

Explanatory Memorandum to The Council Tax (Alteration of Lists and Appeals) (Amendments) (Wales) Regulations 2025

This Explanatory Memorandum has been prepared by the Council Tax Policy & Reform Division and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Council Tax (Alteration of Lists and Appeals) (Amendments) (Wales) Regulations 2025. I am satisfied that the benefits justify the likely costs.

Rt Hon Mark Drakeford MS
Cabinet Secretary for Finance and Welsh Language
15 December 2025

PART 1

1. Description

- 1.1. The Council Tax (Alteration of Lists and Appeals) (Amendments) (Wales) Regulations 2025 (“the 2025 Regulations”) amend the Council Tax (Alteration of Lists and Appeals) Regulations 1993 (“the 1993 Regulations”). The 2025 Regulations cover the alteration of council tax lists by listing officers, and the process for proposing any alterations and for appeals, should there be disagreement in relation to a proposal.

2. Matters of special interest to the Legislation, Justice and Constitution Committee

- 2.1. None.

3. Legislative background

- 3.1. The Local Government Finance Act 1992 (“the 1992 Act”) sets out the operation of the council tax system including the responsibilities of local government and the role of the Valuation Office Agency (VOA) in compiling and maintaining valuation lists.
- 3.2. The 1993 Regulations were made under regulation making powers in the Local Government Finance Acts of 1988 and 1992 (‘the 1988 Act’ and ‘the 1992 Act’). The Welsh Ministers are now able to exercise those powers to make new regulations. While the Acts do not expressly provide a power to amend, section 14 of the Interpretation Act 1978 allows the Welsh Ministers to amend the 1993 Regulations.
- 3.3. Section 24 of the 1992 Act provides the basis for many of the changes to the 1993 Regulations relating to the procedure to be adopted by a listing officer when a proposal to alter a list is received. While the regulation making power in section 24 is permissive and does not expressly limit what other matters may be prescribed in regulations, the scope of section 24(1) is itself limited to the alteration of lists by listing officers.
- 3.4. The 2025 Regulations are also made pursuant to powers contained in Part 2 of Schedule 11 to the 1988 Act, which provides both general and specific regulation making powers in relation to the Valuation Tribunal for Wales (the VTW).
- 3.5. Relevant regulation making powers originally vested in the Secretary of State under the 1988 and 1992 Acts are now vested in the Welsh Ministers pursuant to article 2 of, and Schedule 1 to the National Assembly of Wales (Transfer of Functions) Order 1999, and section 162 of, and paragraph 30 of Schedule 11 to the Government of Wales Act 2006.
- 3.6. The 2025 Regulations are subject to the negative resolution procedure.

4. Purpose and intended effect of the legislation

- 4.1. The 2025 Regulations are intended to help reform the council tax appeals system in Wales and meet the Welsh Government's Programme for Government commitment to a fairer council tax. The appeals system is administered by two independent organisations, each responsible for different stages of the process. The Valuation Office Agency (VOA) is responsible for the valuation and listing of dwellings for council tax banding, including the consideration of proposals from taxpayers who believe their valuation should be changed. The Valuation Tribunal for Wales (VTW) is responsible for appeals, when agreement is not reached between a taxpayer and the VOA in relation to a proposed change to a valuation.
- 4.2. The 2025 Regulations implement a new process for taxpayers to engage with the VOA, implementing a small number of changes to the proposal process and arrangements for appeals to the VTW. The changes aim to improve the efficiency of the system for taxpayers and reduce speculative and unsuccessful appeals.
- 4.3. The changes to the proposal process will improve transparency, providing taxpayers with property data early in the process. This will enable taxpayers to make informed decisions about how far into the process they wish to go. The changes also ensure that proposals are resolved with the VOA and removes the automatic transmission of proposals to the VTW. This gives taxpayers the autonomy to pursue an appeal directly to the VTW only if they wish to do so.
- 4.4. Taking into account the consultation and stakeholder views as well as adopting the benefits of processes applied elsewhere, the following is proposed:
 - Procedural steps – a clearer distinction of functions between the VOA and the VTW, providing taxpayers with the autonomy to decide whether to pursue a challenge directly to the VTW to an appeal and tribunal hearing, removing the current drift of the process to appeal stage without a taxpayer being involved in that decision.
 - Improved transparency – taxpayers will receive their property data and sales comparables held by the VOA earlier in the process, allowing them to better engage with the VOA before being issued with a decision notice. Taxpayers will be able to decide if they wish to pursue the matter further and appeal directly to the VTW. Currently, an appeal to the VTW automatically occurs within 6 months of a proposal being made. In addition, the 2025 Regulations clarify who may be a party to an appeal. The 2025 Regulations also insert a provision specifying that a failure by the listing officer to notify a decision or reach an agreement, within 4 months of the date when the proposer served the proposal, is deemed to be a disagreement about the accuracy of the list between the VOA and the proposer, thereby enabling the taxpayer to appeal.
 - Withdrawal stage – a taxpayer will retain the option to withdraw a proposal after receiving and reviewing sales comparables and property attribute data held by the VOA.

- Timeframes – the VOA will have 4 months to resolve a proposal to change the valuation list. The VOA will also have additional notification obligations, which include a duty on the listing officer to advise a taxpayer where it is not likely that a decision can be made within 4 months of receiving a proposal.
- Communications with a taxpayer – where the VOA issues an invalidity notice asserting that a proposal has been made invalidly, the proposer who objects will have to do so by appealing to the VTW, rather than by issuing a disagreement notice. The VOA must amend the list in accordance with a taxpayer’s valid proposal if it agrees it is well-founded, and may reach an agreement with the taxpayer to amend the list otherwise. Where no agreement is reached, the VOA must decide whether to alter the list.
- Fees – no changes are proposed. The appeals service remains free for taxpayers.
- VTW operations – supplementary powers will be provided for the VTW to manage operational aspects of appeals and hearings.

4.5. The 2025 Regulations will also make a number of minor consequential amendments to the 1993 Regulations, as well as two arising as a result of amendments made to section 22B of the 1992 Act by section 20(1)(f) and (g) of the Local Government Finance (Wales) Act 2024. The 2025 Regulations also make two minor consequential amendments to the Non-Domestic Rating (Alteration of Lists and Appeals) (Wales) Regulations 2023.

4.6. The 2025 Regulations also contain a transitional provision to provide that the 1993 Regulations as in force immediately before 1 February 2026 will continue to apply on and after that date in respect of any proposal for the alteration of a list made before that date, and in respect of any appeal made in relation to such a proposal.

4.7. The 2025 Regulations will come into force and take effect from 1 February 2026.

5. Consultation

5.1. A policy [consultation](#) took place from 10 January 2025 to 3 April 2025. The consultation sought views on the Welsh Government’s proposals to reform the council tax appeals system in Wales, as part of meeting a Programme for Government commitment, and in line with the purpose and intended effect set out above. A [summary of responses](#) along with a [written statement](#) was published on 26 June 2025.

5.2. The consultation received a total of 33 responses. 25 responses were received from private individuals, 4 were received from local authorities and 4 from stakeholders.

5.3. The majority of responses were positive, with 32 respondents answering ‘yes’ to the questions asked. One respondent answered ‘no’ to all the questions, using the consultation as a vehicle to express general dissatisfaction with the council tax system.

- 5.4. Some respondents emphasised the positive impact the changes would have to improve the transparency in the system, referencing the upcoming 2028 revaluation. The main points highlighted were providing property data to taxpayers earlier in the process and removing the automatic transmission of unresolved proposals, to support taxpayers to make an informed decision about how they wish to progress their proposal.
- 5.5. Some respondents expressed criticism of the current system, expressing frustration with delays and rigidity of the system, as well as the process being unclear. There were some suggestions received, such as improved communication with the VOA to get a better understanding of how property valuations were achieved, as well as being able to view the property information for other properties within a close proximity.

PART 2 – REGULATORY IMPACT ASSESSMENT

6. Options

- 6.1. This Regulatory Impact Assessment (RIA) presents two options in relation to the system used to administer council tax appeals. All costs and benefits quantified in this RIA are based on information available to the Welsh Government leading up to publication.
- 6.2. This RIA does not include any recurrent costs or benefits associated with the changes to the volume of council tax appeals as a result of the Welsh Government's wider council tax reform programme, to redesign council tax in 2028 following a revaluation. Costs for the overarching council tax reform programme have been included as part of the Local Government Finance (Wales) Act 2024 implementation. The changes to the council tax appeals system in these regulations are procedural and are essential because they will ensure that the appeals process is fit for purpose, ahead of a 2028 revaluation where there is expected to be a higher volume of council tax proposals and appeals.
- 6.3. This RIA does not include specific costs or benefits associated with individual council tax bills resulting from property mis-designation. Due to the variability in billing authority council tax charges, property values, and banding details, such estimates routinely differ significantly on a case-by-case basis, and over time as people's circumstances change. Attempting to quantify these impacts is not an impact of these regulations and could lead to inaccurate and potentially misleading conclusions.
- 6.4. There are one-off IT and training costs associated with the changes to the council tax appeals system as a result of these regulations. Whilst the existing VOA IT system will need to be adapted to deliver the proposed changes under option 2, these improvements also bring efficiency savings and can be managed within the existing Service Level Agreements with VOA and the VTW.
- 6.5. The VOA and VTW will not incur additional costs regarding communicating and informing taxpayers about the new process. While both organisations are expected to realise efficiency savings under Option 2, these potential savings have not been quantified.
- 6.6. Under the existing system, there is no financial cost to a taxpayer to make a council tax proposal or appeal. This will remain unchanged under each option. However, each option will have non-financial benefits and costs.
- 6.7. The options considered are as follows:

Option 1 – Do nothing. Retain the existing appeals system, with no legislative changes. The current system would continue to operate as it does.

Option 2 – Make the 2025 Regulations. Legislate to improve the appeals process so that it is streamlined, more transparent and easier to navigate. These changes would enable taxpayers to make informed decisions about how far into the process they wish to go. The changes would also ensure that proposals were resolved with the VOA in a shorter timeframe and remove the automatic transmission of unresolved proposals to the VTW. The improved process would be in place from February 2026 onwards.

7. Costs and benefits

Option 1 – Do nothing

7.1. Option 1 would not require any legislative change. The existing appeals framework would remain in place. Under the current system, proposals that are not resolved within six months would continue to automatically be transferred to the VTW as an appeal. The procedural timeframes would be longer. Taxpayers would continue to receive their property data later in the process and therefore be less informed and less empowered to seek an appeal.

Costs

- 7.2. Option 1 would not incur any additional costs, as the existing appeals framework would continue to operate as it currently does.
- 7.3. Taxpayers would be faced with an opportunity cost of continuing to use the current system, as opposed to a more streamlined, informed and transparent system. As a result, taxpayers may experience delays in the resolution of their proposals and appeals, potentially leading to short-term financial losses if they are placed in an incorrect council tax band and are required to pay a higher rate of tax for an extended period.
- 7.4. The system may not be fit for purpose to handle the increased volumes of proposals and appeals during and following a revaluation year, so there would be future costs as a result of inefficiency of the current appeals system. Again, as a result, delays in resolution could lead to short-term financial losses.
- 7.5. As mentioned in paragraph 6.5, no estimates for these costs are available given the implementation of the revaluation under the Local Government Finance (Wales) Act 2024 is scheduled to take place in 2028, and the propensity of taxpayers to appeal their outcomes will vary significantly depending on how the council tax system is redesigned at that time, and property market movements.
- 7.6. Doing nothing would not address the Welsh Government's Programme for Government commitment to a fairer council tax. The current appeals system would continue to transfer any unresolved proposals from the VOA to the VTW, resulting in a higher volume of unnecessary and speculative appeals,

inefficiency and taxpayers automatically proceeding to tribunal with the VTW when they did not wish to. Currently there are approximately 900 appeals dealt with by the VTW annually.

Benefits

- 7.7. Not proceeding with the 2025 Regulations has some benefits including stakeholders being familiar with how the current system operates, so there would be no disruption to current operational processes, and the VOA and the VTW not needing to update their IT systems to implement the new processes required of the 2025 Regulations.

Option 2 – Make the 2025 Regulations

- 7.8. Option 2 would be to make the 2025 Regulations to improve the proposal and appeals system. The changes would ensure that taxpayers receive property data earlier in the process to inform their decision making. The changes would also remove the automatic transmission of unresolved proposals to the VTW, at which point they become an appeal. In addition, additional case management powers would be conferred on the VTW, akin to those which they already have in relation to NDR appeals. The changes would come into force from February 2026.

Costs

- 7.9. The changes outlined in this option form part of the overarching council tax reform programme, meeting the Welsh Government's Programme for Government commitment to a fairer council tax. Costs for the overarching council tax reform programme have been included as part of the Local Government Finance (Wales) Act 2024 implementation. The one-off implementation costs associated with proposed changes to appeals are estimated to be £696,000 for the VOA's IT changes. This one-off cost in 2025-26 can be managed within the existing Service Level Agreement that the Welsh Government has with the VOA. However, there would be ongoing efficiency savings as processes are streamlined and aligned operationally with processes for England.
- 7.10. It is anticipated that the overall volume of appeals could fall under this option, as taxpayers become better informed of their property data and are able to make an informed choice about proceeding to an appeal. The exception to that is in a revaluation year, where it is anticipated that appeal volumes will increase. However, that is a direct result of the revaluation and has no correlation with this legislative change. No estimates of potential future costs of appeals following a revaluation have therefore been included, as it is not possible to anticipate the number of proposals or appeals that may arise as a result of these changes. However, when a similar appeals system was introduced in England in 2009 there were reductions in volumes seen over time. The variability in future case volumes and outcomes means that any attempt to quantify these costs would be dependent on how the future council

tax system is redesigned, and would be speculative and potentially misleading. As such, no specific cost estimates are provided at this stage.

- 7.11. There are no additional external communications required for these changes. However, there would be a requirement for the VOA and VTW to guide taxpayers through each stage of the process exactly as they do currently.
- 7.12. Stakeholders may require time to become familiar with the new process. Additional resources may be necessary to support staff in understanding and implementing the updated operational procedure; however, these adjustments are anticipated to be manageable. VOA staff are already familiar with these processes as they align with the system in place in England. The VTW has estimated that staff training would equate to around £4,000 in terms of hours spent upskilling staff. This one-off cost in 2025-26 can be managed within the existing Service Level Agreement that the Welsh Government has with the VTW.
- 7.13. There would be no direct costs to taxpayers or local authorities as a result of these changes outlined in this option.

Benefits

- 8.1. The proposed amendments to the proposals and appeals process would improve transparency for taxpayers, providing taxpayers with property data earlier in the process than they do currently. This change would allow taxpayers to make an informed choice about how to proceed with an appeal earlier in the process and allow them to pursue an appeal only if they choose to do so.
- 8.2. Unresolved proposals would no longer be automatically forwarded to the VTW, and instead taxpayers will be empowered to make their own decision about an appeal. This would result in increased efficiency and a reduced volume of unnecessary appeals on the tribunals system and giving taxpayers the autonomy to initiate an appeal. Additional case management powers would be expressly conferred on the VTW allowing them to make operational decisions for example, about hearings.
- 8.3. The improved process would allow for efficiency savings for the VOA and the VTW, allowing them to better manage limited resources on other casework and improve operational delivery. This would be particularly beneficial during future revaluation years. Improvements to the process would ensure that the appeals process would be fit for purpose ahead of a 2028 revaluation, as required by the Local Government Finance (Wales) Act 2024.
- 8.4. Making the 2025 Regulations would support the Welsh Government's commitment to a fairer, more progressive council tax as outlined in this Senedd term's Programme for Government.

9. Option Summary

- 9.1. Doing nothing would result in no efficiency improvements to the existing council tax appeals system. Whilst the benefits of this option would see stakeholders remain familiar with the existing process, they would not benefit from an improved, streamlined and more transparent appeals system. Option 1 also does not support the wider policy aims of council tax of reforms to create a fairer system.
- 9.2. Option 2 would lead to a more cost effective appeals framework and ensure taxpayers in Wales benefit from a more streamlined process for challenging and appealing their council tax band. This option would also support future implementation of the Local Government Finance (Wales) Act 2024 which has legislated for more frequent revaluations from 2028, ensuring the system is fit for purpose. There would also be future efficiency saving opportunities for both the VOA and VTW in managing council tax proposals and appeals. This would benefit taxpayers and ensure fairness of the council tax system overall. The long-term benefits are considered to outweigh the one-off implementation costs of the changes.
- 9.3. Option 2 is, therefore, the preferred approach.

10. Duties

- 10.1. **Well-being of Future Generations (Wales) Act 2015.** Ensuring that taxpayers in Wales have access to a modernised appeals system, which will make the processing of appeals more efficient and easier to navigate for taxpayers, will support stability and clarity in the council tax system and contribute to the wellbeing objectives of a fairer Wales and a prosperous Wales.
- 10.2. **UNCRC.** No particular impact on the rights of children has been identified.
- 10.3. **Welsh Language.** No direct effect on the opportunities to use the Welsh language or the equal treatment of the language has been identified in connection with the legislation.
- 10.4. **Equalities.** No specific impacts, positive or negative, on the persons who share a protected characteristic (as determined by the Equality Act 2010) have been identified.
- 10.5. **Voluntary sector.** No particular impact on the voluntary sector has been identified.

11. Competition Assessment

- 11.1. A competition filter test has been applied to the 2025 Regulations and the risk of a significant detrimental impact on competition is considered to be low.

12. Post-implementation review

12.1. The Welsh Government will monitor the impact of the changes by working closely with the VOA and the VTW as part of routine Service Level Agreement monitoring, and engaging with stakeholder groups to assess the effectiveness of new procedures and impacts on overall volumes within the appeals system.