government in Wales with as generous a settlement as is possible in the current circumstances. Local authorities will receive £5.7 billion from the Welsh Government in core revenue funding and non-domestic rates to spend on delivering key services. This equates to an increase of 3.1% or £170 million on a like for like basis compared to the current year. I am providing additional funding of £1.3m to ensure no authority will receive less than a 2% increase.

I recognise current financial circumstances are very challenging for many households across Wales. The Welsh Government has a number of schemes available to help people who are finding it difficult to pay their council tax bills, as well as a range of exemptions and discounts. We continue to provide £244 million a year to support local authorities in delivering the Council Tax Reduction Scheme. Around 260,000 vulnerable and low-income households – around one in five households in Wales - are receiving support with their council tax bills through the scheme, with around 211,000 households paying no council tax.

I urge anyone struggling to pay their council tax bill to engage with their local authority as early as possible, and to seek expert advice through [Advicelink Cymru](#).

I hope this information helps the Committee's consideration of the petition.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

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