

ASESIAD EFFAITH INTEGREDIG LLYWODRAETH CYMRU

Teitl y cynnig:	Bil Cyllid Llywodraeth Leol (Cymru): Diwygio Ardrethi Annomestig
Swyddog(ion) sy'n llenwi'r Aseiad Effaith Integredig (enw(au) ac enw'r tîm):	Is-adran Polisi a Diwygio Ardrethi Annomestig
Adran:	Llywodraeth Leol
Pennaeth yr Is-adran/Yr Uwchswyddog Cyfrifol (enw):	Ben Crudge, Polisi a Diwygio Ardrethi Annomestig
Ysgrifennydd Cabinet/Gweinidog cyfrifol:	Gweinidog y Cabinet dros Gyllid, y Cyfansoddiad a Swyddfa'r Cabinet
Dyddiad Dechrau:	Tachwedd 2023 – diwygiwyd Gorffennaf 2024

Mae rhannau o'r aseiad effaith integredig yn Saesneg yn unig.

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ADRAN 1. PA GAMAU GWEITHREDU Y MAE LLYWODRAETH CYMRU YN EU HYSTYRIED A PHAM?

Mae ardrethi annomestig yn rhan bwysig o'r ffordd yr ydym yn ariannu gwasanaethau cyhoeddus. Caiff yr holl refeniw a gynhyrchir o **oddeutu 125,000 eiddo annomestig** yng Nghymru - **dros £1 biliwn bob blwyddyn** - ei ddosbarthu i lywodraeth leol i helpu i ariannu gwasanaethau lleol hanfodol ac mae'n talu am oddeutu 10% o gyfanswm eu cost. Mae'r gwasanaethau hyn yn cynnwys llawer sy'n hanfodol i fusnesau a sefydliadau allu gweithredu'n effeithiol ac yn gynaliadwy yng Nghymru.

Mae'r ddogfen hon yn ymwneud â'r darpariaethau ynghylch ardrethi annomestig yn y Bil Cyllid Llywodraeth Leol (Cymru).

Beth yw ardrethi annomestig ac ar ba bwy y maent yn effeithio?

Mae ardrethi annomestig, y cyfeirir atynt yn aml fel 'ardrethi busnes', yn dreth leol a godir ar berchennog neu feddiannydd (a elwir yn 'dalwr ardrethi') hereditament annomestig, sef uned o eiddo ag asesiad ardrethu sy'n adlewyrchu'n fras y gwerth rhentu blynyddol. Gofyniad ydyw felly ar gyfer busnes neu sefydliad, yn gysylltiedig â meddiannu a defnyddio eiddo, yn hytrach na threth fwy uniongyrchol ar ddinasyddion unigol.

O ystyried natur y dreth, mae'r effeithiau ar unigolion yn tueddu i fod yn anuniongyrchol. Gall yr effeithiau 'canlyniadol' hyn gynnwys lleihau gwasanaethau oherwydd pwysau ariannol ar sefydliad (e.e. effaith uniongyrchol wrth i gynnydd mewn ardrethi annomestig arwain at newidiadau i'r ffordd y mae sefydliadau neu fusnesau'n darparu gwasanaethau) neu effeithiau economaidd ehangach (e.e. newidiadau cyflogaeth oherwydd newidiadau mewn costau busnes).

Pa newidiadau sy'n cael eu gwneud?

Mae'r darpariaethau yn y Bil sy'n ymwneud â diwygio ardrethi annomestig yn cynnwys y canlynol:

- **Ailbrisiadau mwy rheolaidd**, sef newid y mae llawer o randdeiliaid wedi bod yn galw amdano er mwyn sicrhau bod prisiadau ardrethi yn cynnig adlewyrchiad mwy cywir o amodau cyfredol y farchnad, ynghyd â'r mesurau ychwanegol sydd eu hangen i gefnogi hyn.
- **Gwella'r llif gwybodaeth** rhwng Asiantaeth y Swyddfa Brisio a thalwyr ardrethi, gan fanteisio ar wasanaethau digidol modern.
- Rhoi **deddfwriaeth fwy hyblyg** i Lywodraeth Cymru i ddiwygio rhyddhadau ac esemptiadau yn y dyfodol.
- Rhoi mwy o gyfleoedd i **amrywio'r lluosydd** er mwyn helpu i sicrhau bod codiadau blynyddol yn gydnaws â'n blaenoriaethau datblygu economaidd.

- Gwella'r broses o **weinyddu swyddogaethau prisio a rhestrau ardrethu** er mwyn symleiddio prosesau a lleihau'r baich ar y llywodraeth a thalwyr ardrethi.
- Mesurau pellach i sicrhau y gallwn barhau i fynd i'r afael ag achosion o **osgoi talu ardrethi**.

Mae rhai darpariaethau yn gwneud gwelliannau penodol yn y tymor byr i'r tymor canolig, ac mae eraill yn ymwneud â dulliau ysgogi polisïau a fyddai'n galluogi Llywodraeth Cymru i addasu a theilwra ardrethi annomestig yn well wrth i amodau newid.

Pa gyflawniad ehangach y bydd y newidiadau'n eu cefnogi?

Mae ein [Rhaglen Lywodraethu](#) yn nodi ein huchelgeisiau ar gyfer economi wyrddach a chymdeithas decach, fwy cyfartal. Mae ein cynlluniau ar gyfer economi Cymru wedi'u nodi yn ein [Cynllun Gweithredu ar yr Economi a'n Cenhadaeth i Gryfhau ac Ailadeiladu'r Economi](#) ac maent yn seiliedig ar ddatblygu economi sylfaenol sy'n adlewyrchu gwerthoedd partneriaeth gymdeithasol a gwaith teg.

Yn gysylltiedig â hyn, mae Llywodraeth Cymru yn ymrwymedig i gyflwyno'r achos o blaid proses glir a sefydlog ar gyfer datganoli trethi ac i ddiwygio'r ddwy dreth leol yng Nghymru – ardrethi annomestig a'r dreth gyngor – fel cyfranwyr allweddol at y broses o ariannu gwasanaethau cyhoeddus hanfodol. Bydd y newidiadau'n gwella'r system ardrethi annomestig er mwyn helpu i gyflawni llawer o'r nodau polisi yn ein Rhaglen Lywodraethu.

Ynghyd â manteision system trethiant lleol fwy effeithiol wedi'i llywio gan bolisi i Gymru gyfan, bydd darpariaethau'r Bil yn arwain at system fwy ymatebol ac effeithlon i dalwyr ardrethi, wedi'i chynllunio i adlewyrchu'r amodau economaidd a chymdeithasol ymhell i'r dyfodol. Byddant hefyd yn sicrhau bod talwyr ardrethi yn gwneud cyfraniad teg a byddant yn tynhau'r rheolau er mwyn atal achosion pellach o osgoi talu.

Er mwyn cefnogi ein hymrwymadau i Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015, wrth ddiogelu cynaliadwyedd ariannol llywodraeth leol yn y dyfodol drwy ddiwygio ardrethi annomestig gallwn gynorthwyo ein partneriaid llywodraeth leol i gyflawni ein saith nod llesiant a rennir. Trwy gryfhau'r system cyllid llywodraeth leol yng Nghymru, bydd llywodraeth leol mewn sefyllfa gryfach a mwy cynaliadwy i ddarparu gwasanaethau cyhoeddus a all gefnogi'r cymunedau y maent yn eu gwasanaethu.

Pa ymchwil sydd wedi'i gwneud?

Er mwyn cael gwell dealltwriaeth o'r materion a'r effaith bosibl y gallai unrhyw ddiwygiadau ei chael, rydym wedi comisiynu sawl prosiect ymchwil gan wahanol gyrrff a sefydliadau academaidd. Mae'r rhain wedi rhoi cipolwg inni ar effaith cynigion diwygio tymor byr a thymor hir.

Ymysg yr ymchwil a'r dystiolaeth a ystyriwyd hyd yma mae'r hyn a ddarparwyd gan, neu a adlewyrchir yn:

- y Rhaglen Lywodraethu
- Asiantaeth y Swyddfa Brisio
- Ymchwil a gomisiynwyd gan Lywodraeth Cymru ar ddiwygio cyllid llywodraeth leol – [Ymchwil gan Brifysgol Bangor](#)
- Cyfathrebu ac ymgysylltu â rhanddeiliaid
- Dadansoddiad Llywodraeth Cymru o gyfansoddiad y sylfaen drethu
- Polisiâu Llywodraeth Cymru mewn perthynas â chymorth ardrethi annomestig – [Crynodeb o ganfyddiadau Llywodraeth Cymru](#)

Cynhaliwyd [ymgyngoriad](#) 12 wythnos yn ceisio barn ar ddiwygio ardrethi annomestig yng Nghymru rhwng 21 Medi 2022 a 14 Rhagfyr 2022. Roedd yr ymgyngoriad yn adeiladu ar y [datganiad](#) a gyhoeddwyd ar 29 Mawrth 2022. Cyhoeddwyd crynodeb o'r ymatebion i'r ymgyngoriad ar 9 Chwefror 2023. Yn dilyn yr ymgyngoriad, datblygodd Llywodraeth Cymru ddarpariaethau mewn Bil i gyflawni'r rhan fwyaf o'r cynigion, gan gynnwys ailbrisiadau bob tair blynedd a'r newidiadau sydd eu hangen i'w cefnogi.

Agwedd hanfodol ar drethiant lleol yng Nghymru yw'r rôl a chwaraeir gan lywodraeth leol. Mae eu profiad a'u hymroddiad yn hollbwysig er mwyn casglu a gweinyddu trethi lleol yn effeithiol. Bydd Llywodraeth Cymru yn parhau i weithio mewn partneriaeth agos â llywodraeth leol i ddiwygio'r system ardrethi, gan ddefnyddio eu harbenigedd helaeth a'u gwybodaeth leol.

SECTION 2. WHAT WILL BE THE EFFECT ON SOCIAL WELL-BEING?

2.1 People and Communities

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal affect people and communities?

Significant impact, either positive or negative

Positive Impacts – The aim of reforming NDR is to evolve the current system so it can:

- Better reflect the nature of the economy in Wales and keep pace with changes
- Allow decisions to be made and accounted for in Wales, nurturing the sectors and businesses we wish to see grow
- Ensure ratepayers contribute fairly to the services they receive
- Continue to fund services that businesses and their employees rely on
- Connect businesses and organisations with communities.

As NDR contributes more than £1 billion annually in revenue for public services in Wales, actions to improve the fairness and efficiency of the system have the potential to support the stability of local economies and public services. This may have an indirect role in improving outcomes for individuals, families and communities, who may be employed by organisations within the tax-base and/or benefit from the public services it helps to support.

More frequent revaluations are considered to be a fundamental improvement to the fairness of the NDR system and its responsiveness to economic change. This change, and the measures necessary to support it, will help to ensure the maintenance of accurate rating lists and the timely collection of the correct amount of revenue that funds public services.

Greater flexibility in relation to the provision of NDR reliefs and exemptions will ensure that the landscape of support for ratepayers can be better adapted to the specific needs and priorities of Wales. These changes will also help to support fairness in the system. Measures to reduce opportunities for fraud and avoidance, by exploiting certain reliefs, will help to ensure the correct amount of revenue for public services is collected.

2.2 Children's Rights

The Children's Rights Impact Assessment has been completed at Annex A.

2.3 Equality

The Equality Impact Assessment has been completed at Annex B.

2.4 Rural Proofing

The Rural Proofing Impact Assessment has been completed at Annex C.

2.5 Health

It is not considered that the proposals will have an impact on health in Wales. A health impact assessment has not been undertaken as a result.

2.6 Privacy

The Data Protection Impact Assessment has been completed at Annex D.

SECTION 3. WHAT WILL BE THE EFFECT ON CULTURAL WELL-BEING AND THE WELSH LANGUAGE?

3.1 Cultural Well-being

The Well-being of Future Generations (Wales) Act 2015's goal for culture is 'a society that promotes and protects culture, heritage and the Welsh language and which encourages people to participate in the arts and sports and recreation'. Culture includes museums, archives, libraries and the arts; heritage includes the built historic environment as well as intangible heritage such as traditions; arts encompasses performance and creative sectors including music, literature, theatre and art, whilst sports and recreation include both elite and community sports as well as opportunities to participate in wider outdoor recreation.

3.1a How can the proposal actively contribute to the goal to promote and protect culture and heritage and encourage people to participate in the arts sports and recreation? (for Welsh Language see section 3.2)

NDR, often referred to as 'business rates', is a local tax levied on owners or occupiers, known as a ratepayer, of non-domestic hereditaments (a unit of property with a rating assessment which broadly speaking, reflects the annual rental value). It is therefore, a business or organisational requirement associated with the occupancy and use of a property, rather than a more direct tax on individual citizens.

NDR is a vital source of revenue for local government and helps to fund the provision of key cultural and recreational services. The proposed reforms aim to ensure a stable and fair contribution is made by businesses and other organisations towards the funding of these important services.

Properties delivering recreational services (e.g. sports centres or theatres) are NDR ratepayers, regardless of their ownership (e.g. private sector or local authority supported). While an increase in NDR could affect the ability of these businesses and organisations to deliver such services, the changes to tax relief mechanisms and discretionary support will allow for greater flexibility.

3.1b Is it possible that the proposal might have a negative effect on the promotion and protection of culture and heritage, or the ability of people to participate in arts, sport and recreation? If so, what action can you take to avoid or reduce that effect (for example by providing alternative opportunities)?

Given the nature of the tax, the impacts on individuals tend to be indirect. These 'knock on' effects can include a reduction of services due to financial organisational pressure (e.g. as a direct impact, a rise in NDR may result in changes in the way organisations or businesses deliver services) or wider economic impacts (e.g. employment changes due to changes in businesses costs).

Although NDR revaluations could result in increases (and decreases) to arts, sports and recreation organisations' liabilities, the changes in relation to reliefs and the NDR multiplier will increase Welsh Government and local authorities' flexibility in adapting to economic circumstances and supporting key services. Currently, charitable and community amateur sports club reliefs provide an 80% mandatory reduction in NDR liability, which local authorities may top-up with additional relief at their discretion.

3.2 Welsh Language

The impact on the Welsh language has been considered in the full impact assessment that has been completed at Annex E.

SECTION 4. WHAT WILL BE THE EFFECT ON ECONOMIC WELL-BEING?

Supporting growth in the Welsh economy, and supporting robust businesses is at the heart of the Welsh Government’s Programme for Government.

4.1 Business, the general public and individuals

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact business and the public?

Significant impact, either positive or negative – it is likely that every business or organisation in Wales with a property will be impacted by the proposed changes, regardless of who they are. The perception of whether the impact is positive or negative for individual businesses or organisations will depend on the impact our reforms have on their finances and perception of the effectiveness reforms have in general.

A balance must be struck between reducing the burden on businesses and organisations and raising the amount of NDR revenue needed to safeguard the local government finance system and the vital public services NDR contributes towards, including the police, education, and social services.

The provision in the Bill which will shorten the revaluation cycle for business (and other non-domestic) properties has the potential to change the valuation of all such properties in Wales more frequently. This means there is the potential for a property to have a higher, lower, or remain at the same, rateable value. This may result in some businesses or organisations having to pay more, some less or some paying around the same as they currently do. The overall impact of these individual changes will be a fairer system overall, that is more responsive to changes in economic conditions.

Due to the wide-ranging impacts on different property types and individual business or organisational circumstances, the specific impact assessments found later in this document will review the potential impacts in more detail.

4.2 Public Sector including local government and other public bodies

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact the public sector?

Significant, positive and negative – All NDR revenue is pooled centrally by the Welsh Government and distributed on a population basis to local authorities, with a small proportion of total NDR revenue contributing towards funding police services.

The combination of tax-base changes and decisions taken by the Welsh Government in relation to the setting of the multiplier impact the Revenue Support Grant (RSG) funding for local authorities and police services. The RSG is an unhypothecated grant to local authorities and police services provided by the Welsh Government to sustain essential public services and ensure an equity of those public services across Wales. The level of funding changes each year, depending on a range of factors including the total amount of NDR collected.

The impact of changes in the tax-base on overall revenue from NDR can, in part, be moderated by the setting of the multiplier (applied to the rateable value of a property to calculate liability). The Welsh Government has some control over the level the multiplier can be increased/decreased by each year. This is important to manage the total NDR revenue in response to economic and tax-base changes.

The NDR reforms delivered by the Bill will allow Welsh Government and local authorities to make policies that are more reflective of economic conditions in Wales. While some businesses and organisations may see NDR bills rise, others could see falls. By using the new powers, reliefs may be targeted more effectively.

In the short-term, the VOA will be impacted by additional administration costs associated with more frequent revaluations and the need to establish improved systems for the exchange of information with ratepayers. However, once new arrangements are established and embedded, new systems and ways of working will provide a better-informed and more responsive base for revaluations and the maintenance of accurate rating lists, resulting in administrative efficiency in the longer term.

Given shorter revaluation cycles and improved information sharing, it is envisaged that the level of NDR appeals following a NDR revaluation will decrease, reducing the pressure on the VOA and the Valuation Tribunal for Wales (VTW). We are working with these partner organisations to understand and support their requirements.

4.3 Third Sector

How (either positively or negatively), and to what extent (significant/moderate/minimal impact), will the proposal impact third sector organisations and what they do?

There are no specific changes to support arrangements for charities and other not-for-profit organisations **occupying** non-domestic property. Where non-domestic property is **unoccupied**, the Bill removes an automatic full relief that is currently applied where it is claimed that, when next in use, the property will be used for charitable purposes. This is a common method of NDR avoidance. Provisions in the Bill strengthen the eligibility conditions for this relief, in a way which legitimate charities with a genuine intention to occupy the property will be able to satisfy. Our 2018 consultation and subsequent engagement with stakeholders has confirmed that these genuine cases are expected to be in the minority.

4.4 Justice Impact

The NDR reforms, including shortened revaluation cycles, may have a potential impact on volumes of appeals heard by the VTW, the Upper Tribunal, the Magistrates' Court and the Crown Court.

The increased frequency of revaluations in Wales could reduce the volume of NDR appeals over time. As non-domestic hereditaments (units of property with a rating assessment) will be more frequently valued in line with prevailing market and economic conditions, there may be reduced volumes of appeals against rateable values.

Provisions introducing a duty on ratepayers to notify the VOA of certain changes may increase the impact of the NDR system on the justice system. The implementation of a new civil penalty as part of a compliance regime for the duties, would impact upon the workings of the justice system. However, the impact on the justice system is anticipated to be low, as the provisions relate to non-compliance and are anticipated on being used infrequently. Penalties will apply in limited circumstances and be enforced on a discretionary basis by the VOA, with appeals against penalties being heard by the VTW (and by the Upper Tribunal, once the necessary consequential amendments are made).

Providing the Welsh Ministers with a power to make anti-avoidance regulations in relation to NDR has the potential to impact upon the workings of the justice system in the future, although there will be no immediate impacts. The impact of any regulations would be assessed at the appropriate time.

We have undertaken a Justice Impact Assessment to demonstrate our consideration of these impacts.

SECTION 5. WHAT WILL BE THE EFFECT ON ENVIRONMENTAL WELL-BEING?

5.1 Natural Resources

5.1a How will the proposal deliver one or more of the National Priorities in the Natural Resources Policy (NRP)?

This policy does not deliver against the Natural Resources Plan.

5.1b Does the proposal help tackle the following national challenges and opportunities for the sustainable management of natural resources?

The NDR reform programme has no direct impact on the sustainable management of natural resources.

5.2 Biodiversity

A Biodiversity Impact Assessment has been undertaken as seen at Annex F.

5.3 Climate Change

Climate change has been identified as one of the biggest threats facing our future generations. We need to reduce our emissions through decarbonisation action (5.3a) and to adapt to the impacts of climate change by increasing our resilience (5.3b).

5.3a Decarbonisation

The changes to the NDR legislation increase the Welsh Government's flexibility to develop reforms that could contribute to our targets to decarbonise in Wales. Options to provide NDR relief or to vary the multiplier, creating two different tools for support, could theoretically be used to allow properties where decarbonisation measures have been installed to receive a reduced NDR liability. There are no specific proposals in relation to how additional support levers in the reformed system might be used and these will be developed in future.

There will not be a further assessment of the effects on emissions at this point. This will be reviewed as the policy develops.

5.3 b Adaptation

There is no positive or negative impact on the ability to adapt to the effects of climate change as a result of the NDR changes.

5.4 Strategic Environmental Assessment (SEA)

An SEA is not required as the programme does not meet the criteria to warrant an SEA to be undertaken.

5.5 Habitats Regulations Assessment (HRA)

An HRA is not required as the programme does not meet the criteria to warrant an HRA to be undertaken.

5.6 Environmental Impact Assessment (EIA)

An EIA is not required as the programme does not meet the criteria to warrant an EIA to be undertaken.

SECTION 6. SOCIO-ECONOMIC DUTY WHAT WILL BE THE EFFECT ON SOCIO-ECONOMIC DISADVANTAGE?

6.1 The Socio-economic Duty

NDR, often referred to as ‘business rates’, is a local tax levied on owners or occupiers, known as a ratepayer, of non-domestic hereditaments (a unit of property with a rating assessment which broadly speaking, reflects the annual rental value). It is therefore, a business or organisational requirement associated with the occupancy and use of a property, rather than a more direct tax on individual citizens. The link between NDR and socioeconomic disadvantage is, therefore, much less direct than other forms of local taxation (council tax) or wider taxation (e.g. income tax).

A full assessment of the socio-economic impacts using data currently available has been undertaken as seen at Annex G.

SECTION 7. RECORD OF FULL IMPACT ASSESSMENTS REQUIRED

You have now decided which areas need a more detailed impact assessment. Please list them below.

Impact Assessment	Yes/No	If yes, you should
Children's rights	Yes	Complete the Children's Rights Impact Assessment below
Equality	Yes*	Complete the Equality Impact Assessment below
Socio-economic Duty	Yes	Complete the Socio-economic Duty Assessment below
Rural Proofing	Yes	Complete the Rural Proofing Impact Assessment below
Health	No	Refer to the Integrated Impact Assessment Guidance
Privacy	Yes	Complete the Error! Reference source not found. below
Welsh Language	Yes	Complete the Welsh Language Impact Assessment below
Economic / RIA	Yes	Refer to the Integrated Impact Assessment Guidance
Justice	Yes	Complete the Justice System Impact Identification form on the intranet
Biodiversity	Yes*	Complete the Biodiversity Impact Assessment below
Climate Change	No	Refer to the Integrated Impact Assessment Guidance
Strategic Environmental Assessment	No	Refer to the Integrated Impact Assessment Guidance
Habitat Regulations Assessment	No	Refer to the Integrated Impact Assessment Guidance
Environmental Impact Assessment	No	Refer to the Integrated Impact Assessment Guidance

* Mandatory for all proposals in order to meet statutory obligations.

You should undertake the impact assessments identified (engaging with the internal expert advisors and other experts as necessary) before moving on to Section 8. Conclusion.

ADRAN 8. CASGLIAD

8.1 Sut mae'r bobl y mae'r cynnig yn fwyaf tebygol o effeithio arnynt wedi cael eu cynnwys yn y broses o'i ddatblygu?

Cynhaliwyd ymgynghoriad 12 wythnos yn ceisio barn ar ddiwygio ardrethi annomestig yng Nghymru rhwng 21 Medi 2022 a 14 Rhagfyr 2022. Roedd yr ymgynghoriad yn adeiladu ar y [datganiad](#) ar 29 Mawrth 2022. Cyhoeddwyd [crynodeb o'r ymatebion](#) ar 9 Chwefror 2023. Yn dilyn yr ymgynghoriad, mae Llywodraeth Cymru wedi cynnwys darpariaethau yn y Bil hwn i gyflawni'r rhan fwyaf o'r cynigion diwygio, gan gynnwys ailbrisiadau tair blynedd a'r newidiadau sydd eu hangen i'w cefnogi. Cynhaliwyd ymgynghoriadau hefyd ar agweddau penodol ar y diwygiadau.

Bu ymgysylltu helaeth â rhanddeiliaid a llywodraeth leol ynghylch y cynigion. Yn ogystal, mae canfyddiadau gan randdeiliaid, awdurdodau lleol ac unigolion wedi cael eu hystyried wrth ddatblygu'r newidiadau a amlinellir yn y ddogfen hon.

Sefydlodd Llywodraeth Cymru Weithgor arbenigol, y Gweithgor Diwygio Trethi Lleol, a oedd yn cynnwys ymarferwyr o awdurdodau lleol Cymru, Asiantaeth y Swyddfa Brisio, Tribiwnlys Prisio Cymru a'r Sefydliad Refeniw, Ardrethu a Phrisio (IRRV) i gyfrannu at fanylion y cynigion diwygio.

Fe wnaeth canfyddiadau a gafwyd o'r ffynonellau canlynol – rhai ohonynt yn sefydliadau yr effeithir arnynt gan ein rhaglen ddiwygio – helpu i lywio'r diwygiadau:

- Asiantaeth y Swyddfa Brisio
- Ymchwil a gomisiynwyd gan Lywodraeth Cymru ar ddiwygio cyllid llywodraeth leol – [Ymchwil gan Brifysgol Bangor](#)
- Cyfathrebu ac ymgysylltu â rhanddeiliaid
- Dadansoddiad Llywodraeth Cymru o gyfansoddiad y sylfaen drethu
- Polisiâu Llywodraeth Cymru mewn perthynas â chymorth ardrethi annomestig - [Crynodeb o ganfyddiadau Llywodraeth Cymru](#)

Agwedd hanfodol ar drethiant lleol yng Nghymru yw'r rôl a chwaraeir gan lywodraeth leol. Mae eu profiad a'u hymroddiad yn hollbwysig er mwyn casglu a gweinyddu trethi lleol yn effeithiol. Bydd Llywodraeth Cymru yn parhau i weithio mewn partneriaeth agos â llywodraeth leol i ddiwygio'r system ardrethi, gan ddefnyddio eu harbenigedd helaeth a'u gwybodaeth leol. Mae'r ymgynghoriad yn rhan o nifer o ymarferion ymgysylltu tebyg â'r cyhoedd ar ein cylluniau ar gyfer diwygio ardrethi annomestig yn nhymor y Senedd hon, gan roi cyfle i aelodau'r cyhoedd fwydo i'r datblygiad polisi dros gylch bywyd y rhaglen hon, gan gynnwys ymgysylltu â sefydliadau perthnasol a chynrychiolwyr ystod amrywiol o randdeiliaid. Byddwn yn parhau i geisio barn pawb

sydd â diddordeb i sicrhau bod unrhyw gynlluniau diwygio yn gadarn ac yn diwallu'r anghenion amrywiol sy'n bodoli ar hyd a lled Cymru gymaint â phosibl.

8.2 Beth yw'r effeithiau cadarnhaol a negyddol mwyaf arwyddocaol

Mae ardrethi annomestig, y cyfeirir atynt yn aml fel 'ardrethi busnes', yn dreth leol a godir ar berchennog neu feddiannydd (a elwir yn 'dalwr ardrethi') hereditament annomestig, sef uned o eiddo ag asesiad ardrethu sy'n adlewyrchu'n fras y gwerth rhentu blynyddol. Gofyniad ydyw felly ar gyfer busnes neu sefydliad, yn gysylltiedig â meddiannu a defnyddio eiddo, yn hytrach na threth fwy uniongyrchol ar ddinasyddion unigol.

Mae prif effeithiau uniongyrchol y newidiadau arfaethedig i ardrethi annomestig yn codi o'r cylch ailbrisiu byrrach a'r hyn y bydd yn ei olygu i'r busnesau a'r sefydliadau hynny sy'n atebol i dalu'r ardreth, ochr yn ochr â'r cynnydd yn yr hyblygrwydd a fydd gan Lywodraeth Cymru ac awdurdodau lleol i newid rhyddhadau ac esemptiadau yn unol â newidiadau mewn amodau economaidd ehangach.

Bydd yr effaith ar y gwahanol fathau o fusnesau a sefydliadau yn amrywio. Pan gynhelir pob ailbrisiad, bydd yr ardreth annomestig yn codi i rai busnesau a sefydliadau ac yn gostwng i eraill, ac i rai ni fydd unrhyw newid.

O ystyried natur y dreth, mae'r effeithiau ar unigolion yn tueddu i fod yn anuniongyrchol. Gall yr effeithiau 'canlyniadol' hyn gynnwys lleihau gwasanaethau oherwydd pwysau sefydliadol ariannol (e.e. effaith uniongyrchol cynnydd mewn ardrethi annomestig yn golygu newidiadau yn y ffordd y mae sefydliadau neu fusnesau'n darparu gwasanaethau) neu effeithiau economaidd ehangach (e.e. newidiadau cyflogaeth oherwydd newidiadau mewn costau busnes).

Mae Llywodraeth Cymru yn ymwybodol y gallai unrhyw newidiadau mewn gwasanaethau sy'n helpu i'w cefnogi effeithio ar rai grwpiau yng Nghymru, megis unigolion â nodweddion gwarchoddedig neu unigolion ar incwm isel. Mae ardrethi annomestig yn darparu refeniw hanfodol i alluogi darparu gwasanaethau cyhoeddus, tra bod y system ardrethi annomestig yn cefnogi'r gwaith o ddarparu gwasanaethau penodol gan dalwyr ardrethi (e.e. yn y trydydd sector) drwy amrywiol ryddhadau, megis rhyddhad ardrethi elusennol.

8.3 Yn sgil yr effeithiau a nodwyd, sut y bydd y cynnig:

- yn sicrhau'r cyfraniad mwyaf posibl at ein hamcanion llesiant a'r saith nod llesiant: a/neu
- yn osgoi, lleihau neu liniaru unrhyw effeithiau negyddol?

Ochr yn ochr â manteision system trethu lleol fwy effeithiol, sy'n cael ei gyrru gan bolisi, i Gymru gyfan, bydd y newidiadau'n arwain at system fwy ymatebol ac effeithlon ar gyfer talwyr ardrethi –

system sydd wedi'i chynllunio i adlewyrchu'r amodau economaidd a chymdeithasol ymhell i'r dyfodol. Rydym hefyd am sicrhau bod talwyr ardrethi yn gwneud cyfraniad teg ac rydym am dynhau'r rheolau er mwyn atal achosion pellach o osgoi talu.

Er mwyn cefnogi ein hymrwymiaidau i Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015, wrth ddiogelu cynaliadwyedd ariannol llywodraeth leol yn y dyfodol drwy ddiwygio ardrethi annomestig, gallwn gynorthwyo ein partneriaid llywodraeth leol i gyflawni ein saith nod llesiant a rennir. Bydd y newidiadau'n arwain at system fwy ymatebol ac effeithlon ar gyfer talwyr ardrethi, sydd wedi'i chynllunio i addasu i'r amodau economaidd a chymdeithasol. Maent hefyd yn ceisio diogelu gwydnwch system gyllid llywodraeth leol i sicrhau bod gwasanaethau lleol yn parhau i fod yn gynaliadwy, yn effeithiol ac yn gadarn ar gyfer cenedlaethau'r presennol a'r dyfodol. Gallai canlyniad o'r fath wella'r profiadau i bob defnyddiwr gwasanaeth.

8.4 Sut y caiff effaith y cynnig ei monitro a'i gwerthuso wrth iddo fynd rhagddo ac ar ôl iddo gael ei gwblhau?

Byddwn yn parhau i gasglu data talwyr ardrethi gan awdurdodau lleol ac Asiantaeth y Swyddfa Brisio yn flynyddol. Defnyddir y setiau data hyn gan Lywodraeth Cymru i fonitro, datblygu a chostio polisiâu ardrethi annomestig, gan lywio'n uniongyrchol benderfyniadau a wneir gan Weinidogion.

Mae'r Bil yn darparu ar gyfer ystod eang o newidiadau gwahaniaeth i'r system ardrethi annomestig, a bydd eu heffeithiau yn cael eu hystyried mewn gwahanol ffyrdd. Bydd cynnydd yn cael ei fonitro a'i werthuso yn seiliedig ar gyflawni'r penderfyniadau polisi erbyn dyddiadau penodol, megis y newidiadau i'r cylch ailbrisio a newidiadau gweinyddol penodol eraill. Lle bo'r Bil yn rhoi mwy o hyblygrwydd i wneud is-ddeddfwriaeth i gyflawni polisi yn y dyfodol, bydd yn bosibl ystyried yr effeithiau pan fydd y darpariaethau hyn yn cael eu defnyddio.

Bydd Asiantaeth y Swyddfa Brisio yn darparu data ar yr ailbrisiadau, a fydd yn galluogi Llywodraeth Cymru i gynnal dadansoddiad manwl o'r effaith ar y sylfaen drethu. Bydd y data hyn yn rhoi gwybodaeth i swyddogion a Gweinidogion ynghylch pa rannau o'r sylfaen drethu a allai elwa neu beidio ar yr ailddosbarthu atebolrwydd y mae ailbrisio yn ei ddarparu. Gellir defnyddio'r wybodaeth hon hefyd i ystyried trefniadau pontio neu gymorth arall, lle bo angen.

Bydd y cynigion sydd â goblygiadau gweithredol i Asiantaeth y Swyddfa Brisio a Thribiwnlys Prisio Cymru, megis dyletswyddau ar dalwyr ardrethi i ddarparu gwybodaeth, cosbau am ddiffyg cydymffurfio a threfniadau apelio cysylltiedig, yn cael eu monitro drwy wybodaeth reoli ac adrodd. Mae trefniadau nawdd a goruchwyllo ar waith ar gyfer y partneriaid cyflawni hyn, sy'n cynnwys gofynion adrodd i gefnogi monitro ymyriadau polisi.

Mae gan Lywodraeth Cymru hefyd hanes cryf o weithio gyda sefydliadau academaidd uchel eu parch a dylanwadol yn y maes polisi hwn. Byddwn yn ystyried pa waith ymchwil, dadansoddi neu adolygu trydydd parti y gall sefydliadau o'r fath ei gynnal i ddarparu gwerthusiad annibynnol ac allanol o effeithiolrwydd. Byddwn yn ystyried pa wasanaethau neu ddadansoddiadau pellach y gellir eu defnyddio i werthuso llwyddiant y diwygiadau a roddwyd ar waith i ardrethi annomestig.

SECTION 9. DECLARATION

Declaration

I am satisfied that the impact of the proposed action has been adequately assessed and recorded.

Name of Senior Responsible Owner / Deputy Director: Ben Crudge

Department: Local Government and Planning Directorate, Non-Domestic Rates Policy and Reform

Date: July 2024

FULL IMPACT ASSESSMENTS

A. CHILDREN’S RIGHTS IMPACT ASSESSMENT

1. Describe and explain the impact of the proposal on children and young people.

Non-domestic rates (NDR), often referred to as ‘business rates’, is a tax levied on owners or occupiers, known as a ratepayer, of non-domestic hereditaments (a unit of property with a rating assessment which broadly speaking, reflects the annual rental value). It is therefore, a business or organisational requirement associated with the occupancy and use of a property, rather than a direct tax on individual citizens. The link between NDR and children is, therefore, much less direct than other forms of local taxation (council tax) or wider taxation (e.g. income tax).

All the revenue generated from NDR in Wales – over £1 billion every year – is distributed to local government to help fund the vital local services that we all use and pays for around 10% of their total spending. These services include many which are essential for businesses and organisations to operate effectively and sustainably in Wales – educating the workforce, providing local infrastructure, enabling the conditions for enterprise, innovation and growth, delivering the transport systems to get people to work, and supporting childcare for working families. Businesses also benefit from public services more generally, for example, providing employees, clients and consumers with access to education, prosperous and safe communities, attractive and diverse local environments.

The changes to NDR include a more frequent revaluation cycle, and additional measures necessary to support that objective. The range of other measures are focused on providing reliefs and exemptions, varying the multiplier and improvements to valuation and rating list administration. Together, the changes are intended to ensure the NDR system better reflects market conditions and is more responsive to changes in economic and social circumstances.

2. Explain how the proposal is likely to impact on children’s rights.

This policy will help to safeguard a stable revenue contribution to public services in Wales, through a sustainable and up to date NDR system. Such services are relied upon and are essential to the maintenance of living in a safe and nurturing environment, or to aid children who need additional support from authorities. We believe the following articles of the [United Nation’s Conventions on the Rights of the Child \(UNCRC\)](#) will be supported, or further advanced, by the security of local government income: articles 18, 19, 20, 22, 27, 29, 31 to support resilience of funding for services such as through local authority-led targeted intervention programmes, social services, child protective services operated by local authorities, schools and other local authority-led education provision, and parks, leisure and other recreational facilities. This list is not exhaustive.

The changes to NDR will also result in a more responsive and efficient system for ratepayers, which is designed to adapt to the economic and social conditions long into the future. Given the indirect impact on individuals of the NDR system, the changes will also help the Welsh Government and local authorities to be more responsive to changing economic situations, helping to safeguard services or support businesses and, in turn, benefiting local economies and employment.

B. EQUALITY IMPACT ASSESSMENT

1. Describe and explain the impact of the proposal on people with protected characteristics as described in the Equality Act 2010.

Non-domestic rates (NDR), often referred to as ‘business rates’, is a tax levied on owners or occupiers, known as a ratepayer, of non-domestic hereditaments (a unit of property with a rating assessment which broadly speaking, reflects the annual rental value). It is therefore, a business or organisational requirement associated with the occupancy and use of a property, rather than a more direct tax on individual citizens. The link between NDR and individuals is, therefore, much less direct than other forms of local taxation (council tax) or wider taxation (e.g. income tax).

The changes to NDR include a more frequent revaluation cycle, and additional measures necessary to support that objective. The range of other measures are focused on providing reliefs and exemptions, varying the multiplier and improvements to valuation and rating list administration.

Given the nature of the tax, the impacts on individuals tend to be indirect. These ‘knock on’ effects can include changes to services due to organisational finances (e.g. a change in NDR liability or, in the case of public services, the level of funding received, could influence the way organisations or business deliver services) or wider economic impacts (e.g. employment changes due to changes in business costs).

The changes will result in a more responsive and efficient system for ratepayers, which is designed to adapt to the economic and social conditions. They also aim to safeguard the resilience of the local government finance system to ensure local services remain sustainable, effective, and robust for current and future generations. Such an outcome could improve the experiences for all service users.

Record of impacts by protected characteristic

Protected characteristic or group	What are the positive or negative impacts of the proposal?	Reasons for your decision (including evidence)	How will you mitigate Impacts?
Age (think about different age groups)	Younger and older people may be indirectly affected by any changes in services that help support them. Strengthening the sustainability of local government finance system in Wales will help local authorities to deliver services that can improve quality of life.		Charitable relief is currently set at 80% for charities and organisations that deliver services helping remove barriers. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.
Disability (consider the social model of disability ¹ and the way in which your proposal could inadvertently cause, or could be used to proactively remove, the barriers that disable people with different types of impairments)	Disabled individuals may be indirectly affected by any changes in services that help support them. Strengthening the sustainability of local government finance system in Wales will allow for local authorities to deliver services that can improve quality of life.		Charitable relief is currently set at 80% for charities and organisations that deliver services helping remove barriers and empowering those disabled. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.

¹ Welsh Government uses the social model of disability. We understand that disabled people are not disabled by their impairments but by barriers that they encounter in society.

Gender Reassignment (the act of transitioning and Transgender people)	People in the act of transitioning and transgender people may be indirectly affected by any changes in services that help support them.		Charitable relief is currently set at 80% for charities and organisations that deliver services helping remove barriers. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.
Pregnancy and maternity	Mothers or pregnant women may be indirectly affected by any changes in services that help support them. Strengthening the sustainability of local government finance system in Wales will allow for local authorities to deliver services that can improve quality of life		Charitable relief is currently set at 80% for charities and organisations that deliver services helping remove barriers. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.
Race (include different ethnic minorities, Gypsies and Travellers and Migrants, Asylum seekers and Refugees)	Individuals may be indirectly affected by any changes in services that help support them. Strengthening the sustainability of local government finance system in Wales will allow for local authorities to deliver services that can improve quality of life.		Charitable relief is currently set at 80% for charities and organisations that deliver services helping remove barriers. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.

Religion, belief and non-belief	There is no anticipated direct impact of the NDR changes that would disproportionately affect any individual based on those who fall under this category.	Buildings registered for public religious worship and church halls are exempt from paying non-domestic rates (Schedule 5 to the Local Government Finance Act 1988)	
Sex / Gender	Individuals may be indirectly affected by any changes in services that help support them. For example, specific services support victims of domestic abuse, the majority of which are women.		Charitable relief is currently set at 80% for charities and organisations that deliver services helping remove barriers. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.
Sexual orientation (Lesbian, Gay and Bisexual)	People identifying as LGBTQ+ may be indirectly affected by any changes in services that help support them.		Charitable relief is currently set at 80% for charities and organisations that deliver services helping remove barriers and empowering those identifying LGBTQ+. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.
Marriage and civil partnership	There is no anticipated direct impact of the proposed NDR reforms that would		

	disproportionately affect any individual based on those who fall under this category.		
Children and young people up to the age of 18	Strengthening the sustainability of local government finance system in Wales will help local authorities to deliver services that can improve children's quality of life, education, and care, now and in the future.		
Low-income households	Low-income households may be indirectly disproportionately affected by any changes in services that help support them. Strengthening the sustainability of local government finance system in Wales will help local authorities to deliver services that can improve quality of life and help support low-income households.		Charitable relief is currently set at 80% for charities and organisations that deliver services targeted at low-income households. The changes will allow for greater flexibility to review and target relief and exemptions to areas needed and to better react to wider economic circumstances.

Human Rights and UN Conventions

Do you think that this policy will have a positive or negative impact on people's human rights? *(Please refer to point 1.4 of the EIA Guidance for further information about [Human Rights](#) and the [UN Conventions](#)).*

The following articles from the [European Convention on Human Rights \(ECHR\)](#) are considered to be relevant to the NDR Bill provisions:

Human Rights	What is the provision? / How might it impact human rights?	Reason for decision / How will you mitigate negative impacts?
A1P1 - Protection of property	There are provisions in the Bill that may engage A1P1 as they could result in an increase, either directly or indirectly, in the amounts owed by ratepayers, or will require a penalty to be paid. These include the introduction of more frequent revaluation cycles, strengthening the condition for charitable relief for unoccupied hereditaments, and establishing new information provision duties.	The interference of property rights for taxation purposes is generally justified and the State is allowed a wide margin of appreciation for measures of economic strategy as well as when framing and implementing policy in the area of taxation. The measures in the Bill have a reasonable foundation and strike a fair balance between the demands of the general interest of the community and the protection of an individual's fundamental rights.
Article 6 - Right to a fair trial	The Bill provides for the enforcement of new information provision duties through civil and criminal penalties.	If criminal penalties are imposed, ratepayers will be entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal. Tax matters fall outside the civil 'limb' of Article 6 rights (Ferrazzini v Italy [Application no. 44759/98]).
Article 7 - No punishment without law	Article 7 requires the existence of a legal basis in order to impose a criminal sentence or a penalty. The principle of legality requires the scope of the offences and corresponding penalties to be clearly defined by law.	Persons carrying on a professional activity are expected to be used to proceeding with a high degree of caution when pursuing their occupation. They can, for that reason, be expected to take special

	<p>The risk to person of being charged with and convicted of the crime in question, and being penalised for that offence, should be reasonably foreseeable.</p> <p>In relation to the new information provision duties, it will be foreseeable to a ratepayer that a criminal penalty may be imposed where a false statement is made as to the accuracy of information given to the Valuation Office Agency.</p>	<p>care in assessing the risks that such activity entails (Pessino v France [Application no. 40403/02]).</p>
Article 8 - Right to privacy	<p>The requirement to provide information to the Valuation Office Agency may, in some cases amount to an interference with Article 8 privacy rights, although it is considered very unlikely that Article 8 will be engaged.</p>	<p>Any interference will be for the legitimate aims of improving the accuracy and reliability of the valuations that underpin the NDR system in Wales; to facilitate more frequent revaluations; to help ratepayers understand and verify the valuations that determine their liability; and to achieve a fair, efficient and effective system of taxation.</p>
Article 14 - Prohibition of discrimination	<p>Article 14 of the Convention enshrines the right not to be discriminated against in “the enjoyment of the rights and freedoms set out in the Convention”. Article 14 must be pleaded in relation to some other substantive</p>	<p>There will be no breach if justification can be shown. A wide margin of appreciation is afforded to public authorities in the context of economic policies which will normally be considered proportionate (and</p>

	<p>right in the ECHR although it is not necessary to establish an actual violation of another Article.</p> <p>Article 14 may be engaged in relation to provisions relating to charitable rate relief for unoccupied hereditaments</p>	<p>therefore more justifiable) unless they are “manifestly without reasonable foundation.” (Stec and Others v. the United Kingdom [Applications nos. 65731/01 and 65900/01]).</p> <p>Such justification includes pursuing a legitimate aim of reducing opportunity to partake in NDR avoidance.</p>
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General	Any regulations made under enabling powers created by the Bill will be drafted to ensure they are compatible with Convention rights.
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EU/EEA and Swiss Citizens’ Rights

The proposed NDR reforms do not impact differentially on the rights of EU/EEA and Swiss Citizens’ Rights. EU/EEA/Swiss citizens living in Wales are subject to the same NDR legislation and regulations as UK nationals.

C. RURAL PROOFING IMPACT ASSESSMENT

1. Describe and explain the impact of the proposal on rural people, businesses and communities.

Non-domestic rates (NDR), often referred to as ‘business rates’, is a tax levied on owners or occupiers, known as a ratepayer, of non-domestic hereditaments (a unit of property with a rating assessment which broadly speaking, reflects the annual rental value). It is therefore, a business or organisational requirement associated with the occupancy and use of a property, rather than a more direct tax on individual citizens (e.g. income tax). All the funding generated by non-domestic rates is distributed to local authorities to help fund local services.

Given the nature of the tax, the impacts on individuals tend to be indirect. These ‘knock on’ effects can include changes to services due to organisational finances (e.g. a change in NDR liability – or, in the case of public services, the level of funding received – could influence the way organisations or business deliver services) or to wider economic impacts (e.g. employment changes arising from changes in business costs).

Property (land and buildings) used for agricultural purposes is exempt from NDR.

The changes to NDR include a more frequent revaluation cycle, and additional measures necessary to support that objective. The range of other measures is focused on providing reliefs and exemptions, varying the multiplier, and improvements to valuation and rating list administration. Together, the changes are intended to ensure the NDR system better reflects market conditions and is more responsive to changes in economic and social circumstances.

While it is possible that the indirect impacts of changes to NDR, in terms of any changes to services, may be felt differently in rural areas, the direct impacts of the changes proposed will be equitable and consistent regardless of the location and reflect changing economic conditions across Wales. In particular, the revaluation process will redistribute liability more fairly and frequently, taking account of changing economic conditions in the locations where individual organisations operate, as appropriate. More legislative flexibility will allow the Welsh Government and local authorities to be more adaptive to national and local economic changes, with increased flexibility to target specific areas (e.g. different types of support). This will allow the Welsh Government and local authorities to respond quickly to changing economic circumstances where services need to be supported in specific areas or locations.

The Welsh Government ran a public consultation with key stakeholders and members of the public on its proposals from 21 September to 14 December 2022. We received responses from across Wales, including stakeholders in rural areas. The Welsh Government will continue to consider

these views as the policy develops, but this will now be more relevant to the use of powers provided under the Bill to target support than to the specific measures implemented by it.

D. DATA PROTECTION IMPACT ASSESSMENT SCREENING

Title of proposal: Non-Domestic Rates Reform
Name of Information Asset Owner: Ben Crudge
PIA reference number (A unique number to identify this PIA such as DivDate or this document's ishare id) objective:\id:A41472008
<p>Please describe your proposal:</p> <ul style="list-style-type: none"> (i) If this is a change to an existing system/ project/ process/ policy then please outline the present arrangements (and how personal data is currently processed) and then outline the changes, including whether personal data will now be shared with third parties. (ii) If this is a new system/ project/ process/ policy then please detail how the new system/ project/ process/ policy will work, including how the personal data will be processed and whether the personal data will be shared with 3rd parties. (iii) IMPORTANT - Will the proposal involve the development of new legislation/measures that will require the processing of personal data by Welsh Government or any other parties? <p>The legislative proposals seek to make improvements to the operation of the non-domestic rating (NDR) system in Wales. NDR is a local tax based on the estimated rental value of non-domestic property. The tax is collected by local authorities, and the Welsh Ministers for central list properties. The valuation function of the tax is carried out by the Valuation Office Agency (VOA), an agency of HM Revenue and Customs (HMRC), which undertakes this role as part of its legal functions. Changes impacting upon data processing arrangements are primarily focused on the policy aim of enabling more frequent revaluations. Revaluations occur at a given point in time, with the VOA assessing every property in the tax-base to assign an up-to-date value on which the tax liability will be based. It is proposed that a duty is introduced to require ratepayers (NDR taxpayers) to provide information relevant to their property, via a different mechanism and in a timelier manner than they do currently, to assist the VOA in undertaking its functions.</p> <p>In order to value properties, the VOA requires information about a property's physical characteristics, e.g. the size of the property, location, and how the property is used. The VOA already holds a wide range of information for every non-domestic property in Wales. As part of a revaluation, the VOA updates information about individual properties and potentially adds new properties to its list. The VOA must also do this between revaluations, where new properties are created, or when it is made aware of a change in information for existing properties. Full addresses are held for each property as well as information about the business or individual in occupation (usually the ratepayer).</p>

<p>A version of the current valuation list is publicly available to search via https://www.gov.uk/find-business-rates</p> <p>The new provisions require ratepayers to share the same information with the VOA through a newly established online portal. A public consultation on the proposals ran from 21 September to 14 December 2022. Views from this consultation informed the development of the provisions.</p> <p>The information provided to the VOA will be in line with that already collected, but updates will be required in a timely manner when that information changes. Data will be used internally by the VOA in order to accurately maintain the tax-base. For the data it currently holds and will hold in the future, the VOA is the data controller.</p> <p>The VOA provides high level analysis and non-identifiable datasets to the Welsh Government to assist with the development of policy and legislation, such as relief schemes and appeals policy. This data will continue to be shared with the Welsh Government under existing arrangements. Any data shared with the Welsh Government for this purpose will not contain personal data. Similarly, data will continue to be shared with local authorities, under existing arrangements, to enable the accurate carrying out of their billing functions. The valuation functions of the VOA and the billing functions of both local authorities and the Welsh Ministers are statutory requirements. All the public bodies concerned are experienced in managing taxpayer information relating to NDR and council tax.</p> <p>The Welsh Government is not proposing new data-sharing arrangements which would require it to process personal data outside existing arrangements. Therefore, the basis for sharing data is not analysed in this assessment. Rather, the legislative proposals provide for an enhanced approach to collecting data from ratepayers, by providing a modern mechanism and requiring ratepayers to provide information in a timely manner.</p>
<p>Has data protection impact screening or assessment already been carried out?</p> <ul style="list-style-type: none"> • No
<p>Does the proposal involve the processing of personal data by Welsh Government or any other parties?</p> <ul style="list-style-type: none"> • Yes <p>Please tick the personal data items that will be processed (this list is not exhaustive):</p>

Personal

<p>Name – Yes</p> <p>Name address – NA</p> <p>Business address – Yes</p> <p>Postcode – Yes</p> <p>Email address – Yes</p>	<p>Telephone numbers – NA</p> <p>Date of birth – NA</p> <p>Driving licence number – NA</p> <p>Passport / ID card number – NA</p>
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	<p>Photographs / images (which could be used to identify an individual) – NA</p> <p>Other (please specify) – Financial business accounts data required to value certain types of property. This will be collected in circumstances where the VOA already collects the data, although more frequently under the proposals. Where a business is operating as a sole-trader this may constitute personal data.</p>
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Special Category

<p>Racial / ethnic origin – NA</p> <p>Political opinions – NA</p> <p>Religious / philosophical beliefs – NA</p> <p>Trade union membership – NA</p> <p>Physical / mental health conditions – NA</p> <p>Sexual life – NA</p> <p>Sexual orientation – NA</p> <p>Criminal & court records (inc. alleged offences) – NA</p>	<p>Biometric data, e.g. DNA, fingerprints – NA</p>
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<p>If special category personal data is being processed, is this data being collected mandatorily (ie. without the data subjects having an option to not provide it)?</p> <ul style="list-style-type: none"> • NA
<p>Do any of the data subjects whose personal data will be processed fall into the following categories?</p> <p>Children (under the age of 12) – No</p> <p>Patients – No</p> <p>Asylum Seekers – No</p> <p>Welsh Government employees – No</p>
<p>Please give an indication of the scale of the processing (e.g. pan-Wales; targeted group)</p> <p>Details – Data will be collected by the VOA from NDR ratepayers in relation to the non-domestic properties they operate from. There are around 125,000 properties in Wales,</p>

whose occupiers or owners are subject to data collection process that will be altered by the proposal.
For the personal data being processed, please indicate

Who the data controller is?	Details: VOA
Any data processors?	Details: No
Will the data be shared?	<p>Details: Data-sharing will be in line with existing arrangements.</p> <p>The VOA may share details about the property and ratepayer to local authorities, and the Welsh Ministers in relation to the central rating list, to allow them to carry out their billing functions. Data may also be shared with the Welsh Government to enable policy development.</p>

<p>What is the statutory basis for processing the data? NB – GDPR itself does <u>not</u> provide a statutory legal basis to process personal data.</p> <p>Paragraphs 4I to 4M of Schedule 9 to the Local Government Finance Act 1988 (inserted by the Non-Domestic Rating Act 2023, and to be amended by the Local Government Finance (Wales) Bill) provide the basis for the change in approach to collecting the personal data. Those paragraphs require the ratepayer to provide information to the valuation officer, using the online service or an alternative method agreed with the officer. The consequence of that obligation must be that the VOA is required to process (collect, record and store) the information provided.</p> <p>The data collected will need to be processed so that the VOA can comply with its duty to maintain valuation lists. That duty is imposed by sections 41ZA(10) and 52ZA(10) of the Local Government Finance Act 1988 (to be inserted by the Local Government Finance (Wales) Bill).</p>
<p>Have Legal Services confirmed that the basis outlined above provides the necessary statutory gateway for processing (including any proposed sharing)?</p> <ul style="list-style-type: none"> • Yes
<p>Will the proposal involve new or significantly changed processing of personal data about each individual?</p> <ul style="list-style-type: none"> • No – Information will be shared in line with current data-sharing protocols. The new process would increase the frequency by which information must be provided

<p>to the VOA, as well as establishing an online portal to improve the ease with which information can be provided.</p>
<p>Will the personal data be consolidated, linked or matched with data from other sources?</p> <ul style="list-style-type: none"> • Yes – As with the existing data of this nature, information may be matched to other VOA, local authority or Welsh Government datasets in order to provide better evidence to underpin policy-making. Individuals would not be identifiable in any outputs and, as data controller, the VOA would have control over how any aggregated data could be used.
<p>Will the personal data be used for automated decision making?</p> <ul style="list-style-type: none"> • No
<p>Will the personal data result in systematic monitoring of data subjects?</p> <ul style="list-style-type: none"> • No
<p>Does the proposal involve new or changed data collection, retention or sharing policies/practices for personal data?</p> <ul style="list-style-type: none"> • Yes – Data will be shared via the new VOA online portal, with failure to share information subject to a penalty. Information sharing is already in place to enable revaluations, the proposals would require more frequent information sharing making use of a newly developed streamlined platform.
<p>Do you have a clear retention policy and what practical things are in place for you to ensure that your Retention Policy is applied?</p> <ul style="list-style-type: none"> • No – NA as Welsh Government is not the data controller.
<p>Will the proposal involve the introduction of privacy-intrusive technologies such as</p> <ul style="list-style-type: none"> • Smart cards • RFID tags • Biometrics • Visual surveillance (e.g. CCTV) • Digital image and video recording • Profiling, data mining or logging electronic traffic • Locator technologies (e.g. GPS, mobile phone tracking) • Other (please provide details) <p>No</p>
<p>Will the proposal involve new or changed identity management or authentication processes?</p> <ul style="list-style-type: none"> • No

Will the proposal have the effect of enabling identification of individuals who were previously anonymous?

- No

For completion by Information Rights Unit

Is a Data Protection Impact Assessment (DPIA) required for this proposal?

- No

This proposal does not meet the criteria for undertaking a DPIA specified by Article 35(1), 35(3) and 35(4) of the UK GDPR.

Has advice on UK General Data Protection Regulation (UK GDPR) compliance been provided?

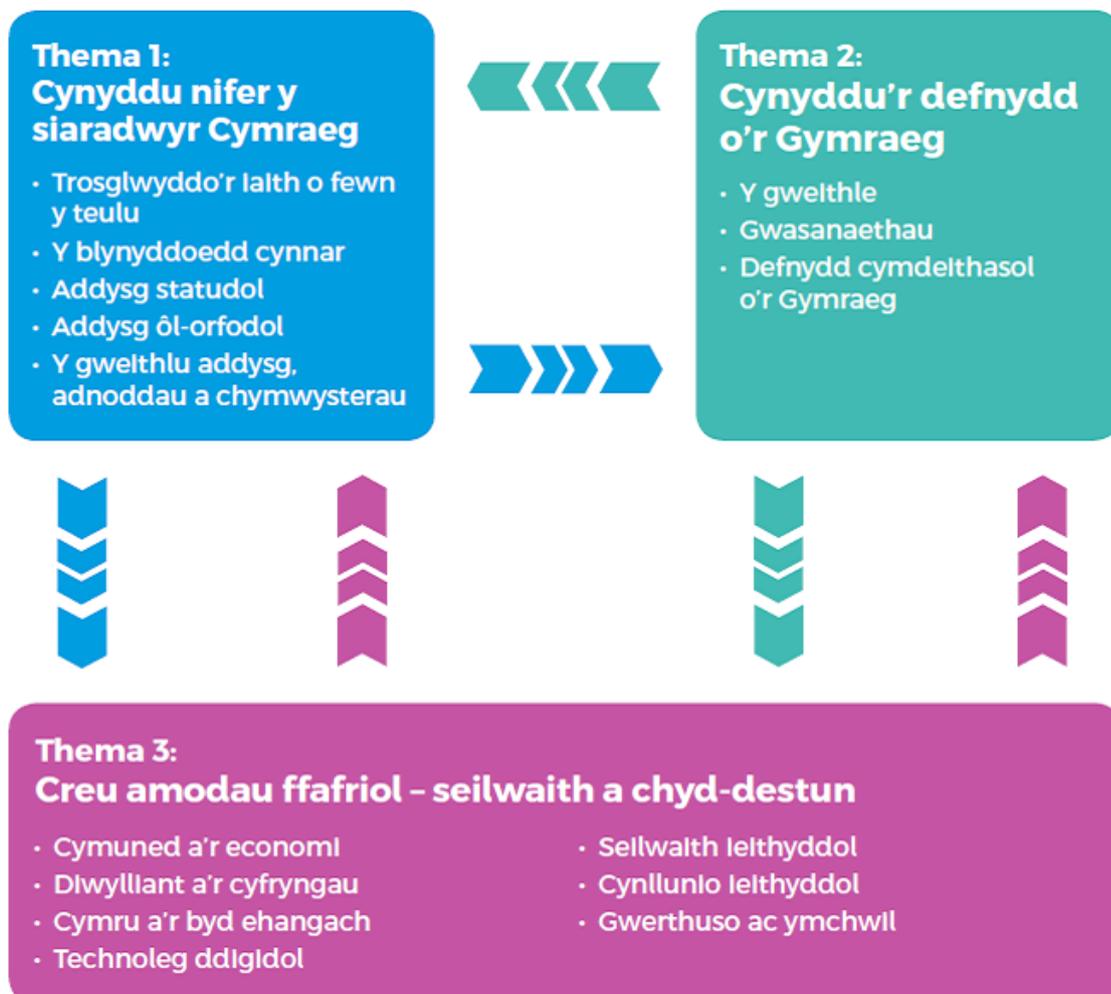
- Yes (as below):
- Does the proposal require a Privacy Notice to be drafted? This is an issue for the VOA, as the controller, to consider.
- Does the proposal require consultation with the ICO under GDPR Art 36(4)? Yes. Although this Bill will not introduce any new processing of personal data, it is legislation relating to the processing of personal data which we are required to consult with the ICO on under Article 36(4). Details of how to do this, including the consultation form can be found on the '[consulting on policy](#)' intranet page.
- Does the proposal require a contract between Welsh Government as data controller and a third party processor? This is an issue for the VOA, as the controller, to consider.
- Does the proposal require a data sharing agreement to be drafted? This is an issue for the VOA, as the controller, to consider.

E. ASESIAD O'R EFFAITH AR Y GYMRAEG

Cymraeg 2050 yw ein strategaeth genedlaethol ar gyfer cynyddu nifer y siaradwyr Cymraeg i filiwn erbyn 2050. Mae Llywodraeth Cymru yn gwbl ymrwymedig i'r strategaeth newydd ac mae'r targed o filiwn o siaradwyr wedi'i gynnwys yn ei Rhaglen Lywodraethu. Mae'r targed o greu 'Cymru lle mae'r Gymraeg yn ffynnu' hefyd wedi'i gynnwys yn un o'r saith nod llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015'.

Mae rhwymedigaeth statudol arnom hefyd i roi ystyriaeth lawn i effeithiau ein gwaith ar y Gymraeg. Mae hyn yn golygu y dylai unrhyw bolisi gan Lywodraeth Cymru ystyried sut mae ein polisiau yn effeithio ar yr iaith a'r rhai sy'n ei siarad.

Mae i strategaeth *Cymraeg 2050* dair thema gydgysylltiedig, sef:



Mae'r penawdau o dan bob thema yn amlinellu cwmpas gweithgareddau a all effeithio ar yr iaith.

Fel rheol, pe gallai eich polisi effeithio ar bobl, bydd yn effeithio ar siaradwyr Cymraeg ac, felly, ar y Gymraeg mewn rhyw ffordd.

1. *Rhif cyfeirnod yr Asesiad o'r Effaith ar y Gymraeg (a gwblhawyd gan Dîm Safonau'r Gymraeg, e-bost: Safonau.Standards@llyw.cymru):*

04/07/23

2. *A yw'r cynnig yn dangos cysylltiad clir â strategaeth Llywodraeth Cymru ar gyfer y Gymraeg? – Cymraeg 2050: Miliwn o Siaradwyr a'r Rhaglen Waith gysylltiedig ar gyfer 2017-2021?*

Mae'r newidiadau i ardrethi annomestig yn cynnwys cylch ailbriso amlach, a mesurau ychwanegol sy'n angenrheidiol i gefnogi'r amcan hwnnw. Mae'r meysydd arfaethedig eraill yn canolbwyntio ar ddarparu rhyddhadau ac esemptiadau, amrywio'r lluosydd, a gwelliannau i weinyddiaeth prisio a'r rhestr ardrethu.

Mae'r holl gyllid a gynhyrchir gan ardrethi annomestig yn cael ei ddsbarthu i awdurdodau lleol i helpu i ariannu gwasanaethau lleol. Bydd diogelu system gyllid llywodraeth leol drwy ddarpariaethau'r Bil yn darparu dulliau i awdurdodau lleol gynnig gwasanaethau cyhoeddus priodol, gan gynnwys darparu gwasanaethau Cymraeg neu ddwyieithog a gweithredu ysgolion a gwasanaethau cyfrwng Cymraeg.

Mae Llywodraeth Cymru yn rhag-weld y bydd yr effeithiau a'r canlyniadau anuniongyrchol hyn yn parhau i gefnogi ein huchelgeisiau i weld y Gymraeg yn ffynnu yng Nghymru.

3. *Disgrifiwch ac esboniwch effaith y cynnig ar y Gymraeg ac esboniwch sut y byddwch yn mynd i'r afael â'r effeithiau hyn er mwyn gwella canlyniadau ar gyfer y Gymraeg. **Sut y bydd y cynnig yn effeithio ar siaradwyr Cymraeg o bob oedran (effeithiau positif a/neu niweidiol)? Dylech nodi eich ymatebion i'r canlynol yn eich ateb i'r cwestiwn hwn, ynghyd ag unrhyw wybodaeth berthnasol arall:***

Mae Llywodraeth Cymru wedi ymrwmo i gyflawni ein holl amcanion polisi drwy'r ddwy iaith yng Nghymru. Mae ein partneriaid yn Asiantaeth y Swyddfa Briso, sy'n allweddol wrth gyflawni'r diwygiadau arfaethedig i ardrethi annomestig, hefyd wedi ymrwmo i ddarparu gwasanaethau ac i gyfathrebu â thalwyr ardrethi a phartïon â diddordeb yn ddwyieithog, yn unol â'i [chynllun iaith Gymraeg](#).

Cynhaliodd Llywodraeth Cymru [ymgyngoriad cyhoeddus](#) rhwng 21 Medi a 14 Rhagfyr 2022, gan roi cyfle i siaradwyr Cymraeg ac eiriolwyr y Gymraeg godi unrhyw bryderon a darparu awgrymiadau a syniadau i'w hystyried. Dywedodd y mwyafrif o'r ymatebwyr na fyddai'r cynigion yn cael unrhyw effaith ar y Gymraeg a nododd nifer bychan y byddai'r cynigion yn cael effaith

gadarnhaol. Er enghraifft, awgrymodd rhai ymatebwyr y gellid defnyddio gostyngiad mewn atebolrwydd i gymell defnydd o'r Gymraeg.

F. BIODIVERSITY IMPACT ASSESSMENT

Embedding biodiversity

1. How will your proposal integrate biodiversity into decision making?

Non-domestic rates (NDR), often referred to as ‘business rates’, is a tax levied on owners or occupiers, known as a ratepayer, of non-domestic hereditaments (a unit of property with a rating assessment which broadly speaking, reflects the annual rental value). It is based on property valuations and is applied in a consistent way across properties. As such, biodiversity is not an integral aspect of the decision-making. Parks, open spaces, most undeveloped land, and most watercourses are exempt from NDR.

2. Has your proposal ensured biodiversity is accounted for in business decisions?

The proposals have not accounted for biodiversity in business decision making as this is not relevant to NDR reforms.

3. How does your proposal improve understanding and raise awareness of the importance of biodiversity, encouraging others to act?

The proposals do not improve understanding or raise awareness of the importance of biodiversity as it is not relevant to NDR reforms.

Improving our evidence, understanding and monitoring

4. Have you used the best available evidence of biodiversity to inform your proposal and this assessment?

Not applicable.

5. Have you used up to date knowledge of the key impacts on biodiversity to make evidence-based decisions?

Not applicable.

6. Can your proposal contribute to our body of knowledge for biodiversity?

Not applicable.

Governance and support for delivery of biodiversity action

7. Can your proposal support biodiversity action in any way?

Not applicable.

8. Can your proposal help to build capacity for biodiversity action?

Not applicable.

9. Have you recorded decisions and actions to maintain and enhance biodiversity?

Not applicable.

G. SOCIO-ECONOMIC DUTY ASSESSMENT

What evidence has been considered to understand how the proposal contributes to inequalities of outcome experience as a result of socio-economic disadvantage?

Non-domestic rates (NDR), often referred to as ‘business rates’, is a tax levied on owners or occupiers, known as a ratepayer, of non-domestic hereditaments (a unit of property with a rating assessment which broadly speaking, reflects the annual rental value). It is therefore, a business or organisational requirement associated with the occupancy and use of a property, rather than a more direct tax on individual citizens. The link between NDR and socioeconomic disadvantage is, therefore, much less direct than other forms of local taxation (council tax) or wider taxation (e.g. income tax).

The changes to NDR include a more frequent revaluation cycle, and additional measures necessary to support that objective. The range of other measures is focused on providing reliefs and exemptions, varying the multiplier, and improvements to valuation and rating list administration. Together, the changes are intended to ensure the NDR system better reflects market conditions and is more responsive to changes in economic and social circumstances.

All the revenue generated from NDR in Wales – over £1 billion every year – is distributed to local government to help fund local services, many of which support people experiencing socio-economic disadvantage. A balance must be struck between the tax liability on ratepayers and raising the NDR revenue needed to safeguard the local government finance system and the vital public services NDR contributes towards, including the police, education, and social services. Public services, like other organisations, are liable for NDR in respect of the non-domestic properties they occupy.

The Welsh Government provides a wide range of NDR reliefs. More than half the tax-base is provided with full relief from NDR.

Findings from the following sources informed the proposed reforms to the NDR system:

- Programme for Government
- The Valuation Office Agency (VOA)
- Welsh Government commissioned research on reforming local government finance
- Consultation and stakeholder engagement
- Welsh Government analysis of the composition of the tax-base
- Welsh Government policies in relation to NDR support.

We ran a public consultation on our wide-ranging proposals for NDR reforms from 21 September to 14 December 2022.

The impact of this policy on individuals with protected characteristics has been considered in the Equalities Impact Assessment included in this document.

The following links provide evidence on the background to the decisions to reform non-domestic rates and on the anticipated impacts.

[Reforming non-domestic rates in Wales: Summary of Responses – Welsh Government, 2023](#)

[Reforming Local Government Finance in Wales: Summary of Findings – Welsh Government, 2021.](#)

[Business Rates in Wales: Types of business rates relief – Welsh Government](#)

How could the proposal potentially further exacerbate inequality of outcome experienced as a result of socio-economic disadvantage?

The NDR reforms are not anticipated to directly or indirectly exacerbate inequality of outcome experienced as a result of socio-economic disadvantage.

How could the decision potentially improve outcomes for those who experience socio-economic disadvantage?

The NDR reforms are not anticipated to directly improve outcomes for people who experience socio-economic disadvantage. However, as NDR contributes more than £1 billion annually in revenue for public services in Wales, actions to improve the fairness and efficiency of the system have the potential to support the stability of local economies and public services. This may have an indirect role in improving outcomes for people who experience socio-economic disadvantage, people who may be employed by organisations within the tax-base and people who benefit from the public services it helps to support. More frequent revaluations are considered to be a fundamental improvement to the fairness of the NDR system and its responsiveness to economic change. This change, and the measures necessary to support it, will help to ensure the maintenance of accurate rating lists and the timely collection of the correct amount of revenue for public services. Keeping the system more up-to-date and reflective of market conditions may help to support more sustainable businesses and a more resilient economy, potentially improving the opportunities for people who experience socio-economic disadvantage.

Greater flexibility in relation to the design and provision of NDR reliefs and exemptions will enable a landscape of support for ratepayers that can be better adapted to emerging needs and priorities. These proposals will also help to support fairness in the system. Measures to reduce opportunities for fraud and avoidance, by exploiting certain reliefs, will help to ensure that appropriate revenue is raised for public services.

Other improvements to the operation and administration of the NDR system will help to ensure clarity, fairness and stability within the system.

How will you monitor the impact of this decision? (Please consider wider outcomes)

The Welsh Government receives data from local authorities and the VOA in relation to the NDR tax-base, billing and administration. These datasets are used by the Welsh Government to monitor, develop and cost NDR policies, directly informing decisions taken by Ministers.

The VOA will provide data on the revaluations, which will enable the Welsh Government to conduct in-depth analysis of the impact on the tax-base. This data will provide officials and Ministers with information about which parts of the tax-base may benefit or otherwise from the redistribution of liability that a revaluation provides. This information may also be used to consider transitional or other support arrangements, where required.

The Welsh Government also has a strong track record of working with respected and influential academic organisations in this policy area. We will consider what third-party research, analysis or reviews can be undertaken by such organisations to provide an independent, external evaluation of effectiveness. We will consider what further services or analysis can be utilised to evaluate the success of the NDR reforms implemented.