

Mark Drakeford AS/MS  
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MDFWL/00359/25

Carolyn Thomas MS  
Chair - Petitions committee  
Senedd Cymru  
Cardiff Bay  
Cardiff  
CF99 1SN

21 July 2025

Dear Carolyn,

Thank you for writing ahead of the Petitions Committee's initial consideration of the petition P-06-1536, "Local Authorities routinely apply above inflation increases to council tax rates whilst reducing services, often to fill shortfalls in Welsh Government settlements, which is unfair on working families. This puts unsustainable pressure on household budgets, increasing child poverty (Programme for Government priority). Limiting increases to inflation would alleviate unsustainable pressure on household budgets whilst allowing fair inflation linked increases to local authority council tax revenue". 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. There is a range of support in place to help people who are finding it difficult to pay their council tax bills. For example, we provide £244 million every year to support local authorities in delivering the Council Tax Reduction Scheme, which supports around 260,000 low-income households in Wales.

The Welsh Government has respected the democratic responsibility of local authorities and has not used powers to cap council tax in Wales since devolution. The [Strategic Partnership Agreement](#) between the Welsh Government and local government in Wales launched in June, recognises that pressures on households should be managed as much as is possible within the broad spending envelope available and the choices to be made on services.

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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.

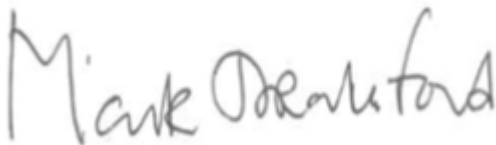
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Local authorities are therefore responsible for balancing the provision of essential services with managing the financial demands on households, especially given ongoing cost-of-living challenges. While the Local Government Settlement is the largest single source of funding available to authorities, it is not the only one. In setting budgets and council tax levels, we expect every authority to take account of all the available funding streams, and to consider how to secure best value for Welsh taxpayers through effective and efficient service provision. We offer considerable flexibility to authorities to exercise autonomy and responsibility in managing their finances. Limiting council tax increases to an arbitrary percentage becomes a target for local authorities to raise council tax to the maximum allowed rather than carefully considering what is necessary.

The Welsh Government is implementing its Programme for Government (2021-2026) commitment to a fairer council tax by improving the existing council tax system in Wales and updates can be found of those developments through our [webpage](#). Achieving a fairer council tax is one action the Welsh Government can take towards making Wales a more equal nation.

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, slightly slanted style.

**Mark Drakeford AS/MS**

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