# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Making Council Tax Fairer – Update** |
| **DATE** | **18 March 2019** |
| **BY** | **Rebecca Evans AM, Minister for Finance and Trefnydd** |

We will be launching an awareness campaign this week to highlight the support available to help people pay their council tax bills. This follows last year’s successful campaign.

Householders may be entitled to pay less council tax if they:

* Live on a low income
* Live alone, or with people or children who do not pay council tax
* Are a student
* Are disabled
* Are a carer
* Are mentally impaired.

I would encourage everyone to check our website to see whether they are entitled to help to pay their council tax. The Welsh Government has joined forces with local authorities, MoneySavingExpert.com and third sector organisations to develop simple and consistent advice to ensure all households in Wales have the information they need about their entitlements to council tax support.

A simple eligibility checker is available at <https://gov.wales/counciltaxhelp>. The website includes links to each local authority, enabling householders to contact their council once they have completed the eligibility checker.

We have worked hard to ensure vulnerable households in Wales continue to receive council tax support as part of our Council Tax Reduction Scheme and we want to ensure all eligible households receive the discounts and exemptions they are entitled to.

We continue to make progress with the extensive programme of work to examine how the council tax system could be improved over the short, medium and longer term to deliver on our commitment to make council tax fairer.

We laid regulations in the National Assembly on 14 February to remove the sanction of imprisonment for non-payment of council tax. Regulations were also laid on 6 March to exempt care leavers from paying council tax up to the age of 25. These amendments will come into force on 1 April.

We continue to work closely with the WLGA, local authority representatives and third sector organisations to take a more citizen-focused approach to debt, arrears and enforcement. A key part of this work has been the development of the *Council Tax Protocol for Wales – Good practice in collection of council tax*.

We have also been working with the WLGA, local authorities and MoneySavingExpert.com on a consistent approach to applications for discounts and exemptions for people with a ‘severe mental impairment’. We are working with the WLGA to ensure all local authorities in Wales adopt and implement the protocol and the revised approach for mental impairment applications from 1 April.

We will continue to work with local authorities and partner organisations to identify other forms of good practice in relation to council tax collection and to ensure more consistent and citizen-centred approaches are embedded into common practice. This work is being supported by a data-sharing pilot, which is designed to establish whether there are innovative ways of identifying households which may be entitled to support but are not receiving it.

The Tax Policy Work Plan 2018 set out our intention to review the impact and use of local authorities’ discretionary powers to apply council tax premiums and whether the new legislation, introduced in 2016, is working as intended. These discretionary powers were introduced by the Housing (Wales) Act 2014 to assist local authorities in addressing issues in their local housing supply, for example for authorities to use alongside their other powers to bring empty homes back into use.

The review is also examining the interaction between the council tax and non-domestic rates systems and the impact of closing the loophole, which existed before 2010, in relation to the definition of second homes and self-catering accommodation.

We have requested a range of information from local authorities to inform the review, including assessments of the local impact of introducing local premiums which they undertook before deciding whether to implement a premium. We will analyse this together with information from the independent Valuation Office Agency and official statistics held by the Welsh Government.

The review will also seek to identify whether there is any evidence that dwellings are not being properly recorded for council tax or non-domestic rating purposes.

There is a significant body of research into how local services should be funded in Wales, in the rest of the UK, and internationally. Much of the discussion has focused on local taxation and its key purpose as a means of raising revenue but there is some interest in the extent local taxes might be used as a lever to meet various economic and social aims.

Building on the available evidence, we are commissioning research to inform our medium-term plans. External experts will undertake research into the impact of Universal Credit (UC) on the Council Tax Reduction Scheme and rent arrears in Wales. It cannot be right that decisions taken by the UK Government about welfare benefits can have an impact on local taxation in Wales, an area of responsibility which has been devolved since 1999. But, as a result of the way the eligibility criteria for UK social security benefits affect entitlement to a range of other support mechanisms, we are beginning to see an adverse impact across Wales as UC is being rolled out. This work is to be published in January 2020.

The findings will inform our development of CTRS for 2020-21 and beyond to ensure parity of treatment between UC and non-UC households. We will also use the findings to consider whether a more fundamental reform of the scheme is needed in the medium term to mitigate the impact of welfare reform and to help make council tax fairer and more progressive.

Without a revaluation exercise to reassess all 1.4 million domestic properties in Wales, we are constrained in our ability to make fundamental changes to council tax, which would make the system fairer, for example, by adding bands to increase progressiveness and modernising the thresholds to reflect current market conditions.

We have commissioned an in-depth assessment of the impact a revaluation exercise could have on Wales’ domestic property tax-base if one were to be carried out. This will comprise a series of independent statistical exercises taking into account the latest available information on market values, transactions and physical changes to properties. We expect the findings of this exercise to be available early next year.

The Welsh Government is also exploring alternative approaches to local taxation. Over the course of 2018, the Welsh Government undertook evidence reviews and held discussions with its expert panel about options such as land value taxes, local income taxes and modernised versions of the existing property-based taxes. The panel draws on expertise from economists, valuation experts, data and statistics, local government officers, experts in public service and those with the perspective of taxpayers, fairness and equality.

This year, we will look at the options for applying alternative approaches to the Welsh local tax-base and explore the specific barriers to moving from the current local tax regime towards alternative approaches in the future. The findings from this work will be brought together in 2020.

There will be opportunities for taxpayers and stakeholders to comment on these ideas as they develop in the future and I will keep Members informed as the work progresses.