

Money and Mental Health's submission to the Welsh Government's Consultation on improving the administration and enforcement of Council Tax in Wales

Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of around 5,000 people with personal experience of mental health problems.

This written submission has been informed by the experiences of our Research Community, as well as our wider body of research. Unless otherwise specified, all quotes in this response are drawn directly from the Research Community.

Summary

- Our 2024 report [In the Public Interest](#), offers an in depth analysis of public sector debt collection in the UK, focussing especially on council tax. It found that the vast majority of arrears are due to financial difficulty rather than a refusal to pay.
- People in council tax arrears are disproportionately likely to experience mental health problems, on top of which evidence from our Research Community clearly demonstrates that existing debt collection processes cause further significant psychological harms
- We strongly support this consultation's proposals to reduce the speed at which council tax debt collection escalates, which will mean more opportunity for individuals to seek support.
- However, we also believe that councils must move to a new mindset in respect of debt collection that prioritises reaching long term sustainable solutions to financial difficulties, rather than short term enforcement measures that create further financial hardship and psychological harm.

Questions about the Welsh Government's proposals

Question 4

The Welsh Government proposes that councils should always issue at least one reminder notice to households each time a Council Tax instalment is missed.

Do you agree with this proposal?

YES

Comments

We agree that councils should always issue at least one reminder notice to households each time a council tax instalment is missed.

We do not believe that it is fair for councils to only be required to send reminder notices for the first two missed payments in a financial year, before households then must pay the remaining annual balance within 1 day if they miss a third payment.

This better takes into account the fact that most people who fall behind on their council tax are unable rather than unwilling to pay. Most people who fall behind on their council tax payments do so because they are struggling financially and are unable to afford the bill, rather than willfully avoiding payment. Research by Citizens Advice Wales showed that seven in ten people who fell into council tax arrears have also fallen behind on other household bills, such as rent and utility bills. In addition to this, one in three people in council tax arrears say they haven't been able to afford food or other necessities.¹

Our own research reflects this, with the majority (79%) of those in our Research Community saying that they fell behind on their council tax payments because of a deterioration in their mental health, and half (56%) saying they fell behind because of the increased cost of essential bills and goods.²

In this context of the average profile of someone in council tax arrears being in extreme financial difficulty, and potentially also unwell, it is understandable that there may be multiple points throughout the financial year in which a household finds it impossible to keep their head above water.

Reminder notices must be clear and compassionate, and offer opportunities for households experiencing financial difficulties to seek support.. Reminder notices provide an essential opportunity for households to address missed payments early, before debts escalate and enforcement action is considered. Our research shows that timely, clear and compassionate communication is particularly important for people with mental health problems.³ However, the experience of our Research Community is that many councils' communications are not encouraging constructive engagement.

¹ Citizens Advice Wales. [Helping to ensure a fairer Council Tax system in Wales](#). 2021.

² Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

³ Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

"[My council sent] threatening letters which always arrived many days after the letter date threatening action on a date which was by then immediate or passed. And [followed by] court action cases and costs. My direct debit had failed and I hadn't noticed." Expert by experience

If more than one payment is missed over the course of the year, reminders should lay out the full council tax account information especially where sending separate reminders for differing months or years could cause confusion. Any reminder should detail the amount of the missing payment along with the full statement of account to ensure households are fully aware of what is due and how this could affect ongoing payments.

Question 5

The Welsh Government proposes that councils should always issue a final notice for a missed instalment if the household does not pay after receiving at least one reminder notice. We propose the final notice can only be issued 41 days after the instalment was missed and more than 14 days since the last reminder notice was issued.

Do you agree with this proposal?

YES

Comments

We agree with this proposal, which will help address the current inconsistency between local authorities when issuing reminders and final notices.

Our research shows that rapidly escalating consequences for missed payments can quickly become overwhelming for people with mental health problems, leading to disengagement rather than resolution.⁴ A clear, consistent process with structured stages helps people remain engaged and increases the likelihood of payment without the need for escalation. The damage caused by the speed of escalation is addressed in our answer to question 6.

All reminders and notices must follow appropriate design guidelines as discussed in our answer to question 4 above. Councils should approach reminders as an opportunity to encourage positive engagement, enabling people to reach a long term sustainable solution to their financial difficulty.

Question 6

It is always best for households to keep up with their regular Council Tax instalments to avoid falling into debt, and to contact their council as early as possible, ideally before missing an instalment. However, when an instalment is missed, currently households can become liable for the annual balance of Council Tax if they haven't paid within 7 days, and this is set out in law.

To provide more time for households to recover from missing an instalment and get back on track, the Welsh Government proposes that households should not become liable to pay the remaining annual balance after missing an instalment until 62 days have passed. This includes ensuring 21 days have passed since a final notice has been issued.

Do you agree with this proposal?

⁴ Ibid

YES

Comments

We warmly welcome the Welsh Government's proposal to extend the timeframe before households become liable for the remaining annual balance after missing a payment.

Rapid escalation timelines are no longer fit for purpose in a context where a growing number of people are struggling to afford council tax, often due to factors beyond their control. The current system, which has been in place since 1992, assumes non-payment is a choice and moves quickly to enforcement. But in reality, falling behind on council tax is far more likely to be due to the rising cost of essentials, a sluggish and fragmented benefits system,⁵ and symptoms of mental health problems, rather than refusal to pay.

There has been a significant increase in overdue council tax payments in Wales, which have risen to £263m, a 139% increase since 2020.⁶ When we turned to our Research Community to understand the reasons why they fell behind on council tax, the majority (79%) pointed to a deterioration in their mental health and more than half (56%) said they had fallen behind because of the increased cost of essentials.⁷

Council tax arrears overwhelmingly affect people on low incomes. Our research shows that a quarter of households behind on council tax have a gross income under £9,500 per year, and 82% under £30,000,⁸ while the regressive nature of council tax places a disproportionate burden on these households.⁹

Where a person has missed a monthly council tax payment due to affordability, it makes no sense to immediately charge a much larger sum. In fact our research demonstrates that a third (34%) of those behind on council tax could not afford any unexpected bill at all, and the vast majority (91%) could not afford an unexpected expense over £1,000, even from money they could borrow in an affordable way.¹⁰ The average annual council tax bill costs significantly more than this.¹¹

⁵ In April 2013, the national Council Tax Benefit scheme was abolished and in its place every council in England was required to develop a local scheme – 'Council Tax Support' or 'Council Tax Reduction – for reducing the amount that people on low incomes or in vulnerable circumstances are liable for. A key change here was the option for councils to introduce a 'minimum payment', which requires everyone to pay at least some council tax regardless of income.

⁶ Gov.wales. [Council Tax collection rates: April 2024 to March 2025](#). Welsh government. 2025.

⁷ Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

⁸ Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

⁹ Ibid

¹⁰ Ibid.

¹¹ Gov.uk. [Council Tax levels set by local authorities in England 2024 to 2025](#). 2024. [Accessed 22.07.25]

“They sent me a new demand for the entire outstanding council tax bill with the threatening letter. I don’t understand why they would do this because if I couldn’t pay the monthly amount how on earth would I be able to pay the entire remaining bill?? It sent me into a complete panic...” Expert by experience

Rapidly escalating consequences can trap people in a ‘council tax trap’, particularly harming people with mental health problems. Our research shows that people with mental health problems are more than twice as likely to have fallen behind on council tax payments in the previous twelve months than those without such conditions (10% compared to 4%).¹² UK-wide, this is equivalent to 2 million people who have ever had a mental health problem behind on council tax payments.¹³

Two main factors feed into this pattern. Firstly, people with mental health problems are overrepresented among those living on a low income. For example, the annual median income for people with common mental disorders like anxiety or depression is just over two-thirds (68%) that of people without those conditions, equivalent to a gap of £8,400.¹⁴ Secondly, the common symptoms of mental health problems, such as low motivation or difficulties with understanding complex information, can make it more difficult for people with such conditions to manage their money and juggle bills in complex financial systems.¹⁵

Once they fall behind, rapid escalation can become overwhelming for people with mental health problems, leading to disengagement rather than resolution. For example, our research found that 87% of the largest councils demand payment for the outstanding annual bill within three weeks of a missed payment, and 90% give just seven days before applying for a liability order.¹⁶ This speed does not allow time for people, especially those with mental health problems, to stabilise their finances or seek help. The Welsh government’s proposal to extend the timeframe will help to mitigate this.

“I missed a payment and [...] it was roughly a couple of weeks later that I received my annual bill saying that I owed them over a thousand pounds [...] I summoned up the courage after a few truly dark days and tearfully asked them to help me. The whole thing was a truly terrifying experience.” Expert by experience

Being trapped in council tax debt can contribute to a mental health crisis. Rapid escalation that fails to offer an opportunity to have personal circumstances taken into account can have a devastating impact on mental health.

¹² Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid

Our research shows that people with existing mental health problems are disproportionately likely to feel strain and distress related to falling behind on payments. Among all people who have been behind on their council tax payments in the last 12 months, people with existing mental health problems were more than twice as likely to say they felt less able than usual to face problems than those who did not have existing mental health problems (41% vs 16%) and that they struggled with thinking clearly (39% vs 14%).¹⁷

Fast moving systems are difficult for many people experiencing the common symptoms of mental health problems, such as low motivation and anxiety, to engage with. This creates a toxic cycle in which a situation gets progressively worse, and consequently harder to deal with.

“One of my issues is that I just can’t open my mail because of my anxiety. This of course means that by the time I work up the energy and courage to open my post things have progressed to an even more negative place.” Expert by experience

Members of our Research Community described how these inflexible systems contribute to the sense that the system is rigged against them, and that ultimately their voices are worthless. This compounds a situation in which people are roughly twice as likely to report feeling both more worthless and less confident than usual if they’ve been behind on council tax payments in the last 12 months (23% vs 10%, and 32% vs 17% respectively).¹⁸ It's therefore understandable in this situation that people are inclined to avoid, rather than engage with, their council.

Evidently, extending the repayments timeline will help mitigate the toxic cycle between money and mental health problems for people who fall into council tax arrears.

¹⁷ Ibid

¹⁸ Ibid

Question 7

The Welsh Government proposes that councils can apply to a court for a liability order one day after the remaining annual balance has become due, and the household has not made a payment or contacted the council to arrange an alternative payment plan. In total, this will be a minimum of 63 days after missing the first instalment.

Do you agree with this proposal?

YES

Comments

We broadly welcome the Welsh government's proposal to set out in legislation that local authorities should wait a minimum of 63 days after a household has missed an instalment of council tax before applying to a court for a liability order. However, we remain concerned about the frequency and speed with which local authorities use liability orders and employ the enforcement methods it permits, as soon as this period lapses. There is a strong risk that what is intended to be a minimum timeframe before action becomes the standard practice.

With research from StepChange showing that six in ten (61%) clients in council tax arrears were issued a liability order by their council,¹⁹ we believe that the Welsh Government should guide and support local authorities in shifting away from a standard approach that rapidly escalates to enforcement and harsher debt collection methods.

The fees associated with court summons and liability orders make it harder for people to get back on track. Our research shows that those who fall behind on council tax payments are overwhelmingly likely to be struggling financially. Adding more to their debt burden is counterproductive, making it more difficult for the person in debt to cover their liability. While we recognise and welcome that the Welsh Government has previously acted to cap the court fees associated with liability orders at a maximum of £70, this is not an insignificant amount to someone already struggling with problem debt, often across multiple creditors.

We have heard from our Research Community that the combined cost of a liability order and court summons are disproportionately high in the context of what they actually owe. For example, if a household owes £90 from their previous council tax instalment, the £70 liability order fee represents a huge percentage increase on this.

"It heightens stress levels because you are already struggling, threatening legal action and adding charges makes things much worse." Expert by experience

As a legal process, liability orders are intimidating, complex and hard to navigate for people with mental health problems and cause real psychological harm. Members of

¹⁹ StepChange Debt Charity. Looking through the keyhole: StepChange debt advice clients' experiences. 2024.

our Research Community told us that the experience of receiving a court summons is a scary experience that deals a significant psychological blow.²⁰ Rather than encouraging the person in debt to contact the council or seek help with their finances, they can instead create a barrier to engagement.

"I missed a payment and [...] it was roughly a couple of weeks later that I received my annual bill saying that I owed them over a thousand pounds and it had to be paid within 7 days or they would issue legal proceedings and I would have to attend court. The word 'court' absolutely terrified me especially as I have never attended a court ever."
Expert by experience

Evidence shows that while engaging with court processes is the best way forward for those in debt, people are often too bewildered and frightened to access advice and navigate the institution of court.²¹ This is all the more true for people with mental health problems, whose common symptoms such as low motivation, anxiety, or difficulty understanding or processing information make the legal system particularly hard to navigate.²² Moreover, although there are a limited number of (mostly technical) defences against the award of a liability order, not being able to afford the council tax payments is not a consideration.

"The council threatened to take me to court if I didn't pay the missing payment immediately. I was already unwell with depression, anxiety, PTSD & Borderline Personality Disorder. I couldn't pay, which made my anxiety spiral as I had no way out of the situation." Expert by experience

Liability orders open the floodgates to more extreme enforcement action that carries the risk of far greater psychological harm. Once a liability order is in place, the council may progress to more extreme collection measures, including the use of bailiffs, substantial and unpredictable direct deductions from wages or benefits, and the threat of even more severe consequences. These can profoundly undermine the mental wellbeing of a person in council tax arrears.

The harm done by enforcement activity was one of the clearest messages we heard from our Research Community. Their experiences make it clear that the use of enforcement agents, and in particular invasive home visits, often leave people feeling terrified, powerless and alone. This is especially concerning given nearly three-quarters (73%) of people in council tax arrears who were referred to a bailiff have experienced a mental health problem. This is against a background in which research suggests the use of enforcement agents is often inefficient or

²⁰ Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

²¹ This is explored in Whitehouse L and Varnava T. Tackling housing debt and eviction: Enhancing Occupier Engagement Through Improved Communication and Advice. University of Southampton. 2024..

²² Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

counterproductive, potentially costing more than half of what is recovered in fees,²³ or even ending up as a net negative.²⁴

“I was very scared. Two very large men called when it was dark asking me to sign a payment plan or they would remove items from the home. I am physically disabled and was a female, home alone with children.” Expert by experience

Other consequences of enforcement action include feeling publicly humiliated by the presence of bailiffs, or an employer being informed of a debt in order to make deductions from salary. There is also the threat of life-changing action such as involuntary bankruptcy and imprisonment. While these latter measures are rarely used, our Research Community has been clear about the profound impact even the threat can have on people with mental health problems.²⁵

“[Council tax debt collection caused] Severe depression. Fear of losing my freedom, and my housing association home if imprisoned.” Expert by experience

Councils should move to a different mindset when it comes to debt collection, rather than reaching for the most extreme powers at the first opportunity. The severe and invasive powers councils may use following a liability order cause real psychological harm. They also encourage people in debt to take extreme measures that worsen their long term situation.

This can include taking on debt or being forced to ask friends and family for financial support. Those locked out of credit or without a support network they can rely on may need to resort to cutting back on essentials like food and energy, or miss other priority bills. In the most acute cases, we heard that people were unable to make their rent payments and were made homeless.²⁶ This speaks to wider costs, often absorbed by public services.

Rather than reaching for liability orders and severe enforcement measures at the first opportunity, councils should work to find more constructive, long term solutions that help people out of debt and to break the toxic cycle of financial difficulties and mental health problems.

²³ Citizens Advice. [Council tax debt collection isn't efficient or effective](#). 2019.

²⁴ Manchester City Council. Report for Resolution. 2024.

²⁵ Murray T, Smith F. [In the Public Interest: The psychological toll of local and national government debt collection practices](#). Money and Mental Health Policy Institute. 2024.

²⁶ Ibid

Question 8a

The Welsh Government wants to ensure that households having difficulty paying their Council Tax bill have reasonable time to contact the council and seek help. We propose that 63 days is a reasonable period, which provides further time for receiving wages or benefit payments, contact the council and contact a range of other advice agencies.

What is your level of agreement with the proposal. Please choose an option.

- ☐ Strongly agree
- ☒ Agree
- ☐ Neither agree nor disagree
- ☐ Disagree
- ☐ Strongly disagree

Question 8b

Please explain your reasons for your rating for Question 8a.

Our level of agreement with the proposal is 'agree'. As outlined in our responses throughout this consultation, the rapid timeframe in which local authorities can pursue arrears and escalate debt collection practices, as currently outlined in legislation, is unduly harsh and causes severe and disproportionate harm.

While we welcome the Welsh Government's proposal to extend the timeframe to 63 days overall before enforcement action can proceed, we believe it may still not be long enough for many people in financial difficulty, especially those with mental health problems, to stabilise their situation and get back on track.

Crucially, a period of 63 days is unlikely to be enough time for all residents in council tax arrears to engage with their local authority and reach an affordable resolution on their debt. This is particularly unlikely to be sufficient time for people with mental health problems, whose condition can make it incredibly difficult to build up the energy, motivation and courage to reach out to their local authority or to a support service such as debt advice.

People with mental health problems can often experience significant fluctuations in their health and capacity over time, which might mean that tasks such as opening a letter about arrears or engaging with debt advice can feel really tricky. Even a short period of reduced capacity during the proposed 63 days may significantly hinder people with mental health problems' ability to engage in this timeframe.

"I emailed the council to explain I was unwell & had lost a lot of earnings because of this. I explained I would make the payment as soon as possible. I didn't ever receive a reply to my email. Instead, I received an aggressive & threatening letter. I didn't feel able to contact the

council again. I felt paralysed by my anxiety. I felt embarrassed to tell anyone or ask for help. I began worrying about losing my home. I felt like a failure because I couldn't manage to pay my bills. I felt like it was my fault that I was unwell & couldn't go to work. I am fed up with having to put bills before my own health.” Expert by experience

Mental Health Crisis Breathing Space does exist to protect those experiencing the most acute mental illness from enforcement action related to council tax arrears, such as bailiff action or court proceedings, while they are unwell. However, this mechanism is woefully underused.²⁷ This is due to issues with administrative policy, and the tightening of eligibility criteria to the extent that people are only able to access the scheme if they are receiving “*treatment for a mental health disorder of a comparable severity to disorders requiring a patient’s detention in a hospital setting.*”²⁸

This means that a large proportion of people who are experiencing a mental health crisis, and struggling to keep up with council tax payments, will fall through this gap in provision and need to be supported through other means - including more compassionate and flexible approaches from their council.

Moreover, even when someone in council tax arrears is able to reach out to debt advice within this timeframe to get support with their debt, they can often find themselves waiting long times to get an appointment or a resolution because of the overwhelming demand facing the debt advice sector.

A minimum of 63 days before local authorities are able to pursue a liability order does reflect the 60 days of temporary protection from creditors offered by the statutory ‘Breathing Space’ scheme in Wales. However, this pause on debt collection action offered by Breathing Space is time to ‘seek’ debt advice, rather than to resolve a problem or find the money to get back on track with debts.

The demand for debt advice has risen dramatically over the last several years, owing to a significant rise in the cost of living combined with stagnant incomes. Data from the Money and Pensions Service shows that more than 8 million people across the UK need debt advice, and over 12 million are at risk of needing debt advice.²⁹ Moreover, calls into the National Debtline rose 37% from 2021-2022.³⁰

Investment into debt advice, and especially into specialist advisers who are able to support people with mental health problems in more complex circumstances, has not kept pace with this demand.

²⁷ Smith F. [Reforming the Mental Health Act. Time to tackle the links between financial difficulty and acute mental illness.](#) 2024.

²⁸ HM Treasury. Guidance. [Mental Health Crisis Breathing Space Guidance Changes Following 2023 High Court Judgments.](#) Updated 9 June 2023.

²⁹ Money and Pensions Service. Debt Need Survey 2023.

³⁰ Money Advice Trust. [Who is seeking debt advice a National Debtline perspective.](#) 2022

Research commissioned by the Money and Pensions Service in 2023 found that 82% of debt advisers reported a large *increase* in demand, at the same time as just over half (54%) of them reported a large *decrease* in the resources available to cope with this.³¹ As a result, 37% reported a large increase in waiting times from booking to attending appointments.

Finally, some people who fall into arrears will be waiting to receive Universal Credit payments, which can take a *minimum* of 5 weeks, and often much longer as a result of errors of complications with a benefit claim. The ‘5 week wait’ is frequently cited by charities across the sector as a significant source of financial hardship, as it leaves claimants with an extended period with typically very minimal income.³² Not only will this low level of income make it more difficult for people to keep up with council tax payments during this period, it can also mean that people have no means to make up missed payments until their claims are processed and payments ensue.

Evidently, the proposed timeframe will not work equally for all residents in council tax arrears, for example if they are struggling with their mental health, or waiting to receive the support they need.

Therefore, while the extension of the timeline is incredibly welcome, we urge the Welsh Government to consider a longer timeframe. This would provide greater opportunities for households to engage positively, and to emphasise that regulations set out the very *minimum* time at which local authorities are permitted to escalate council tax debt collection.

In particular, we would like to see the Welsh Government emphasise that local authorities should take a flexible and personalised approach which provides sufficient time for the person in debt. This flexibility should not only be applied to the timeframe in which councils escalate debt, but also to repayment arrangements, so that repayments are genuinely affordable and provide the timeframe needed to help someone get back on track without plunging them into severe financial hardship.

“I understand that I owe them the money & I want to pay them. But I can’t pay what I don’t have.” Expert by experience

³¹ Money and Pensions Service. [The motivations and barriers to seeking debt advice. Briefing paper for the Money and Pensions Service](#). Prepared by CogCo and Common Collective. 2023.

³²Berry, C. [Overcoming the 5 week wait: A discussion paper](#). Citizens Advice2024

Question 9

All councils in Wales endorse the [Council Tax Protocol](#) which outlines best practice and guidance around how to deal with vulnerable customers.

In addition to the Council Tax Protocol for Wales, the Welsh Government proposes producing best practice guidance for councils to ensure a fair and consistent approach to collecting Council Tax across Wales. Suggestions about what may be included in the guidance are outlined in this consultation.

Do you agree with this proposal?

YES

Comments

We agree that it would be beneficial for the Welsh Government to produce statutory best practice guidance to ensure a fair and consistent approach to collecting council tax across Wales. In particular, we welcome the overarching aim to shift resources to preventative actions earlier in the collection processes, that would reduce costs for more expensive, later forms of recovery action.

We broadly support the guidance points already laid out in the consultation document. Local authorities must ensure that their council tax collection processes are fair, proportionate, and supportive, particularly for residents in vulnerable circumstances.

However, with council tax collection practices across Wales being inconsistent, and overwhelming evidence from our Research Community pointing to the scale of harm done by existing collections practice, we feel that this statutory guidance must go further to raise standards across the country.

Whilst the consultation document sets out positive steps that the Welsh government envisages will be included in this statutory guidance, we have here outlined further steps that we believe should be included in this guidance.³³

This would ensure that local authorities are following an approach to engaging with residents in council tax arrears that is grounded in early intervention, affordability, and compassion. We have also highlighted examples of best practice for consideration.

Early, proactive and compassionate communication

³³ This supports and builds on the 'Pre-Action Protocol' (2020) published jointly by Citizens Advice, StepChange and Money Advice Trust. We fully support the use of the protocol, and emerging evidence since 2020 as indicated where this can go even further to achieve comprehensive best practice.

- Design systems to proactively accommodate the diverse communication needs of residents, rather than expecting people to overcome barriers posed by standard channels such as telephone or post. Collecting and updating residents' preferred contact methods as standard practice would facilitate better communication in the event they fall into arrears.³⁴
- Act promptly with demonstrable efforts to contact those who have fallen behind through a range of communication channels, including using any preferred channel first. Contacting residents at the earliest opportunity works best to prevent escalation.
- Design communications so that they are clear, action-oriented, and written in plain, non-technical language. They should prioritise offers of support and next steps over early emphasis on worst-case consequences, to foster engagement and build trust.

Signposting and supporting integration

- Integrate effective and timely support offers into collection processes and teams, ensuring residents can access meaningful help at the right moment. This could turn a potential crisis into an opportunity for support that prevents long-term, complex debt.
- Provide warm referrals - not just signposting - to free, regulated advice services. Working either in close partnership with local advice providers, or with in-house advice teams, helps to avoid key barriers to accessing advice for people with mental health problems, such as long wait times or having to explain their circumstances to multiple people.
- Ensure that advice delivers support with both tackling debts, and maximising income. Income maximisation helps residents access all the financial support that they are entitled to, which can support residents in arrears to address the root causes of debt, and make it easier to get back on track with payments. This should include a check for eligibility for Council Tax Support schemes, and council tax discounts and disregards.

Case study: Integrated support between Gateshead Council and Citizens Advice Gateshead³⁵

Gateshead Council have committed to a strong partnership with Citizens Advice Gateshead through a 'Trusted Friend agreement'. This collaboration ensures residents in financial difficulty are met with empathy and offered practical support at the earliest opportunity.

The agreement includes regular meetings to share insights on resident issues and emerging trends. It also trusts and accepts affordable payment proposals made via Citizens Advice, including those based on the Standard Financial Statement (SFS), helping residents avoid further financial strain.

³⁴ Stepchange Debt Charity. [Mixed messages: Why communications to people in financial difficulty need to offer clearer, better routes to help](#). 2022.

³⁵ Money and Pensions Service. [Supportive Council Tax Recovery: Strategic guidance to support Local Authority collaboration with debt advice agencies in England and Wales](#). 2018.

Citizens Advice is given to work directly with Council Enforcement Agents, with authority to agree payment arrangements and request case holds. This provides residents with critical breathing space to seek support and stabilise their situation.

Finally, the two organisations worked together to review the content of statutory letters to improve resident engagement, and reviewed some resident cohorts to provide forbearance on court costs for those with low arrears balances.

A strong and trusting relationship between these two organisations has enabled them to ensure their respective approaches for supporting people in debt are better aligned and more effective.

Prioritising affordability

- **Pause debt collection activity if a resident is actively engaging in the collections process**, such as being assessed for affordability or seeking money advice, to prevent unnecessary additional charges and mitigate harm. This approach serves as a constructive incentive for engagement, in contrast to reliance on sanctions, which can undermine trust and deter cooperation
- **Use the Standard Financial Statement (SFS) to assess ability to pay**. This ensures a consistent and fair approach to affordability across all repayment plans, including deductions from earnings or benefits.
- **Offer a range of flexible payment options where this will support those who are struggling to pay**, such as:
 - Spreading debt accrued by a single missed payment over the household's next 12 monthly payments;
 - Moving from 10-month to 12-month payment schedules;
 - Changing payment dates to better align with income cycles.
- **Be willing to extend payment plans past the end of the financial year, where appropriate**. This flexibility can lead to higher repayment rates and reduced reliance on enforcement.

Case study: The benefits of flexible repayment plans

Policy in Practice used household-level administrative benefits data to model the impact of different collection practices on household income.³⁶ It showed the positive impacts of a council not automatically demanding the full annual bill followed by enforcement action, but instead dividing the single missed payment over the household's next 12 monthly payments (so each month's council tax bill therefore increases by 1/12th of the monthly amount).

Dividing repayment of one month's council tax arrears across 12 subsequent months had an almost negligible impact on financial vulnerability. Only 0.1% of households in a monthly income surplus would move into a shortfall as a result of the additional split payments.

In contrast, requiring immediate full payment of council tax after a single missed instalment

³⁶ Charlesworth Z, Fell B, Haworth P. [Council tax debt collection and low-income Londoners](#). Policy in Practice. 2020.

led to more than half (53%) of all households experiencing an income shortfall. Adding recovery and enforcement fees to this financial burden raised the percentage of households in financial shortfall to 83%.

Holistic and coordinated debt management

- Ensure that Revenues teams are empowered to understand a resident's holistic financial situation, including other debts owed to the council and elsewhere, to enable them to ensure repayment plans are realistic and manageable for the resident in the context of their full financial circumstances.
- Where relevant, consolidate multiple debts owed by a resident across various departments, such as rent arrears, social care charges, or parking fines, to allow for a single, simplified payment arrangement. One, single debt repayment to the council reduces complexity for the resident and minimises conflicting pressure to pay as a priority from multiple sources. Facilitate this by establishing clear internal protocols to prioritise debts with the most severe potential consequences for the resident.
- Empower Revenue teams to take a compassionate and problem-solving approach, with the flexibility to tailor solutions based on the resident's individual needs.

Avoiding escalation and mitigating harm

- Use Section 13A powers to write off council tax debts where it is clear there is no realistic prospect of full repayment, particularly for those in long-term financial hardship and/or in vulnerable circumstances.
- Avoid referring cases to enforcement agents where the resident receives Council Tax Support. The use of enforcement in these cases often causes significant harm and yields little financial return.
- Ensure all recovery action is proportionate, considering both the financial cost and the potential negative consequences for the resident.

Case Study: Exempting those in vulnerable circumstances from enforcement action

Manchester City Council recently announced a move away from using enforcement agents to collect arrears from people in receipt of any level of Council Tax Support.³⁷ This means that 48,000 resident households in the Manchester City Council area would not face enforcement action in the event that they fell behind on council tax payments.

Those who receive Council Tax Support are typically on low incomes, and in receipt of welfare benefits. If someone in receipt of this reduction falls behind on the payments they are liable for, it's extremely likely that this was because they were simply struggling to afford it.

Similarly, the Lewisham Council has adopted an approach where any case flagged as vulnerable automatically has enforcement action prohibited on their account until that indicator is removed.³⁸

³⁷ Dunbar R. [People power works: We stopped the bailiffs](#). Debt Justice. 2024.

³⁸ Money Advice Trust. [Stop the Knock](#). 2024.

Pursuing residents in these circumstances with enforcement action is unlikely to result in recovering the missed payment, and only place them under further mental and financial stress.

Indeed, Manchester City Council governance reports from early 2024 reveal that enforcement agents collected, on average, just 10% of the debts that were passed to them between May 2021 and August 2022 – returning just £2m a year out of £20m issued. Nearly half of that collection is at the compliance stage (the initial contact enforcement agents have with customers), meaning just 5% of Manchester’s council tax debts are returned by the highly distressing enforcement (or home visit) stage.³⁹ CIVEA estimates that just 2.5% of all cases nationwide progress to the sale of goods stage.⁴⁰

Within this context, attempting to recover council tax arrears from those who are receiving Council Tax Support through enforcement action is likely senseless, and causes unnecessary harm.

³⁹ [Manchester City Council Report for Resolution](#). 2024.

⁴⁰ CIVEA. About Us. Accessed: 18/07/25