



Llywodraeth Cymru  
Welsh Government

Dear ,

## **ATISN 17451 – CP – Council Tax**

### **Information requested**

Thank you for your request which I received on 4 May 2023. You asked for:

Information regarding the consultation process for proposed changes to council tax in Wales.

### **Our response**

In addition to the recorded information and published information which is available in relation to your request, the following includes additional explanatory information which falls outside the scope of the Freedom of Information Act.

### **Confirmation of what consultation has taken place to date and with whom**

A Phase 1 consultation which ran from July to October 2022 sought views from the public and stakeholders on the Welsh Government's ambitions ahead of undertaking property valuation work. It sets out our aims for creating a fairer and more progressive system which rebalances the burden on households and has regular updates to keep the tax fair going forward. The consultation remained open for 12 weeks, which is standard practice for public consultations of this nature, and was widely publicised through activity in the Senedd, on social media channels, in press articles, television and radio coverage at both national and UK levels, and through a number of stakeholder organisations. A summary of responses to this consultation was published in December: this includes a full list of the organisations who responded. The Welsh Government received 1,024 consultation responses.

The Welsh Government's proposals are also informed by ongoing consultation and engagement with partner and stakeholder organisations. This includes a range of formalised groups with local government (through the Partnership Council for Wales) and sub-groups on specific topics. Our engagement spans elected members representing communities, as well as officers and practitioners of varying specialisations.

Our stakeholder list includes the following organisations:

- The Welsh Local Government Association
- The 22 principal local councils (elected members and officers)
- Town and community councils, and One Voice Wales

- Police and Crime Commissioners and officials
- Fire and Rescue Authorities
- National Park Authorities
- Welsh Commissioners: Older People's, Children's, Welsh Language and Future Generations
- Representative bodies and networks: Race Equality Network, Child Poverty Network, Disability Wales, Chwarae Teg, Carers Wales, Age Cymru
- The Valuation Office Agency
- The Valuation Tribunal for Wales
- Chartered Institute of Public Finance and Accountancy
- Tax institutions: Institute of Revenues, Rating and Valuation, Chartered Institute of Tax, International Property Tax Institute
- The advice and third sectors: Wales Council for Voluntary Action, Citizens Advice Cymru, Advice Network Wales, Money Advice Trust, Money Advice Service, Money Saving Expert, Step Change
- Senedd Cymru and its relevant committees
- UK Government departments and Devolved Governments
- Academia, universities and think-tanks, eg Bevan Foundation, Resolution Foundation, Wales Governance Centre
- Wales Trade Union Congress.

- **Institute for Fiscal Studies (IFS)**

Extensive research was undertaken by the Institute for Fiscal Studies (IFS) in the published report '*Revaluation and reform of council tax in Wales*', commissioned by the Welsh Government, which helped focus on the ways in which a fairer council tax system could be created.

To help inform a planned Phase 2 consultation later this year, we have commissioned the IFS to undertake a further programme of research. The IFS is a leading independent organisation which provides fiscal analysis and commentary on economic policy matters.

- **Valuation Office Agency (VOA)**

The Valuation Office Agency is the independent body with the statutory function of valuing properties for local taxation purposes across Wales and England. As outlined in a recent [statement](#) by the Minister for Finance and Local Government, the Valuation Office Agency has been commissioned to undertake property revaluation work, using the latest technology to assess property values. This information will be used to build a new system of council tax bands from the bottom-up, as we work towards a more progressive tax. The outcomes from this work will contribute towards a planned Phase 2 consultation later this year.

- **Wales Omnibus Survey – Beaufort Research**

In the March 2022 wave of the Wales Omnibus survey, undertaken by Beaufort Research, we commissioned a set of questions about people's knowledge and attitudes towards council tax. This involved collecting the views of a representative

sample of 1,000 Welsh residents aged 16 years and over on the current system of local taxation for households. The findings were presented in this report: [‘Survey of public attitudes to council tax’](#).

We included a similar set of questions in the March 2023 wave of the survey to explore any changes in attitudes to council tax in Wales since March 2022, as well as to gather further views on reform proposals. The results are currently undergoing analysis. The sample size for this research was also 1,000 people aged 16 years and over in Wales.

- **Policy In Practice**

Policy In Practice was appointed to undertake detailed research into the operation of the Council Tax Reduction Scheme which provides financial support to low-income households. The [report](#) was published in 2020 and utilised a mix of surveys, semi-structured interviews with Welsh taxpayers and statistical analysis of administrative datasets. The total sample size for surveys and interviews was 959.

- **Miller Research**

Miller Research has been appointed to deliver a series of focus groups from February to July 2023. These will explore public perceptions of council tax generally, and what people understand about the Welsh Government’s reform plans, to inform the Phase 2 consultation evidence. The sample sizes of this research are in the range of 40-50 Welsh council taxpayers from across all regions of Wales with diverse backgrounds and from different economic and social groups.

A compiled list of our evidence to date can be found on the Welsh Government website: [Evidence and research on council tax and non-domestic rates | GOV.WALES](#). This page will be regularly updated as our evidence base grows, including as part of the Phase 2 consultation.

### **Details of proposed further consultation**

In creating a fairer and more progressive council tax, the Welsh Government made a conscious choice to phase our consultation and engagement over a period time, to ensure we build the improved system in collaboration with representative organisations, raise awareness of the proposals and enable as many taxpayers as possible to offer views and ideas. This is why we launched a Phase 1 consultation in 2022 ahead of developing the proposals for further phases of consultation.

The Minister for Finance and Local Government has set out in a recent statement that the Welsh Government will, later this year, provide more information on how the reformed system will look.

The Welsh Government plans to consult in more detail as part of Phase 2 of this work later this year. There will also be further engagement activities as we continue our work, in particular through Senedd Cymru as we produce any legislation required to create a fairer council tax system. You can follow the work of the Senedd on its [website](#). We will publicise any future consultations as widely as possible and

encourage as many people to respond as possible. We will also continue to consult with stakeholder groups during this time.

### **Details of the Welsh Government's public consultation process policy**

Consultation and engagement are essential to effective policy-making and delivery in the Welsh Government. As outlined in the Welsh Government handbook on subordinate legislation, “the development of subordinate legislation should be founded on appropriate engagement and consultation with stakeholders, based on the best available evidence. The stakeholders should typically include the people the policy is expected to benefit and affect, the people and organisations that will deliver the policy, and the people and organisations with the most expertise in the subject concerned. It is important for policy officials to ensure that involvement is with stakeholders that reflect the diversity of the population” (p38, para 4.34). As stated in the Welsh Ministers' regulatory impact assessment code for subordinate legislation, “it is the policy of the Welsh Government to consult for 12 weeks on new policy proposals unless there is a compelling reason to do otherwise” (para 4.3). Following consultation, policy officials will need to analyse the responses and input received, produce a summary report highlighting any resulting changes to the policy (if applicable) and set out how the Government will respond to the consultation, including what the next steps will be. This should be published within 12 weeks of the closure of the consultation.

The Well-being of Future Generations Act also includes a commitment to consultation and engagement. It specifies five areas that public bodies, including the Welsh Government, need to think about in order to apply the Sustainable Development Principle when making decisions. Among them are:

- **Involvement** – Involving people with an interest in achieving the well-being goals and ensuring that those people reflect the diversity of the area which the body serves.
- **Collaboration** – Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.

### **Details of all options considered / being considered for potential changes to the council tax system**

The options being considered are as set out in the Phase 1 consultation, which are:

- completing a council tax revaluation of all 1.5 million properties in Wales to rebalance the system to reflect property values. The current system is now twenty years out of date;
- designing a new system of bands and tax rates that is more progressive, including considering adding more bands to the top and bottom ends of the scale if needed;
- revaluing more frequently to keep council tax fairly distributed on a more regular basis;
- improving the framework of discounts, disregarded persons, exemptions and premiums to ensure the arrangements are aligned to our goals;

- improving the Council Tax Reduction Scheme which provides support to low-income households.

The proposals are based on an extensive compendium of evidence published towards the end of the previous Senedd term in February 2021. The Summary of Findings considered a range of other options including a localised income tax, a local land value tax, and other options to improve the existing systems which help to fund essential public services. We are continuing to explore the idea of replacing both council tax and non-domestic rates with a local land value tax, but this is a substantial set of considerations to be explored over the longer term.

### **Confirmation that an equalities impact assessment will be completed and published if not already done so**

The Welsh Government has statutory obligations to complete an Integrated Impact Assessment (IIA) when developing any policies and a Regulatory Impact Assessment (RIA) when developing legislation. An IIA will be made available alongside the Phase 2 consultation later this year and will be continually monitored and updated as policy develops. The following impact assessments will be included:

- Children's Rights
- Equality
- Rural Proofing
- Data Protection
- Welsh Language
- Biodiversity
- Socio-Economic Duty
- Justice.

There will also be additional impact assessments published alongside any future legislation.

### **Next steps**

If you are dissatisfied with the Welsh Government's handling of your request, you can ask for an internal review within 40 working days of the date of this response. Requests for an internal review should be addressed to the Welsh Government's Freedom of Information Officer at:

Information Rights Unit,  
Welsh Government,  
Cathays Park,  
Cardiff,  
CF10 3NQ

or Email: [Freedom.ofinformation@gov.wales](mailto:Freedom.ofinformation@gov.wales)

Please remember to quote the ATISN reference number above.

You also have the right to complain to the Information Commissioner. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF.

However, please note that the Commissioner will not normally investigate a complaint until it has been through our own internal review process.

Yours sincerely