

Press release: Government pledges to improve the way Council Tax debt is recovered

- Minister commits to making the Council Tax collection system fairer and more efficient
- New guidance coming to improve how councils recover unpaid Council Tax and end aggressive enforcement tactics
- Government to work with charities, debt advice organisations and councils on new guidance

Following concerns from charities, debt advice bodies and local councils, ministers are moving forward with work to create a fairer, more efficient and compassionate debt recovery system.

Local Government Minister Rishi Sunak MP said:

Council Tax collection is essential to running public services, like caring for those most at risk, collecting bins and keeping our transport networks running.

The experiences of some innovative councils show that Council Tax collection rates can be improved without resorting to the unfair treatment of vulnerable people.

That's why I'm pushing forward work to make the Council Tax collection system fairer and more efficient – so people are treated with compassion while services get the funds they need.

The Ministry of Housing, Communities and Local Government (MHCLG) will engage with charities, debt advice organisations and local authorities on changes to improve the current Council Tax collection system before considering further reforms later this year.

Reforms to the system could include:

- ensuring affordability assessments are central to Council Tax collection processes so individual circumstances are taken into account and people are given appropriate time to pay off arrears
- improving the links between councils and the debt advice sector
- developing and supporting fairer debt intervention methods

Every year, councils issue nearly 24 million Council Tax bills to help fund key local services, from adult social care and children's services, to refuse collections and leisure facilities. Uncollected tax means less money for services and higher bills for residents who do pay on time.

The government wants to bring in a more effective Council Tax collection system which treats people more fairly, while ensuring the money required to fund public services is collected. It recognises consideration of personal circumstances can help a person's financial recovery.

MHCLG action forms part of cross-government efforts to improve the treatment of vulnerable debtors. This includes plans for HM Treasury to implement a 'breathing space' and statutory payment plan for people in debt and a Ministry of Justice review of bailiff regulations.

Caroline Siarkiewicz, director and debt advice expert at the Money and Pensions Service, said:

One third of people seeking debt advice have Council Tax arrears, so it's really important that people receive the right guidance and support to manage their finances.

We are delighted that the Ministry of Housing, Communities and Local Government has committed to reviewing how local authorities recover unpaid Council Tax.

Through the development of our Supportive Council Tax Recovery resource, we know that councils that take a progressive approach to debt recovery can relieve stress and anxiety for residents, as well as have a beneficial impact on their collections rates.

We look forward to working with the department to help them create a more progressive and efficient Council Tax debt collection system.

St Albans district council is forging stronger connections with the debt advice sector to create a more consistent approach to determining residents' ability to pay.

Staff proactively refer vulnerable residents to debt advice services. They hold off from applying to the courts for Liability Orders – which give councils powers to collect debt – unless payments run beyond 12 months or multiple payment arrangements are broken. The council also requires enforcement agents who collect debts to sign up to the council's new affordability approach.

The council has been able to maintain high collection rates (98.9% in 2017 to 2018, compared to a 97.1% average across England) while treating residents fairly, proportionately and consistently.

North Warwickshire borough council is adopting a holistic approach to supporting vulnerable households. It does this through its Financial Inclusion Partnership, which is committed to helping residents access the right information and services according to their needs.

By putting assessments of what people in financial difficulty can afford at

the heart of their processes, they have been able to better support residents in debt towards financial recovery while continuing to reduce historic arrears.

They are also building innovative partnerships with advice agencies and charities to engage hard-to-reach people, for example by providing debt advice through a food parcel scheme.

Their new approach contributes to their 98.6% collection rate in 2017 to 2018 and has also led to less reliance on enforcement agents, with 60% fewer cases referred to bailiffs in 2017 to 2018 compared to the same period in the previous year.

In 2013, the department issued [guidance to councils recommending good enforcement practices](#). It said councils should be willing to negotiate payments at any point in the enforcement process, take account of individuals' circumstances, and agree affordable and sustainable payment plans to ensure debts are paid off in a reasonable time.