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Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad

a Swyddfa'r Cabinet

Cabinet Secretary for Finance, Constitution & Cabinet Office



Llywodraeth Cymru
Welsh Government

Eich cyf/Our ref:

The Chair – Legislation, Justice and Constitution Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

11 April 2024

Dear Chair,

Local Government Finance (Wales) Bill

I thank the Legislation, Justice and Constitution Committee for considering the Local Government Finance (Wales) Bill and the corresponding report of 6 March 2024.

Please see my response below to the set of recommendations and conclusions within the report. I am pleased to have been able to accept many of the recommendations.

I have not been able to accept the group of similar recommendations to leave out several sections of the Bill which include regulation-making powers. The response to each such recommendation sets out the impact that removing the relevant section would have, in isolation. It is also important to recognise that some of these powers are connected, in that they complement one another by acting on different parameters within the local taxation system. A potential intermediate position, which retained some of these powers and removed others, would mean that we would not always be able to use the most appropriate tool in response to future priorities. For example, new non-domestic rates support would be provided as a relief, exemption or differential multiplier, depending on the optimal approach to delivering the specific policy aim. It is important that all of these tools are equally usable by the Welsh Ministers through regulations, to uphold the policy intention behind the provisions and ensure the optimal operation of the system as a whole.

I have attached for information copies of the letters I have sent to the chairs of the Local Government and Housing Committee and the Finance Committee, and I am sending a copy of this letter to the chairs of both of those Committees also.

I look forward to continuing to work with Members as the Bill progresses through the Senedd process.

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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.

Yours sincerely,

Rebecca Evans.

Rebecca Evans AS/MS

Ysgrifennydd y Cabinet dros Gyllid, y Cyfansoddiad a Swyddfa'r Cabinet
Cabinet Secretary for Finance, Constitution & Cabinet Office

Responses to the Legislation, Justice and Constitution Committee Conclusions and Recommendations in relation to the Local Government Finance (Wales) Bill

Recommendation 1: The Minister should respond to the conclusions and recommendations we make in this report at least two working days before the Stage 1 general principles debate takes place.

ACCEPT.

Recommendation 2: The Minister should confirm whether she has had discussions with the Counsel General and the Welsh Government Cabinet about the priority which should be attached to the consolidation of the law on local taxation.

ACCEPT. I discussed legislative options with the Counsel General ahead of the drafting of the Bill and, as I explained to the Committee, the decision was made not to consolidate the law on local taxation at the present time. The Committee's continuing commitment to the accessibility of Welsh law and support for consolidation is helpful, and the findings in the Committee's report will be taken into account as proposals for future consolidation projects are developed. I have, therefore, shared the Committee's views on this matter with the Counsel General.

Recommendation 3: The Minister should provide full details of why, on each of the occasions mentioned in the Explanatory Memorandum to the Bill and in her letter to the Committee on 18 January 2024 when UK Bills have been used, the Senedd would not have been able to pass its own legislation to deliver the necessary changes to the non-domestic rates and council tax systems in Wales.

ACCEPT. The Legislative Consent Memoranda laid before the Senedd in respect of each occasion when a Legislative Consent Motion has been tabled set out the key considerations and rationale for recommending consent. To assist the Committee in accessing this information, links are provided in **Annex A** to this letter.

Recommendation 4: The Minister should provide to the Senedd a clear, full and detailed list of each and all delegated powers in the Bill, by reference to specific location, type, scrutiny procedure, and whether it is a restated power (with or without amendment).

ACCEPT. The information requested is provided in **Annex B** to this letter. "Restated powers without amendment" are considered to be those which have the same effect as existing powers, albeit some minor textual amendments may have been made to ensure clarity. "Restated powers with amendment" are considered to be those which broadly have the same effect as existing powers but where more significant amendments have been made.

Recommendation 5: The Minister should table an amendment to the Bill to leave out section 5.

REJECT. The Local Government Finance Act 1988 (“1988 Act”) already contains a range of individual powers for the Welsh Ministers to provide for reliefs by regulations. This power is no more significant in its potential effect on non-domestic rates liability than other legislative and discretionary mechanisms which already exist, but provides for consistency across the landscape of reliefs.

Adopting this recommendation could disadvantage ratepayers by delaying or even preventing the provision of new support where there is a need to act very quickly. Recent examples include the need to rely on discretionary mechanisms to provide more than £1bn in relief to retail, leisure and hospitality businesses since 2020-21 and the budget available to inform the Welsh Government’s approach to providing transitional relief following the 2023 revaluation being affected by the UK Government 2022 Autumn Statement.

Recommendation 6: The Minister should table an amendment to the Bill to leave out section 9.

REJECT. Adopting this recommendation could disadvantage ratepayers by delaying the provision of a new exemption. There are a variety of ways in which a ratepayer’s liability may be reduced to zero. These include the use of legislation or existing discretionary powers of local authorities to provide full relief. Exemptions are an alternative to the provision of full relief, applied when it is considered that the chargeable amount of non-domestic rates for a certain type of property should be zero on a permanent basis. In such circumstances, there would be a cost and no benefit associated with valuing properties of that type. This power is, therefore, no more significant in its potential effect on liability than other legislative or discretionary mechanisms which already exist, but provides greater consistency across these different elements of the system.

Recommendation 7: The Minister should provide full and detailed reasoning as to why provision is not made on the face of the Bill for a multiplier for small businesses.

ACCEPT. There is no current policy intention to create a small business multiplier for Wales. Creating a multiplier for small businesses is just one example of an approach it would be possible to adopt using the powers in section 10 of the Bill. This example was used because it demonstrates how the existing legislative framework limits the options available to the Welsh Ministers, including in respect of policies advocated by Senedd Members.

There are other ways in which the Welsh Government may wish to target the use of any differential multipliers, in relation to our priorities and the needs of Wales. Section 10 is intended to enable analysis of a wider range of policy options when considering whether to introduce a differential multiplier for Wales.

Recommendation 8: The Minister should table amendments to the Bill to leave out sections 10 and 11.

REJECT. The 1988 Act already contains a power for the Welsh Ministers to set the existing single multiplier at any level. This power is, therefore, no more significant in its potential effect on liability than that which already exists. Differential multipliers exist elsewhere in the UK and the rationale for these provisions has been set out. The existing legislative framework limits the options available to the Welsh Ministers, including in respect of policies advocated by Senedd Members (for example, introducing and freezing a lower multiplier for small businesses).

Recommendation 9: The Minister should provide specific examples of anti-avoidance behaviour that would have been addressed by the use of the proposed power in section 13 in recent years had it been available to the Welsh Ministers earlier.

ACCEPT. It is first worth noting that, if an anti-avoidance power had been introduced some years ago, it would not necessarily have been drafted in the way it is presented now, and the landscape in which it would have been used has also evolved (as a result of case law, for example). As with any power, its use would also be subject to consultation. An anti-avoidance power may, therefore, have been used differently in previous years to how a new power could be used in future. Secondly, the response to this recommendation is necessarily limited to how a power could have been used. It is not a question of how primary legislative opportunities could also have been used, had they been available before now.

Setting aside those matters, the Welsh Ministers may have sought to use an anti-avoidance power to address avoidance arrangements which rely on:

- third party, openly advertised, rates mitigation schemes;
- occupation arrangements not made on a commercial basis;
- phoenix companies exploiting relief for unoccupied properties;
- illegitimate “charities” exploiting charitable relief for unoccupied properties.

The Committee will be familiar with concerns about the exploitation of charitable relief for unoccupied properties, as this matter is now addressed by section 6 of the Bill. This issue has been known about since we consulted on a range of measures to address avoidance in 2018. Had an anti-avoidance power already been available at that time, the Welsh Ministers could have used it to address the issue promptly. In the absence of such a power, this Bill is the first available opportunity to take steps to address the exploitation. Amendments to the 1988 Act are considered sufficient in this case, because the avoidance can be addressed by strengthening the evidence requirements which need to be satisfied before the relief is granted. This demonstrates our commitment to adjusting existing legislation where we identify that improvements can be made, and other examples of this approach are noted in response to recommendation 10.

However, we consider that many avoidance arrangements cannot be adequately addressed simply by altering the existing legislative provisions which are being exploited. The availability of a distinct anti-avoidance regime which provides for liability to be adjusted in specific cases of artificial avoidance arrangements responds to that problem. This regime will be provided by the new anti-avoidance provisions in the 1988 Act and the statutory instrument which will define the specific artificial arrangements. This legislative approach ensures that tax avoidance techniques, which continually evolve, can be dealt with in a timely manner, so that the revenue risk to public funds is minimised.

Recommendation 10: The Minister should explain how such anti-avoidance behaviour has previously been addressed by the Welsh or UK Governments given the long established nature of non-domestic rating.

ACCEPT. As described in response to recommendation 9, the absence of some of the powers in the Bill has constrained the Welsh Government's ability to address avoidance in a timely manner. Addressing non-domestic rates avoidance is an area in which the Welsh Government is ahead of the UK Government, having made incremental progress with the implementation of a range of measures announced in 2018. Some measures have been possible to deliver using regulations (e.g. increasing the period between instances of eligibility for relief for unoccupied properties), but primary legislation has been necessary for most (e.g. powers for local authorities to enter and survey properties or request information from third parties conducting a business in relation to a property). Where primary legislation has been required, opportunities for provisions in a suitable legislative vehicle have been limited. For this reason, sections 6 and 13 of this Bill provide for two of the measures first announced in 2018.

Recommendation 11: In the absence of specific evidence demonstrating a need for the power, the Minister should table an amendment to the Bill to leave out section 13.

REJECT. Adopting this recommendation would lead to a delay in addressing identified anti-avoidance arrangements, resulting in the prolonged avoidance of liability. The power to make regulations in section 13 of the Bill has been carefully designed to be as limited as possible while still enabling the long-established and uncontroversial policy intention behind the provisions to be achieved. Proposals to define new artificial avoidance arrangements will have been subject to consultation prior to regulations being brought forward.

Recommendation 12: The Minister should table an amendment to the Bill to leave out section 18.

REJECT. Adopting this recommendation would mean the Welsh Ministers would continue to be restricted in changing elements of the discounts currently provided for in the LGF Act 1992. It would prevent Welsh Ministers from introducing new discounts or ensuring discounts can be targeted to help support the most vulnerable and low-income households. The existing arrangements are a mix of provisions which are not as clear as they could be, and which do not work particularly well together.

Removing this section could disadvantage council tax payers, local authority practitioners and advice services who would benefit from the policy aims to simplify the arrangements in relation to Wales, providing clarity and removing the ambiguity that exists in some of the current provisions in the 1992 Act. Removing this section could also disadvantage some council tax payers from benefiting from the Welsh Government's policy aims of meeting broader socioeconomic goals, such as tackling poverty.

Recommendation 13: The Minister should clarify which scrutiny procedure will apply to regulations made under section 13(1) of the 1992 Act (as amended).

ACCEPT. Regulations made under section 13(1) of the 1992 Act will be subject to the negative procedure as already provided in the 1992 Act. Table 5.1 in the Explanatory Memorandum will be amended to reflect this position.

Responses to Committee conclusions

You will note below that I provide a single response to cover conclusions 1-10 and 12.

Conclusion 1: The capacity of, and pressures on, the Welsh Government should not be confused or conflated with the Senedd's capacity and duty to perform its legislative function.

Conclusion 2: We disagree with the Minister's statement that "the arrangements proposed in this Bill will enhance the Senedd's role considerably".

Conclusion 3: We are unclear how the Bill will, in the Minister's view, "give the Senedd more power over decisions that are taken here in Wales in respect of non-domestic rates and council tax".

Conclusion 4: We find the Minister's comments that the Bill is a legislative framework for futureproofing to be at odds with her views that it is also consistent with long-standing principles in relation to the role of the legislature.

Conclusion 5: While we acknowledge that there may well be occasions in any given year where unforeseen and urgent circumstances may require legislative changes, this of itself is not a sufficient enough reason to justify the taking of substantial executive power when the Senedd has procedures in place to accommodate expedited scrutiny of primary legislation.

Conclusion 6: We do not welcome the remarks by the Minister that the Bill will "allow future governments to think creatively about different things", especially in light of the constraints on the Senedd itself to influence this "creative thinking".

Conclusion 7: We do not consider that the Bill represents an appropriate way for a government to legislate. Primary legislation that creates extensive regulation-making powers should not be proposed by a government to enable future governments 'to think

creatively'. This facilitates the avoidance of detailed scrutiny by Members of a democratically elected Senedd.

Conclusion 8: Through the Bill, the Minister is asking this Senedd to grant broad delegated powers to an unelected future government for unknown reasons and to do a wide range of things that are not necessarily understood today. The excessive granting of secondary legislative powers denies the Senedd its proper constitutional role.

Conclusion 9: We have repeatedly commented on the 'futureproofing' justification often put forward by the Welsh Ministers. Excessively futureproofing primary legislation takes away powers from future Seneddau and is not an acceptable practice.

Conclusion 10: We believe that the Bill is an example of the Welsh Government making inappropriate legislative choices, and this is particularly concerning in the context of Senedd reform.

Conclusion 12: In line with long-standing parliamentary principles, we believe that significant changes to local taxation should be made by primary legislation once specific policy has been developed.

NOTED. I acknowledged during my evidence to the Committee that, capacity aside, it is also a matter of what is reasonable and proportionate in terms of legislating in this area. I have set out my reasons for the approach taken in this Bill, as the Committee's report has recognised. It is for these reasons that the Government is seeking these regulation-making powers, rather than introducing separate primary legislation each time a change is required. Based on the volume of local tax changes in recent years, such an approach is not considered achievable. I appreciate that the Committee takes a different view on this.

I have also been clear in my evidence that I consider the proposed approach set out in this Bill to be a significant improvement in comparison to the system we have relied on to date of seeking consents for Wales through UK Parliament Bills.

Finally, I note the Committee's comment in relation to the increased capacity of the Senedd to undertake scrutiny in future, should the Senedd Cymru (Members and Elections) Bill be passed.

Conclusion 11: The Minister is asking the Senedd to delegate significant powers to be exercised by the executive and the Senedd should know the exact number, location and type contained in the Bill.

NOTED. The information requested in recommendation 4 is in **Annex B** to this letter.

Conclusion 13: Section 9 is another example in the Bill where broad powers to make subordinate legislation are being taken with no evidence or policy aim in mind. We do not consider this to be appropriate or acceptable.

NOTED. The context and rationale behind section 9 of the Bill has been clarified. As set out in the information previously provided, and reflected in the Committee's report, the power in section 9 is no more significant in its potential effect on non-domestic rates liability than other legislative and discretionary mechanisms which already exist.

Conclusion 14: Given the example the Minister has cited as regards a multiplier for small businesses, we are unclear why the Bill is not being used to create such a multiplier.

NOTED. This matter is clarified in my response to recommendation 7.

Title of legislation	Link to details relating to legislative consent	The reason(s) for adopting this approach outlined in the Legislative Consent Memorandum
The Localism Act 2011	https://business.senedd.wales/mglIssueHistoryHome.aspx?lId=1334&Opt=0&AIID=2878	<p>Advantages of utilising this Bill</p> <p>It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill as it represents the most appropriate and proportionate legislative vehicle to enable these provisions to apply in Wales at the earliest opportunity.</p>
Local Government Finance Act 2012	<p>https://business.senedd.wales/mglIssueHistoryChronology.aspx?lId=3938&Opt=2</p> <p>https://business.senedd.wales/documents/s8221/CELG4-15-12-Paper%203%20Legislative%20%20Consent%20Memorandum%20-%20Local%20Government%20Finance%20Bill.pdf</p>	<p>Advantages of utilising this Bill</p> <p>It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill as it represents the most appropriate and proportionate legislative vehicle to enable these provisions to apply in Wales at the earliest opportunity. These provisions will allow the Welsh Ministers to introduce appropriate legislation in accordance with Welsh priorities and concerns, prior to the abolition of Council Tax Benefit in March 2013.</p>
The Growth and Infrastructure Act 2013	<p>https://business.senedd.wales/mglIssueHistoryHome.aspx?lId=5396&Opt=0&AIID=9232</p> <p>https://senedd.wales/media/pq2ogkd3/lcm-ld9146-e-english.pdf</p>	<p>Advantages of utilising this Bill</p> <p>It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill as it represents the most appropriate and proportionate legislative vehicle to enable these provisions to apply in relation to Wales at the earliest opportunity. Waiting for similar provisions to be included in an Assembly Bill could lead to a delay which would lead to Wales being at a disadvantage in comparison with the position in England. The provisions will allow the Welsh Ministers to introduce appropriate secondary legislation in accordance with Welsh priorities.</p>
The Enterprise Act 2016	https://business.senedd.wales/mglIssueHistoryChronology.aspx?lId=13706&Opt=2&AIID=26974	<p>Advantages of utilising this Bill</p> <p>It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill for reasons of timing and coherence. The interconnected nature of the relevant Welsh and English administrative NDR systems and the cross-border operation of the VOA as an agency of</p>

Title of legislation	Link to details relating to legislative consent	The reason(s) for adopting this approach outlined in the Legislative Consent Memorandum
	https://senedd.wales/laid%20documents/lcm-ld10372/lcm-ld10372-e.pdf	<p>HMRC mean that it is effective and appropriate for provision for both the Wales and England administrations to be taken forward at the same time in the same legislative instrument.</p>
<p>Telecommunications Infrastructure (Relief from Non-Domestic Rates) Act 2018</p>	https://business.senedd.wales/mgIssueHistoryHome.aspx?lId=19909	<p>Advantages of utilising this Bill It is the view of the Welsh Government that it is appropriate to deal with these provisions in this UK Bill for reasons of timing and coherence. This includes the need to provide parity with England to ensure investment in fibre infrastructure in Wales is not adversely affected. The interconnected nature of the relevant Welsh and English administrative systems also supports provision being taken forward at the same time in the same legislative instrument.</p>
<p>Non-Domestic Rating (Nursery Grounds) Act 2018</p>	https://business.senedd.wales/mgIssueHistoryHome.aspx?lId=22279&Opt=0 https://senedd.wales/laid%20documents/lcm-ld11580/lcm-ld11580-e.pdf	<p>Reasons for making these provisions for Wales in the Bill The possibility of making this change through a future Welsh Government Bill has been discounted because there is not currently a firm legislative opportunity within the timescale required. Also, using a Welsh Government Bill would result in different valuation approaches operating in Wales and England for a period, i.e. until such time as a Welsh Government Bill became law. This would not be desirable or justifiable.</p>
<p>Non-Domestic Rating (Lists) Bill 2019 (The Bill fell when UK Parliament was prorogued, but was re-introduced)</p>	https://business.senedd.wales/mgIssueHistoryHome.aspx?lId=25705	<p>Reasons for making these provisions for Wales in the Bill Considerable preparatory work is required in preparing new rating lists to take effect on 1 April 2021 and in making ratepayers aware of the prospective changes. The confirmation of the valuation date in legislation provides the statutory basis for this work. The possibility of making this change through a future Welsh Government Bill has been discounted because there is no suitable legislative opportunity within the timescale required to enable the VOA to complete the necessary valuation work. Also, using a later Welsh Government Bill would result in less certainty for businesses and other ratepayers in Wales in the interim. The Bill will ensure that the timing of the revaluation in Wales aligns with that in England and that valuations are carried out in a consistent manner.</p>

Title of legislation	Link to details relating to legislative consent	The reason(s) for adopting this approach outlined in the Legislative Consent Memorandum
<p>Non-Domestic Rating (Public Lavatories) Bill 2019</p> <p>(The Bill fell when UK Parliament was prorogued, but was re-introduced)</p>	<p>https://business.senedd.wales/mgIssueHistoryChronology.aspx?Ild=25775&Opt=2</p>	<p>Reasons for making these provisions for Wales in the Bill</p> <p>The possibility of making this change through a future Welsh Government Bill has been discounted because there is currently no suitable primary legislative opportunity which would allow the rates liability on public lavatories to be removed in Wales at the same time as in England. Including provisions for Wales within the Bill provides the zero-rating of liability for public lavatories in Wales and will reduce the cost of maintaining them and may help them to remain open.</p>
<p>Non-Domestic Rating (Lists) Bill 2020</p> <p>(The Bill was superseded by the Non-Domestic Rating (Lists) Act 2021)</p>	<p>https://business.senedd.wales/mgIssueHistoryHome.aspx?Ild=28724</p>	<p>Reasons for making these provisions for Wales in the Bill</p> <p>Considerable preparatory work is required in preparing new rating lists to take effect on 1 April 2021 and in making ratepayers aware of the prospective changes. The confirmation of the valuation date in legislation provides the statutory basis for this work. The possibility of making this change through a future Welsh Government Bill has been discounted because there is no suitable legislative opportunity within the timescale required to enable the VOA to complete the necessary valuation work. Also, using a later Welsh Government Bill would result in less certainty for businesses and other ratepayers in Wales in the interim. A Welsh Government Bill would need to be laid, debated, passed and commenced before the end of June for the changes to be effective for April 2021. The Bill will also require the amendment of the Non-Domestic Rating (Chargeable Amounts) (Wales) Regulations 2016 and these revised regulations must be in force by 31 December 2020, otherwise they will not be effective. The Bill will ensure that the timing of the revaluation in Wales aligns with that in England and that valuations are carried out in a consistent manner.</p>
<p>Non-Domestic Rating (Public Lavatories) Act 2021</p>	<p>https://business.senedd.wales/mgIssueHistoryHome.aspx?Ild=28394</p>	<p>Reasons for making these provisions for Wales in the Bill</p> <p>The possibility of making this change through a future Welsh Government Bill has been discounted because there is currently no suitable primary legislative opportunity which would allow the rates liability on public lavatories to be removed in Wales at the same time as in England.</p>

Title of legislation	Link to details relating to legislative consent	The reason(s) for adopting this approach outlined in the Legislative Consent Memorandum
		Including provisions for Wales within the Bill provides the zero-rating of liability for public lavatories in Wales and will reduce the cost of maintaining them and may help them to remain open.
Non-Domestic Rating (Lists) (No.2) Bill / Non-Domestic Rating (Lists) Act 2021	https://business.senedd.wales/mgIssueHistoryHome.aspx?lId=29631&Opt=0	<p>Reasons for making these provisions for Wales in the Bill</p> <p>Considerable preparatory work is required in preparing new rating lists to take effect on 1 April 2023 and in making ratepayers aware of the prospective changes. The confirmation of the valuation date in legislation provides the statutory basis for this work. The possibility of making this change through a future Welsh Government Bill has been discounted because there is no suitable legislative opportunity within the timescale required to enable the VOA to complete the necessary valuation work. Also, using a later Welsh Government Bill would result in less certainty for businesses and other ratepayers in Wales in the interim. The Bill will also ensure that the timing of the revaluation in Wales aligns with that in England and that valuations are carried out in a consistent manner.</p>
Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021	https://business.senedd.wales/mgIssueHistoryHome.aspx?lId=37958	<p>Reasons for making these provisions for Wales in the Bill</p> <p>These changes can only be made by way of primary legislation. The possibility of making these changes through a future Welsh Government Bill has been discounted as no suitable legislative vehicle is planned within the time-scales necessary for these provisions. Using a later Welsh Government Bill would result in uncertainty for businesses and other ratepayers in Wales in the interim. It would also give rise to significant financial implications. A Welsh Government Bill would need to be laid, debated, passed and commenced for the changes to be effective retrospectively. Any delay would increase the administrative burden on ratepayers, the VOA and Welsh local authorities. Consenting to provisions in the Bill would enable the matter to be resolved promptly, enabling resources to be better targeted and allowing targeted support to be introduced for ratepayers negatively affected by the legislation. The Bill would ensure that the treatment of appeals in Wales aligns with that in England and that Welsh ratepayers would be treated in a consistent manner.</p>

Title of legislation	Link to details relating to legislative consent	The reason(s) for adopting this approach outlined in the Legislative Consent Memorandum
The Non-Domestic Rating Act 2023	https://business.senedd.wales/mglIssueHistoryHome.aspx?lId=41256	<p>Reasons for making these provisions for Wales in the Bill</p> <p>These changes can only be made by way of primary legislation. The possibility of making these changes through a future Welsh Government Bill has been considered. The changes have been identified as suitable for pursuing through a UK Government Bill on the basis that they would be beneficial to implement as soon as practically possible. Awaiting the Welsh Government's planned Local Government Finance (Wales) Bill would lead to both the Welsh Government and ratepayers in Wales being put at a disadvantage and rescheduling the Senedd Bill would have wider negative impacts on our legislative programme.</p>

Annex B

Section of Bill	Provision in amended Act	Power in relation to Wales to (description)	Procedure	New or restatement
4	Section 54AB(1) of the Local Government Finance Act 1988 (the 1988 Act)	Amend sections 41ZA(3) and 52ZA(3) of the 1988 Act to: (a) substitute a different year for the year that is for the time being specified as the revaluation year (b) insert a reference to a different year from the year that would otherwise be the revaluation year (c) substitute a different interval between revaluation years for the interval that is for the time being specified there (d) make other amendments consequential on, or incidental to, the amendments made under paragraph (a), (b), or (c)	Draft affirmative	New
5(2)	Paragraph 8A(2)(b)(i) of Schedule 4ZA to the 1988 Act	Prescribe conditions to confer an additional partial relief in respect of occupied local list hereditaments	Draft affirmative	New
	Paragraph 8B(2) of Schedule 4ZA to the 1988 Act	Prescribe conditions to confer an additional full relief in respect of occupied local list hereditaments	Draft affirmative	New
	Paragraph 8C of Schedule 4ZA to the 1988 Act	Amend or repeal any provision in Parts 2 and 3 of the Schedule for the purposes of varying or withdrawing a relief set out in those parts in respect of occupied local list hereditaments	Draft affirmative	New
	Paragraph 9A of Schedule 4ZA to the 1988 Act	Amend paragraph 9 of the Schedule for the purpose of providing for the calculation of the chargeable amount when more than one relief applies to occupied local list hereditaments	Draft affirmative	New
	Paragraph 10(6A) of Schedule 4ZA to the 1988 Act	Prescribe the value of "F" in the formula used for the purposes of conferring a new partial relief in respect of occupied local list hereditaments	Draft affirmative	New
5(3)	Paragraph 2A(2)(b)(i) of Schedule 4ZB to the 1988 Act	Prescribe conditions to confer an additional partial relief in respect of unoccupied local list hereditaments	Draft affirmative	New

Section of Bill	Provision in amended Act	Power in relation to Wales to (description)	Procedure	New or restatement
	Paragraph 2B(2) of Schedule 4ZB to the 1988 Act	Prescribe conditions to confer an additional full relief in respect of unoccupied local list hereditaments	Draft affirmative	New
	Paragraph 2C of Schedule 4ZB to the 1988 Act	Amend or repeal any provision in Part 2 of the Schedule for the purposes of varying or withdrawing a relief set out in that part in respect of unoccupied local list hereditaments	Draft affirmative	New
	Paragraph 2E of Schedule 4ZB to the 1988 Act	Amend paragraph 2D of the Schedule for the purpose of providing for the calculation of the chargeable amount when more than one relief applies to unoccupied local list hereditaments	Draft affirmative	New
	Paragraph 3(5A) of Schedule 4ZB to the 1988 Act	Prescribe the value of "F" in the formula used for the purposes of conferring a new partial relief in respect of unoccupied local list hereditaments	Draft affirmative	New
5(4)	Paragraph 4A(2)(b)(i) of Schedule 5A to the 1988 Act	Prescribe conditions to confer an additional partial relief in respect of central list hereditaments	Draft affirmative	New
	Paragraph 4B(2) of Schedule 5A to the 1988 Act	Prescribe conditions to confer an additional full relief in respect of central list hereditaments	Draft affirmative	New
	Paragraph 4C of Schedule 5A to the 1988 Act	Amend or repeal any provision in Part 2 of the Schedule for the purposes of varying or withdrawing a relief set out in that part in respect of central list hereditaments	Draft affirmative	New
	Paragraph 5B of Schedule 5A to the 1988 Act	Amend paragraph 5A of the Schedule for the purpose of providing for the calculation of the chargeable amount in when more than one relief applies to central list hereditaments	Draft affirmative	New
	Paragraph 6(5A) of Schedule 5A to the 1988 Act	Prescribe the value of "F" in the formula for the purposes of conferring a new partial relief in respect of central list hereditaments	Draft affirmative	New
9(2)	Paragraph 20A(1) of Schedule 5 to the 1988 Act	Insert, amend, revoke or repeal any provision in the Schedule to confer, vary or withdraw an exemption	Draft affirmative	New

Section of Bill	Provision in amended Act	Power in relation to Wales to (description)	Procedure	New or restatement
10	Paragraph A16(1)(a) of Schedule 7 to the 1988 Act	Specify the description of local list hereditaments to be subject to a differential multiplier	Draft affirmative	New
	Paragraph A16(1)(b) of Schedule 7 to the 1988 Act	Specify the rateable value of central list hereditaments to be subject to a differential multiplier	Draft affirmative	New
	Paragraph A16(2)(b) of Schedule 7 to the 1988 Act	Prescribe the value of "N" for the purposes of calculating a differential multiplier	Draft affirmative	New
	Paragraph A18(a) of Schedule 7 to the 1988 Act	Substitute for references to the consumer prices index references to another index, for the purpose of calculating the multiplier	Draft affirmative	Restatement (without amendment)
	Paragraph A18(b)(i) of Schedule 7 to the 1988 Act	Substitute the figure for B in the formula used for the purpose of calculating the multiplier	Draft affirmative	Restatement (without amendment)
	Paragraph A18(b)(ii) of Schedule 7 to the 1988 Act	Substitute the figure for C in the formula used for the purpose of calculating the multiplier	Draft affirmative	Restatement (without amendment)
13	Section 63H(1)(a) of the 1988 Act	Specify a type of artificial avoidance arrangement to be counteracted in accordance with the provisions in section 13 of the Bill	Draft affirmative	New
	Section 63M(1) of the 1988 Act	Provide for the imposition of a financial penalty for failure to pay an amount due to counteract an advantage gained from making an artificial avoidance arrangement	Draft affirmative	New
	Section 63M(6) of the 1988 Act	Substitute for a different amount the maximum penalty specified in that section	Draft affirmative	New
17	Section 5(4B)(a) and (b) of the Local Government Finance Act 1992 (the 1992 Act)	Amend or substitute the proportions and bands used in council tax calculations	Draft affirmative	Restatement (without amendment)

Section of Bill	Provision in amended Act	Power in relation to Wales to (description)	Procedure	New or restatement
	Section 5(4B)(c) and (d)	Amend the valuation band used as a mid-point in formulas applied under sections 36 and 47 of the 1992 Act used to calculate the amount of council tax that is payable	Draft affirmative	New
18	Sections 6 and 9 of the 1992 Act	Prescribe which persons should be disregarded for the purpose of determining joint and several liability in relation to council tax	Draft affirmative	New
	Section 11E of the 1992 Act	Make regulations to: (a) set the levels and prescribe the conditions or criteria that must exist for a discount to apply (b) determine categories of resident that are disregarded for the purposes of discount	Draft affirmative	New
	Section 11F of the 1992 Act	Prescribe classes of dwellings in relation to which a billing authority may by determination either disapply or reduce a discount	Draft affirmative	Restatement (with amendment)
19	Section 13 of the 1992 Act	Provide for persons liable to pay council tax to pay a reduced amount in some circumstances	Negative	New
21	Section 22B(3C) of the 1992 Act	Amend subsection (3B) so as to: (a) substitute a different year for the year that is for the time being specified as the revaluation year (b) insert a reference to a different year from the year that would otherwise be the revaluation year (c) substitute a different interval between revaluation years (d) make other amendments to subsection (3B) that are consequential on, or incidental to, the amendments made under paragraph (a), (b) or (c)	Draft affirmative	New
	Section 22B(7A)(a) of the 1992 Act	Specify a date other than 1 September for a draft list compiled under subsection 22B(3A) to be sent to authorities by the Listing Officer	Negative	New
23	N/A	Make incidental, supplementary, consequential, transitional or savings provisions as required as a result of the Bill	Draft affirmative to amend primary	New

Section of Bill	Provision in amended Act	Power in relation to Wales to (description)	Procedure	New or restatement
			legislation, but negative otherwise	
Paragraph 12(2)(m) of the Schedule	Paragraph 5F(A1) of Schedule 9 to the 1988 Act	Make regulations about the notices which can be issued in relation to the notification duties extended to Wales by section 12 of the Bill	Negative	New
Paragraph 12(2)(n) of the Schedule	Paragraph 5FB of Schedule 9 to the 1988 Act	Make regulations to increase or decrease the amount of any penalty issued in respect of failure to comply with the notification duties extended to Wales by section 12 of the Bill	Draft affirmative	New