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Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol  
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Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref P-05-726  
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*Deur Mike,*

Thank you for your letter of 21 December regarding future improvements to the non-domestic rates system.

My immediate priority for the NDR system is supporting small businesses. In 2017-18 this is being delivered through the extension of the £100 million Small Business Rates Relief scheme and the provision of transitional rate relief to assist those adversely affected by the revaluation.

I am also committed to introducing a new permanent Small Business Rates Relief scheme from 2018 onwards and will be using the coming year to review the operation of the current scheme so that investment can be better targeted to meet the needs of businesses in Wales. I intend to consult widely throughout this process and I welcome views to ensure that the scheme not only meets the needs of local communities, but also maintains the vital source of local authority funding that non-domestic rates revenue provides.

In the medium term, my focus will be on delivering administrative improvements to lessen the burden on ratepayers. This will include measures to tackle abuse within the system, to improve data-sharing and to reform the appeals process. These administrative changes will be developed with support from local authorities and key stakeholders and will be subject to consultation to provide all interested parties an opportunity to express their views.

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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.

In the longer term, the Welsh Government intends to take steps to improve the local government finance system, including local taxation. There are opportunities to make the local tax liability across businesses, other ratepayers and households fairer. There are also steps which could be taken to simplify the system of local government funding so that people can understand and engage with how and where decisions are made about the funding and delivery of local services. As part of this, I will explore more wide-ranging and longer term reform of the local government finance system, looking internationally at the best examples. A working group of external experts has been established to provide advice and the Welsh Government is committed to open discussions about this work.

Best wishes,

Mark

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