



Ein cyf/Our ref MDFWL/00109/25

Carolyn Thomas MS
Chair - Petitions committee

17th February 2025

Dear Carolyn,

Thank you for writing ahead of the Petitions Committee's initial consideration of the petition P-06-1508, "Limit the Welsh Councils to a maximum increase of 2% on Council tax each year, starting in April 2025". I welcome the opportunity to set out the Welsh Government's views.

The responsibility for setting a 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 democratic freedom to set its own council tax to meet local needs and priorities, which means 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 upon which people rely every day, such as schools and social care.

Local authorities must strike a balance between maintaining essential services and limiting the financial pressures placed on households, particularly in light of the cost-of-living crisis many households are experiencing. I welcome the engagement and consultation local authorities conduct with communities on proposals before making decisions.

The Welsh Government has respected the autonomy of local government and has not sought to cap or limit council tax in Wales since devolution. We have a relationship with local government based on collaboration and mutual respect of each other's responsibilities. We consider the setting of budgets and council tax is an essential aspect of local democracy.

Instead, the Welsh Government channels as much of the available funding as possible into the unhypothecated Local Government Settlement so that local authorities have greater flexibility in allocating funding according to local priorities. Next year Welsh local authorities will receive £6.1bn (provisionally) from the Local Government Settlement to spend on delivering key services. Core revenue funding for local government will increase by 4.3%. We look forward to finalising the details of the Final Local Government Settlement later this month, and I am doing all that I can to support local government.

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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.

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

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

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive style.

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language